

Moving Rural America Forward

USDA RURAL DEVELOPMENT
NEBRASKA



2012 ANNUAL REPORT



INVESTING IN RURAL COMMUNITIES



“We must continue to make critical investments in broadband, bio-products, and strengthening capital markets for rural America, and targeting those investments to the parts of rural America that face the greatest economic need. If the past four years have taught us anything, we have learned that the key to a strong economy and the long-term fiscal health of America is smart, efficient and effective investment in rural America.”

Tom Vilsack, Secretary of Agriculture



Tom Vilsack
Secretary of Agriculture

“We have much to celebrate in Fiscal Year 2012. Overall, USDA Rural Development leveraged more than \$30 billion in investments toward projects in rural communities. Many are the result of grassroots collaboration and creative partnerships between USDA employees and local organizations, governments, Tribes or individuals. It’s amazing what these partnerships can achieve. Even relatively small amounts of financing can have lasting impacts for those in need.”

Dallas Tonsager, Rural Development Under Secretary



Dallas Tonsager
USDA Rural Development
Under Secretary

“USDA Rural Development is proud to be a partner with rural Nebraska, in efforts to increase energy efficiency, provide affordable housing to its citizens, improve community facilities like hospitals, libraries, community centers and emergency services, and help businesses grow and thrive as they provide essential jobs for our rural residents.

During this 2012 federal fiscal year, completed on September 30, investments from our programs totaled nearly \$257.3 million. Added to the 2009, 2010 and 2011 funding, including dollars from the American Recovery and Reinvestment Act, rural Nebraska has received more than \$1 billion in four years.

We have 50 staff members located in offices across the state. Their essential work helps provide loans, grants or loan guarantees for community facilities, water and waste disposal, broadband, housing and business and industry. Those staff members work with local lenders and leaders, staff from local, state and federal agencies and non-profit organizations, to leverage the taxpayer dollars that fund USDA Rural Development.”

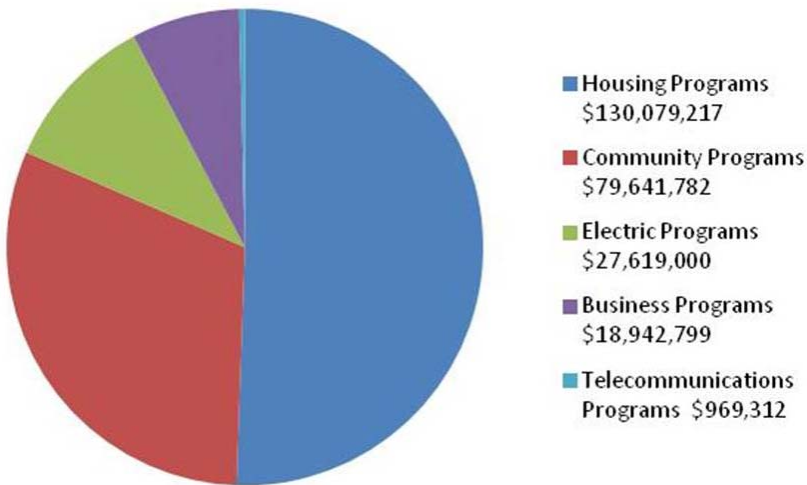
Maxine Moul, Nebraska State Director



Maxine Moul
USDA Rural Development
State Director in Nebraska



USDA RURAL DEVELOPMENT FUNDING ACTIVITY - NEBRASKA 2012



USDA Rural Development
Invested \$257.3 Million
in Rural Nebraska

Strategic Partners *Capital Markets*
Regional Food Systems
Regional Collaboration *Community Building*
Alternative Energy **Broadband**

Rural Development's Seven Strategies for Economic Development

Building 21st Century rural communities requires adoption of strategies that look not only within a community for defining its strengths and opportunities, but to regions where one community can compliment and draw upon the resources of another.

