

CITY OF SCOTTSBLUFF
Scottsbluff City Hall Council Chambers
2525 Circle Drive, Scottsbluff, NE 69361
LB 840 Application Review Committee

Regular Meeting
December 13, 2019
8:00 AM

1. Roll Call
2. **For public information, a copy of the Nebraska Open Meetings Act is posted in the back of the room on the north wall.**
3. Notice of changes in the agenda by the city manager (Additions may not be made to this agenda less than 24 hours before the beginning of the meeting unless added under Item 4 of this agenda.)
4. Citizens with business not scheduled on the agenda (As required by state law, no matter may be considered under this item unless the committee determines that the matter requires emergency action.)
5. Approval of Minutes
 - a) Approval of Minutes for Meeting of November 22, 2019
6. Consideration of Applications for Economic Development Assistance
 - a) Receive Updated Information and Consider Application for Assistance from Factory Crimp Services.
7. Together We Grow Steering Committee
 - a) Presentation from Together We Grow Steering Committee on Workforce Initiative.
8. Reports from Staff, Boards & Commissions
 - a) Economic Development Director's Report
9. Closed Session (to consider any of the above matters, where an Executive Session is appropriate).
 - a) Following passage of motion to enter into executive session, presiding officer must state purpose of executive session.
10. Adjournment.

City of Scottsbluff, Nebraska
Friday, December 13, 2019
Regular Meeting

Item 1

Approval of Minutes for Meeting of November 22, 2019

Staff Contact: Starr Lehl

CITY OF SCOTTSBLUFF
ECONOMIC DEVELOPMENT APPLICATION REVIEW COMMITTEE
November 22, 2019

The meeting of the Economic Development Application Review Committee was held on November 22, 2019 at 8:00 a.m. at City Hall, 2525 Circle Drive, Scottsbluff, Nebraska.

Present were committee members Jim Trumbull, Dennis Hadden, Nate Merrigan, Hod Kosman, Marla Marx, and alternate member Dave Schaff. Also in attendance on behalf of the City was Starr Lehl, City Economic Director, Liz Hilyard, City Finance Director, Adam Hoelsing, Deputy City Attorney, Nathan Johnson, City Manager, and Kimberly Wright, City Clerk.

Chairman Trumbull called the meeting to order at 8:00 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 Hadden that the minutes of the November 15, 2019 committee meeting be approved. Voting yes: Trumbull, Hadden, Merrigan, Kosman, and Marx. Voting no: None.

The next item addressed is the application made by McKiney Manufacturing and Sales, LLC. Present on behalf of McKiney Manufacturing was Roger McKiney and Julie McKiney. The application seeks both a loan as well as a jobs-based grant, in the combined amount of approximately \$90,000. Mr. McKiney presented that since he began operation in 2018, a large customer has shown the need for a water jet machine facility. McKiney Manufacturing is therefore seeking to purchase and install a water jet machine in order to expand the range of wholesale products available to customers. Costs of doing so include purchase of the machine as well as sewer, water, and electrical installation. The total cost of the purchase and installation is \$260,000, and the applicant is seeking \$90,000 as the combined loan and jobs-based grant. A motion to table this application had been made and passed at the November 15, 2019 meeting of the committee. At the November 15, 2019 meeting:

Mr. McKiney presented the immediate creation of two full-time jobs from the water jet machine, and anticipated other full-time jobs would be created thereafter. Member Lee Glenn asked a question regarding the concern that most of the cost would be tied to one customer, and therefore business sales might be troublesome if that one customer should falter. Mr. McKiney responded that the water jet machine can produce a number of different wholesale products, and the sale of those products would still be available regardless of a particular customer need. Following questions of the Committee, Deputy City Attorney Hoelsing presented a modified amortization schedule that would refinance the current loan and grant from the program to McKiney Manufacturing & Sales. If the full \$90,000 was awarded under this application, the amount under this application as well as the previous amounts owing could be refinanced into one complete loan/grant, without increasing the applicant's monthly payment to the City program by more than \$300.

