

**City of Scottsbluff, Nebraska**  
**Friday, May 10, 2019**  
**Regular Meeting**

**Item 1**

**Approval of minutes for meeting of February 15, 2019**

**Staff Contact: Starr Lehl**

**CITY OF SCOTTSBLUFF**  
**ECONOMIC DEVELOPMENT APPLICATION REVIEW COMMITTEE**  
**February 15, 2019**

The meeting of the Economic Development Application Review Committee was held on February 15, 2019 at 8:00 a.m. at City Hall, 2525 Circle Drive, Scottsbluff, Nebraska.

Present were committee members Jim Trumbull, Hod Kosman, Dave Schaff, Marla Marx, and Nate Merrigan. Also in attendance on behalf of the City was Starr Lehl, City Economic Director, Liz Hilyard, City Finance Director, and Adam Hoelsing, Deputy City Attorney.

Chairman Trumbull called the meeting to order at 8:01 a.m. and stated that a copy of the Nebraska Open Meetings Act was located on the south wall of the Council Chamber. There were no changes to the agenda.

It was moved by member Marx, and seconded by member Kosman that the minutes of the January 11, 2019 committee meeting be approved. Voting yes: Trumbull, Schaff, Marx, Merrigan and Kosman. Voting no: None.

First item on the agenda was an approval of a waiver request from Croell, Inc. An economic development package was offered to Croell, Inc. following the January 11, 2019 Committee meeting. City Staff and Croell, Inc. were able to agree to the terms of the assistance package, which involved a loan/grant of \$750,000 repayable generally over 10 years. As part of the assistance package, however, City Staff requested a blanket security agreement on personal property assets of Croell, Inc., and a guarantee of the assistance agreement from Kurt Croell, William Croell, and Joseph Croell (the majority shareholders of Croell, Inc.). Croell, Inc. declined the blanket security agreement and guarantee and requested the Committee waive those requirements as part of the economic development assistance agreement.

Generally, a blanket security agreement and a guarantee of shareholders or owners is a requirement of all applicants of the City's economic development program. Croell, Inc., however, was unable to provide a blanket security agreement due to the policies of its primary lender, Associated Bank. Associated Bank does not allow a blanket security agreement to act as a second lien on the personal property assets of Croell, Inc. Croell, Inc. also declined to provide the guarantee due to its corporate policies of avoiding personal guarantees where possible. Croell, Inc. did offer the City a first priority lien on the real estate for which the economic development assistance is being provided. Croell, Inc. estimated the real estate to be worth approximately \$2.8 million in acquisition and development value, and therefore felt that a first priority lien on the real estate was sufficient collateral for the assistance package.

The Committee felt that a first lien priority on the real estate was sufficient collateral for the assistance agreement with Croell, Inc. Additionally, the Committee noted that Croell, Inc. is a stronger applicant (at least financially) than is typically seen by the Committee. Croell, Inc. is an ongoing operating business with a strong financial picture and a regional scope. The

Committee felt this application was different, at least from a financial strength perspective, than other start-up or fledgling businesses that may apply to the City's economic development program. For these reasons, it was moved by member Kosman, and seconded by member Merrigan to waive the blanket security agreement and guarantee requirements of the City's economic development assistance agreement with Croell, Inc. Voting yes: Trumbull, Schaff, Merrigan, Marx, and Kosman. Voting no: None.

Discussion was then had among the Committee members and City Staff as to modifying the economic development program application to clarify general collateral requirements of the City before the application is submitted. At the very least, this change would allow the applicant to understand the collateral requirements before the first meeting with the Committee and to be prepared to request any waiver or differentiation in those requirements during its first meeting with the Committee. The Committee also suggested strengthening portions of the standard economic development assistance agreement to clarify the definition of "default" when a business may change sites in the community or otherwise operate remotely.

City Economic Development Director Starr Lehl provided an update on Prime Metals Inc. Prime Metals is a previous applicant of the economic development program, and assistance from the program has been approved from the Committee, but not closed by the City due to a delay on Prime Metals' part. Starr Lehl was able to provide that Prime Metals still intends to develop an area in Gering, Nebraska for manufacturing, but is waiting on financing from a new investor.

City Finance Director Liz Hilyard provided an update as to the size of the economic development fund, and member Schaff provided an update as to possible expansion and development of an area near the West Nebraska Regional Airport for a new or improved Fed Ex facility.

The final item for discussion by the Committee was the possible new committee chair. Chairman Trumbull provided his history and background with the Committee, having served on the Committee since its inception. Chairman Trumbull felt that it may be time or getting near the time for a new chairman to serve on the Committee, and discussed several members of the Committee that may be willing or available to do so. Other Committee members replied as to their willingness or concerns as serving as Chairman, and the Committee decided to delay discussion for a new Chairman until a later date.

The meeting was then adjourned at 8:28 a.m.

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Starr Lehl, Economic Director