- **Strategic Partners:** The old adage that there is strength in numbers especially holds true when we build strong and strategic alliances. Nebraska Rural Development partnered with 61 entities to bring needed funding to rural communities in FY 2102.
- **Capital Markets:** Stimulating local economies requires the infusion of new investment opportunities. The Business and Industry Program provided nearly \$13.5 million in financing to 11 Nebraska small businesses.
- **Regional Food Systems:** Building markets for local and regionally grown agricultural products makes great economic sense. Three Nebraska Rural Business Enterprise Grants received funding: McCook Economic Development Corporation, Ho-Chunk Community Development Corporation and Little Priest Tribal College.
- **Regional Collaboration:** Smaller, more remote rural communities do not have to be stand-alone economic engines in an oasis, each looking only from within for sustainability. USDA Rural Development in Nebraska works

with numerous partners throughout the state. Nearly \$2.4 million was invested in a regional project that assisted five rural Nebraska communities with their water needs.

- **Community Building:** Creating great places to live, raise families, provide recreational opportunities, and infrastructure for high paying jobs is very important to our efforts at USDA. Fourteen rural Nebraska communities were assisted by \$21.2 million for essential community facilities. Fifteen rural Nebraska communities were assisted by \$15.1 million for water and wastewater projects. Homeownership was brought to 1,311 households through \$123.4 million and affordable rural rental housing was made available to more than 3,500 tenants through Rural Development financed rental complexes.
- **Alternative Energy:** America's development and use of alternative energies is good for our country and good for our environment. Rural Nebraska small businesses and farmers were provided USDA financing to complete 31 renewable energy and energy efficiency projects.
- **Broadband and Continuous Business Creation:** Expanding access to high-speed broadband is one of our greatest challenges and our highest priority. Nebraska continues to strive to strengthen broadband to rural areas.

BUSINESS AND COOPERATIVE PROGRAMS



Helping community leaders identify ways to improve economic opportunities in rural America is a leading emphasis at USDA Rural Development.

Through a variety of job-creation programs, the agency partners with private and community-based organizations to create and preserve quality jobs in rural communities and move America forward.

USDA Rural Development's Business and Industry (B&I) guaranteed loan program helps back the business of rural America by providing protection and incentives to lenders. In turn, businesses benefiting from a loan guarantee have a better chance of receiving the financing and terms they need so they can thrive.

USDA Rural Development has a long-standing initiative that assists rural electric and telephone cooperatives and community development organizations in their efforts to improve the rural economy.

The agency also assists small businesses and producers through its Rural Energy for America Program (REAP) that provides financial assistance when energy efficiency improvements are made to reduce energy costs or when renewable energy systems such as wind turbines, geothermal and solar are installed.



Benkelman Telephone, Inc. received a \$129,000 Rural Economic Development Loan that made it possible to finance new x-ray equipment for the Dundy County Hospital. The equipment will provide the highest level of care and expedite services at the facility. This project retained three jobs and created one.

NEBRASKA PROGRAM HIGHLIGHTS:

- Sixty-one Nebraska businesses and ag producers received more than \$18.9 million in USDA Rural Development funding for working capital, refinancing, business creation and energy efficiency and renewable energy projects.
- Total jobs created/saved were 780.
- Total 2012 leverage in dollars was \$15,577,501. Every \$100 of government funds disbursed was matched by \$82 in private funding.

BUSINESS AND COOPERATIVE PROGRAMS	2012
Business and Industry Loan Guarantees	\$13,483,713
Rural Business Enterprise Grants	\$349,730
Rural Business Opportunity Grants	\$185,200
Intermediary Relending Program	\$223,000
Rural Microentrepreneur Assistance Program	\$95,465
Rural Economic Development Loans and Grants	\$2,049,119
Advanced Biofuel Payments	\$1,278,839
Renewable Energy and Energy Efficiency Program	\$420,291
Value Added Producer Grants	\$682,442
Rural Cooperative Development Grants	\$175,000
Total	\$18,942,799

COMMUNITY PROGRAMS



USDA Rural Development improves the quality of life in rural America through a variety of loan, grant and guarantee programs that assist water and wastewater systems, assisted living facilities, health care facilities, fire and rescue programs and community buildings such as libraries, city halls and recreation centers.



Fillmore County Hospital in Geneva celebrated its grand opening this year. USDA Rural Development provided a loan of \$12.6 million through the American Recovery and Reinvestment Act. UMB Bank, N.A. of Kansas City, MO underwrote a \$5.4 million bond issue and Fillmore County Hospital completed the funding with \$500,000.

Helping to ensure that all rural Americans have access to quality health care continues to be an important area of emphasis for USDA Rural Development.

Community improvement efforts are important to the sustainability of rural America, and USDA Rural Development is ready to help communities across Nebraska develop these critical resources.

Community Programs had record funding in rural Nebraska in 2012, with \$79,641,782 invested.

Program Highlights:

- One telemedicine grant of \$253,345 and three distance learning grants totaling \$715,967 met rural Nebraska's telecommunication needs.
- Three electric guaranteed loans totaling \$27,619,000 were funded that will serve 882 Nebraska consumers and includes more than \$3.2 million in smart grid projects.

NEBRASKA PROGRAM HIGHLIGHTS:

- Fourteen rural Nebraska communities were assisted through \$21.2 million for projects such as public safety, tribal colleges, ag societies, local museums/galleries, historical societies and senior centers.
- Four rural Critical Care Access hospitals received more than \$43.3 million to serve 30,983 Nebraskans. In the past seven fiscal years, 18 hospitals were assisted by more than \$197.5 million.
- Fifteen rural communities and 4,020 households were assisted by \$15.1 million for water and wastewater needs.

COMMUNITY PROGRAMS	2012
Community Facilities Loans, Grants and Guarantees	\$63,914,900
Tribal College Grants	\$317,312
Rural Community Development Initiative	\$170,170
Economic Impact Initiative Grants	\$134,400
Water and Environmental Loans, Grants and Guarantees	\$15,105,000
Total	\$79,641,782

TELECOMMUNICATIONS PROGRAM	2012
Distance Learning and Telemedicine Grants	\$969,312
Total	\$969,312

ELECTRIC PROGRAM	2012
Electric Guaranteed Loans	\$27,619,000
Total	\$27,619,000

HOUSING PROGRAMS



While the past few years have been a financial challenge for many Americans, the goal of achieving the American Dream of homeownership remains strong.

USDA Rural Development has two low-interest, no-down-payment loan programs to help eligible families living in rural communities and areas purchase new or existing homes. Eligibility for both housing programs is based on income, acceptable credit and repayment ability and the property must be located in rural areas with populations not exceeding 20,000. The communities of Norfolk and Columbus also remain eligible through at least March 27, 2013, when the 2010 census data is scheduled to be implemented.

Loans, and some grants, are also available to help families make needed repairs to their homes.

USDA Rural Development also provides financing for apartment complexes in rural areas. These complexes provide rural residents with access to affordable apartments. Rent in the apartments is based on income, and rental assistance is available depending on the income of the tenant.



Homeownership came to Marcel Picotte Sr. and his family of five in Winnebago, NE through six partners: USDA Rural Development, Ho-Chunk Community Development Corporation (HC CDC), the Winnebago Tribe, HCI Construction, the Winnebago Housing and Development Commission (WHDC) and the Rural Housing and Economic Development (RHED) program. Today, the Picottes live in a three bedroom, 1,568 square foot newly built ranch home. This partnership generated local business and employment, helped inspire others to make their dreams come true, and re-established a rarely used partnership.

NEBRASKA PROGRAM HIGHLIGHTS:

- The direct and guaranteed housing loan programs brought homeownership to 1,311 households through more than \$123.4 million.
- Essential repairs to rural owner-occupied homes were provided to 49 homeowners through \$228,609.
- Rural Development obligated nearly \$5.8 million in Rental Assistance in FY 2012 to provide affordable rent for tenants in Rural Development financed multi-family housing complexes.

HOUSING PROGRAMS	2012
Direct Homeownership Loans	\$7,682,395
Guaranteed Homeownership Loans	\$115,759,197
Home Repair Loans and Grants Program	\$228,609
Housing Preservation Grants	\$50,000
Rural Rental Housing Program-MPR	\$346,147
Rural Rental Housing Voucher Demonstrations	\$238,085
Rural Rental Assistance	\$5,774,784
Total	\$130,079,217



A record \$130 million was invested in Housing Programs in Nebraska in FY 2012.



Norfolk Area Habitat for Humanity —A New Partnership for Nebraska



Donald Parkos is a proud homeowner in Norfolk

The Norfolk Area Habitat for Humanity (NAHFH) partnered with USDA Rural Development to help those in need of affordable housing. All NAHFH applicants would first complete a pre-qualification with USDA Rural Development.

USDA Rural Development worked with Donald Parkos, the potential homebuyer, throughout the application process. NAHFH utilized a community revitalization grant administered by the Northeast Nebraska Economic Development District (NENEDD), managed by Northeast Economic Development, Inc. (NED, Inc.) to demolish the dilapidated property that previously existed on the site. The new construction was completed through donations of supplies and expertise, sweat equity and primarily through the building trades program at Northeast Community College.

USDA Rural Development provided the first mortgage. Parkos also received Federal Home Loan Bank (FHLB) First Time Homebuyer funds through the Nebraska Housing Developers Association (NHDA) and administered by Northeast Housing Initiative (NEHI). NED, Inc. provided down payment assistance. Through the hard work of all these partners, Donald was able to afford a newly built home for less than \$100,000. Donald resides in his 1,106 square foot, two bedroom, one bath home.

The partnership had an impact far beyond that of just homeownership. The process helped revitalize a neighborhood and created a sense of community and ownership in the neighborhood by all involved.

Expanding a Hospital to Meet Rural Healthcare Needs in Wayne



Providence celebrates the project completion at Wayne

USDA Rural Development provided a \$3.5 million loan to the Providence Medical Center at Wayne through its Community Facility Direct Loan program for the hospital expansion.

Providence Medical constructed a 7,300 square foot Physical Therapy suite expansion that includes new treatment opportunities, a pediatric suite with private parent viewing area, a warm therapy pool and an occupational therapy suite for simulation of activities of daily living. There is also a specialized occupational therapy upper-extremity treatment area and additional therapy treatment rooms.

Approximately 8,500 square feet was added to the Wellness and Cardiac rehabilitation services. Also, a 3,000 square foot addition to the Outpatient and Oncology departments, for more generalized and specialized clinic rooms, allows expansion of the current volume and variety of programs offered. The Outpatient space offers a year round walking track, childcare services, and an enhanced youth exercise program.

Providence Medical Center (PMC) is a critical access hospital that employs nearly 170 individuals.



Hebron Business Finds Financing to Meet Its Growing Needs



MetalQuest Unlimited Inc.

MetalQuest Unlimited Inc. was founded in 1995, with its first official day of business on January 1, 1996. MetalQuest first used a rented facility in Deshler, Nebraska and then moved in 1999 to its current location at Hebron, Nebraska.

MetalQuest specializes in computer numerical control based machining of high volume family based components that have a very fine margin of tolerance. MetalQuest's reputation is at the top of its industry. It has been able to meet its customers' needs on time, with precision specifications being met and exceeded. USDA Rural Development has assisted MetalQuest Unlimited Inc. by guaranteeing the Thayer County Bank's loans to the business.

MetalQuest Unlimited Inc. has utilized five guaranteed loans since 1999, and is again expanding its business, with Thayer County Bank providing a \$1.5 million loan backed by a USDA Rural Development guarantee. USDA Rural Development's guaranteed loans have allowed Thayer County Bank to grow its lending ability to accommodate MetalQuest's expansion needs for building construction and working capital.

MetalQuest Unlimited Inc. has continued to grow and gain market share in the precision parts manufacturing sector. MetalQuest has been able to provide 54 current technical jobs and anticipates creating 12 new jobs through the \$1.5 million Rural Development Guaranteed Business and Industry loan.

Regional Water System Addresses Needs of Five Northeast Nebraska Communities

Several rural communities in Northeast Nebraska experienced issues with their water quality (nitrates) and, in some instances, quantity. The common water issues that these communities and rural areas faced provided the encouragement to develop a regional water source.

Financing from USDA Rural Development of nearly \$2.4 million allowed construction of a regional water system encompassing five rural communities. This project involved the collaboration of a number of parties to bring it to completion, including the Lewis and Clark Natural Resources District (NRD), Lower Elkhorn NRD, Northeast Nebraska Resource Conservation and Development, Midwest Assistance Program, Nebraska Rural Water Association, Nebraska Department of Health and Human Services, the Villages of Wausa, Coleridge, Belden, Magnet, McLean and the rural users located adjacent to these communities. The Lower Elkhorn NRD took the lead in the formation of the rural regional water system.

The project included the development of a new water source for the communities of Magnet, McLean, Belden, and additional rural users. The new system has two water sources and transmission systems. One water source is provided by the Village of Coleridge and supplies water to the Village of Belden. The second water source is provided by the Village of Wausa and supplies water to the Villages of Magnet and McLean and additional rural users. The Village of Wausa's project also included a new water storage tank, which not only serves the needs of the regional water system, but also that of the Village. The regional water system allows these communities to have water systems that are in compliance with the standards of the Safe Drinking Water Act.



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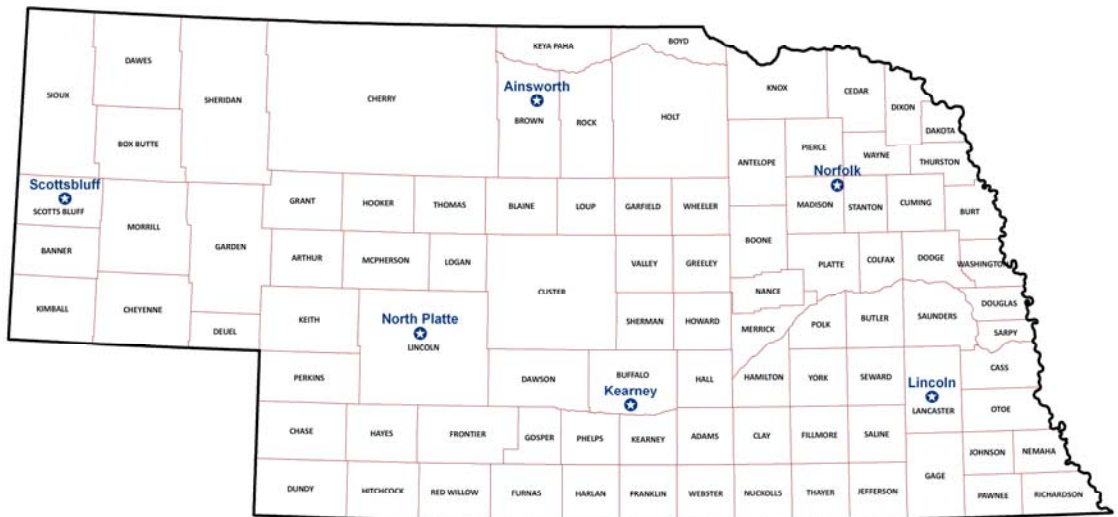
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\$1 Billion Invested in Nebraska in Four Years



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