Deputy City attorney Adam Hoelsing presented again the possibility of refinancing the current outstanding assistance with the amount requested the application. In doing so, the Applicant would receive a 10-year amortization schedule on the refinanced amount, with a monthly payment of approximately \$2,500 and yearly job-credit grants against the amount owed of \$14,000. Moved by alternative member Schaff and member Marx that the following assistance from the program be granted:

The total amount of outstanding assistance and the currently requested amount of \$90,000 be refinanced into a loan/grant of approximately \$406,000. The \$406,000 would refinance the \$140,000 outstanding on a jobs-based grant and the \$176,337.24 outstanding on a loan from the Program. New assistance of \$90,000 would be awarded. The assistance would be represented by a note, accruing interest at 1.69% per annum (the applicable federal mid-term rate for December 2019) payable in 120 equal monthly payments of principal and interest. The note would receive credits of full-time jobs created, with the amortization schedule anticipating 7 jobs created per year, awarded at \$2,000 per job per year. The assistance was secured by a deed of trust on the Applicant's business real estate and a security interest on the Applicants personal property, and was guaranteed by Roger McKinney, Julie McKinney, and McKinney Solutions, LLC.

Voting yes: Merrigan, Schaff, Marx, and Trumbull. Voting no: None. Abstaining due to conflict: Kosman and Hadden.

The next item addressed was the application of Western Farms, LLC. Consideration of application had been tabled during the committee meeting on November 15, 2019. Mark Johnson and other owners of the applicant again presented on behalf of the applicant. Chairman Trumbull inquired as the following:

(1) The seed generating capacity of a 750-plant facility; the Applicant anticipated 6,100 viable seed per plant, which meant the Applicant would need to look outside of Nebraska to market hemp seed sales.

(2) A concern over having THC content over .3%; the Applicant discussed their history with the University of Nebraska extension office, and their plan to cultivate specific seed varieties for low THC content.

(3) What is required of a grower to grow the hemp seed, and does that infrastructure exist; the Applicant presented multiple different methods of harvest, either by hand or through the purchase of a harvester for considerable cost.

Member Marx inquired into the assistance provided by the University of Nebraska extension for equipment improvement and voiced the opinion that as the market for the commodity develop, the research institutions would be to push the advance of equipment technology forward.

Vice-chairman Hadden voiced his continued desire towards the Applicants focus on growing seed for sale, and not on hemp oil production, given the additional costs of infrastructure for hemp oil production.

Member Kosman inquired into the ability to market seed sales, given the lack of salesmen for the product such as you would find for corn or bean salesmen; the Applicant stated that the industry is developing and currently the grower would personally find the Applicant for sale or the owners of the Applicant would market seed sales on their own accord.

Following discussion, personal financial statements of the Applicants owners were provided and made a part of the confidential Application file. It was thereafter moved by member Hadden and member Schaff to enter executive session to consider the application of Western Farms, LLC. Voting yes: Merrigan, Schaff, Trumbull, Kosman, and Hadden. Voting no: None. Member Marx sat as the alternate for the executive session vote.

The committee then entered executive session at 8:45. At 9:15, committee member Hadden left executive session, as he had to leave the meeting early.

The committee exited executive session around 9:30 and the following motion was made by member Kosman and seconded by member Marx:

An offer to provide \$500,000 of assistance to the Applicant as a loan/grant. The loan/grant would operate as construction line of credit beginning January 1, 2020 and ending July 1, 2020, during which time the Applicant could draw against the line of credit for construction and operation costs of a hemp seed production facility.

On July 1, 2020, the principal amount of the line of credit would term-out, and become payable in three equal, amortized annual payments, the first being due June 1, 2021. Interest would accrue beginning July 1, 2020 at the federal applicable mid-term rate as of July 1, 2020.

Annual credit for job creation would be earned against the amount due from the Applicant according to full-time jobs created by the Applicant as of January 1, 2020, at the rate of \$2,000 per job per year. Credit from the previous year would be applied to the amount due as of June 1 for each annual payment.

The assistance would be secured by a second deed of trust on the Applicant's business real estate, by a first priority security interest on the Applicants equipment, inventory, account receivables, and other personal property. The assistance would be guaranteed by all five owners of the Applicant.

Provision of any assistance, and the ability to draw on the construction line of credit is to be absolutely contingent upon Western Farms, LLC obtaining a hemp license from the United States Department of Agriculture or the Nebraska Department of Agriculture.

Voting yes: Merrigan, Schaff, Trumbull, Kosman, and Marx.

The meeting was thereafter adjourned at 9:45 a.m.

Starr Lehl, Economic Development Director

City of Scottsbluff, Nebraska

Friday, December 13, 2019

Regular Meeting

Item 1

Receive Updated Information and Consider Application for Assistance from Factory Crimp Services.

Staff Contact: Starr Lehl

**City of Scottsbluff
Economic Development Grant Application**

1. Applicant Information:

Business Name: Factory Crimp Services, Inc.

Address: 4713 Ave I, Scottsbluff

Applicant Contact: Scott James

Business Phone: 308-631-8552 (cell)

E-mail address: sjames@csprecisionmfg.com

2. Business Information:

Structure of Business (proprietorship, partnership, LLC, corporation, etc): C Corp

Ownership breakdown (include percentages for each Owner): Scott and Tina James 50/50

General Description of Business: Manufacture custom high pressure hydraulic assemblies for resale or OEM.

Products/Services: Hydraulic Assemblies

Number of years in Business (or if a new Business, describe Owners experience in this type of business): New business

Proposed Location Address: 250413 Skyport Drive, lease space from CSI

Current Zoning Classification: industrial

3. Employment:

Base (current) number of full-time positions: 0

Full-time positions to be created: 5

Salary/Wage Range: 15/hour for assembly, 50k for supervisory

Benefits provided to employees (include any contribution required by Employees):
Plans to include health benefits, vacation, holidays.

4. Financial Need:

Total project cost estimate: 175,000

Breakdown of use of funds: 125k in equipment, 50k in inventory/startup

Date funds are needed: Jan 2020

Investment to be made by Applicant (Amount & Source): 100,000

Loan(s) to be obtained (Amount & Bank Name): 0

LB840 financial assistance amount requested for the Project: 75,000

**The committee reserves the right to make part of the funds Grant (forgivable loan) and part of the funds Loan, which in non-forgivable and has repayment terms.

Other Loans/Grants (CDBG, TIF, Re-Use, etc.):

5. Security Available:

Guarantor(s): Scott James

Real Estate: 0

Existing Liens:

Personal Property: 125,000

Existing Liens: 0

Stock / LLC Interests:

Other:

6. Eligibility:

Principal Source of Income from (circle one):

- a. Manufacturing
- b. Research & development

- c. Processing, storage, transport or sale of goods or commodities in interstate commerce
- d. Sale of Services in interstate commerce
- e. Headquarters facilities relating to eligible activities
- f. Telecommunications activities
- g. Tourism-related activities
- h. Construction and rehabilitation of housing
- i. Retail trade where the principal source of income is from retail sales of products manufactured on the premises.
- j. Film production (Nebraska Film Office Activity Registration Form is also required).

Statement of how project is consistent with the goals of the Scottsbluff Economic Development Program:

Describe any pending legal action(s), to include the amount at risk and a summary of how ownership is reacting to the action(s):

7. Additional Information to be submitted:

- a. Resumes of Owners, Management & Key Employees (include experience, training, credentials & work history).
- b. Brief history of your business and where you see your business going in the next 5 years, with emphasis on the impact to the City of Scottsbluff.
- c. Personal Financial Statement of Guarantors and anyone owning 25% or more of the business. Note: documentation verifying assets and liabilities shall be made available upon request.
- d. Income statement covering the past 2 years of business operations, if in business for that long. Copies of filed tax returns are acceptable and the most recent year's return must be included.
- e. Business Plan, to include:
 - Total project costs to include itemized use of funds
 - Lender Commitments
 - Investor Commitments
 - Financial projections for the next 3 years.
 - Employment projections for the next 3 years
 - Identification of jobs to be created by description, number, average wage, benefits, etc.
 - Information as to suppliers, and in particular, those in the Scottsbluff area
- f. References, to include name, position, address and phone number:

- g. Any other information that you feel will assist the City in evaluating your Application. Please include any marketing or sales brochures.
- h. With respect to the Business, or any persons owning 25% or more of the business and any officers, indicate if there is any past or pending litigation which either has resulted in or could result in a judgment against the Business or any such person. List the nature of the judgment or pending action, and whether any portion remains unpaid as of this date.
- i. With respect to any persons owning 25% or more of the business and any officers, indicate any who have been convicted of or plead guilty to any criminal charge or violation of law, excepting minor traffic offenses. List the nature of the charge, where the charge occurred and the year and month of the conviction or plea.
- j. Applicant agrees to sign waiver form provided by the City of Scottsbluff for Background and Credit Check.

8. Nebraska Advantage Act:

The Applicant certifies to the city as follows (select one):

- ☒ The Applicant has not filed nor does it intend to file an application with the Nebraska Department of Revenue to receive tax incentives under the Nebraska Advantage Act with respect to this project.
- ☐ The Applicant has filed or intends to file an application with the Department of Revenue to receive tax incentives under the Nebraska Advantage Act for this project. If so, indicate if such application includes or will include, as one of the tax incentives, a refund of the City's local option sales tax revenue: ____; and whether such application has been approved under the Nebraska Advantage Act: ____.

I certify that the information presented in connection with this Application for Economic Development Assistance is true and correct. Consent is given to the City of Scottsbluff to contact references, conduct one or more credit checks, criminal background checks, and to verify the information contained in this Application.

Dated:

Signed: _____
Title: _____

City of Scottsbluff, Nebraska

Friday, December 13, 2019

Regular Meeting

Item Together1

**Presentation from Together We Grow Steering Committee on
Workforce Initiative.**

Staff Contact: Starr Lehl

ABOUT

Together We Grow

GROWING WESTERN NEBRASKA

Together We Grow gives the potential workforce entering Western Nebraska Community College OR an employment opportunity to plan a foundation for the future. Applicants come out of the program with no student debt and a set of skills and work ethic in high demand allowing them to hit the ground running and start a career immediately.

PROGRAM DETAILS

- Applicants of all ages are welcome and encouraged to apply
- Scholarships will support tuition, fees, books and other required program expenses incurred while enrolled in WNCC courses
- Funding of internships, apprenticeships and signing bonuses will be paid directly to the Industry Partner

ELIGIBILITY REQUIREMENTS

- U.S. citizen or U.S. national (may be eligible if you have a green card and are eligible for federal financial aid)
- In-state and out-of-state applicants are eligible to apply
- Demonstrate aptitude and attitude through one or more of the following:
 - The National Career Readiness Certificate (NCRC) or other industry-recognized certifications in the career area
 - Technical, dual or concurrent credit courses taken in the career interest area
 - Career & Technical Education coursework completed in the career interest area.
 - Work-based learning experiences, internships or work experience in the career interest area
 - Enrolling as a first-time student in a high need program. Previous college or technical institute attendance is acceptable

- Willingness to learn and take direction in an internship or apprenticeship environment

APPLICANT COMMITMENT

In accepting scholarship awards, internships, apprenticeships or signing bonuses recipients will agree to:

- Enroll full-time at WNCC in a technical program determined to be high-need workforce area in western Nebraska
- Successful application to work as an intern or apprentice in a qualified business located in western Nebraska
- In the case of a signing bonus, successful application to work full-time at a qualified business offering such bonus
- Following graduation, internship or apprenticeship completion, work full-time in the field of study/experience for a minimum of five years

MISSION: Together We Grow will provide workforce opportunities to current and future residents of western Nebraska. By providing internships, apprenticeships and signing bonuses to workers in the area and in return a five year work commitment requirements to western Nebraska. (Train and retain).

Phase I – establish educational partnerships (WNCC, career academies). Educational institutions will identify programs and fields of study needed for workforce development filling community needs.

Phase II – Funding: complete the City of Scottsbluff LB840 application requesting \$1 million in funding for the workforce development program; apply for funds through OTCF, Nebr. Community Foundation, Peter Kiewit, Buckley Trust, Quivey Bay Foundation, USDA, Dept. of Education Vocational Education Program, Ford Motor Company, Walmart, Burlington Northern, Union Pacific, National Housing Development Fund, DED Customized Job Training Program, and many others.

Phase III – identify a group of advisory board members made up of regional community leaders/partners by re-establishing the WNED (Western Nebraska Economic Development) group.

Phase IV – partner with the NDOL (Nebr. Department of Labor) to identify the skills gap and needed workforce in the community.

Phase V – devise an implementation plan to educate businesses who are seeking skilled labor, informing them of the program.

Phase VI – recruit a wide variety of businesses to relocate or expand in western Nebraska by showcasing the Together We Grow concept, promoting a workforce-ready community.

City of Scottsbluff, Nebraska
Friday, December 13, 2019
Regular Meeting

Item 1

Economic Development Director's Report

Staff Contact: Starr Lehl

City of Scottsbluff, Nebraska
Friday, December 13, 2019
Regular Meeting

Item 1

**Following passage of motion to enter into executive session,
presiding officer must state purpose of executive session.**

Staff Contact: