

# **City of Scottsbluff, Nebraska**

**Friday, February 7, 2020**

**Regular Meeting**

## **Item 1**

**Receive Information and Consider Application for Prime Metal Products, LLC.**

**Staff Contact: Starr Lehl**

**City of Scottsbluff  
Economic Development Grant Application**

**1. Applicant Information:**

Business Name: **Prime Metal Products Inc.**

Address: **54 Berwick Place Mahtomedi, MN 55115**

Applicant Contact: **Herb Gibson**

Business Phone: **612-419-1987**

E-mail address: **hrbgbsn@gmail.com**

**2. Business Information:**

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

Ownership breakdown (include percentages for each Owner):

**Gibson Management 55%**

**Joe Bergman 15%**

**Mike Myers 15%**

**Omni Duct or its assigns 15%**

General Description of Business: **Manufacture and Distribution of Commercial HVAC Duct Systems**

**Prime Metal Products is a startup yellow label commercial sheet metal manufacturing company located in Gering, Nebraska. The company will specialize in the production of spiral pipe, square duct and the associated fittings with each. Prime Metal Products will also produce roof curbs and adaptors for the new and replacement rooftop industry.**

**The company will be established to fulfill a need for greater competition in the Great Plains markets for commercial sheet metal products. Lukjan Great Plains (Sidney) specializes only in residential metal sheet products, therefore, Prime Metal Products will not be competing for employees or sites. Prime Metal Products will not be affiliated with Lukjan Great Plains.**

**The primary building market for Prime Metal Products will be Denver and Colorado's Front Range. Commercial ductwork manufactured at this facility will serve as a central location for shipments to Omaha, Des Moines, Kansas City, Wichita, Cheyenne and Dallas Ft. Worth. Low outgoing freight costs from Gering will support the company's efforts to compete in these additional metropolitan markets.**

The business will be affiliated with SMART Local 103, which provides the tools to create a stable, well-trained workforce to compete for all of the jobs in the market area, from strip malls to stadiums. The company's supervisors and production teams will be affiliated with Cheyenne Light Commercial and Residential Union. A complete list of union wages can be found on page three of the CDBG pre-application.

The company's primary competitor in the Front Range is Hercules Industries. This business operates under a Denver union commercial sheet metal facility and a large network of factory-owned distributor locations throughout eastern Colorado. Secondary competitors are mostly non-union facilities. Of these, Wichita Sheet Metal is the largest with six locations throughout Iowa, Kansas and Colorado.

Company investors expect to gain market share by using direct-to-contractor sales in Colorado and a combination of sales to contractors and distributors in other markets.

Products/Services: **Duct, Spiral Pipe, Fittings**

Number of years in Business (or if a new Business, describe Owners experience in this type of business): **This is a new business – Ownership has over 70 years of combined expertise in residential and commercial duct fabrication**

Proposed Location Address:

**220757 NE Highway 92 Gering, NE (Former Lockwood Property)**

Current Zoning Classification: **Industrial**

### **3. Employment:**

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

Full-time positions to be created: **70**

#### **Jobs to be created in 2020:**

**Plant Mgr. (1): \$75,000**

**Maintenance Mgr.(1): \$52,500**

**Supervisors (2): \$41,500**

**Accounting (1): \$32,500**

**Internal Sales (2): \$26,500**

**Production (8): \$25,000**

Salary/Wage Range: **\$13-26**

Benefits provided to employees (include any contribution required by Employees):

**Health Care and Pension Benefits through SMART Local 103**

#### **4. Financial Need:**

Total project cost estimate: **\$7,100,000**

Breakdown of use of funds:

**\$3,900,000 Equipment**

**\$1,000,000 Raw Materials**

**\$1,800,000 Finished Goods and Accounts Receivables**

**\$500,000 Leasehold Improvements**

Date funds are needed: **March 3, 2020**

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

**Gibson Management \$300,000 Cash and Used Equipment**

**Joe Bergman \$300,000 Used Equipment**

**Mike Myers \$300,000 Cash**

**Omni or its Assigns \$300,000 Software**

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

**Western States Bank Equipment Loan \$1,000,000**

**SBA Equipment Loan \$750,000**

**Western States Bank Revolving Line \$1,500,000**

LB840 financial assistance amount requested for the Project: **\$1,539,000**

**\*\*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.):

**The company has applied for a \$1,000,000 CDBG grant**

**City of Gering CDBG Reuse Fund - \$211,000**

#### **5. Security Available:**

Guarantor(s):

Real Estate:

Existing Liens:

Personal Property:

Existing Liens:

Stock / LLC Interests:

Other:

## 6. Eligibility:

Principal Source of Income from (circle one):

- a. **Manufacturing X**
- 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: The business will diversify the Scottsbluff/Gering employment to provide a buffer to a traditionally cyclical agricultural economy.

Describe any pending legal action(s), to include the amount at risk and a summary of how ownership is reacting to the action(s): No pending litigation

## 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:  
**Markel Fitchpatrick Brauer Supply St. Louis, MO VP Sales 314-941-1587**  
**Scott Siccard S&R Appliance White Bear Lake, MN Owner 612-670-8962**  
**Ike Willis Smith & Willis Heating Commerce City, CO Owner 303-489-9163**
- 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.  
**Nothing past or pending that can adversely affect the business**
- 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.  
**No past or pending criminal charges**
- j. Applicant agrees to sign waiver form provided by the City of Scottsbluff for Background and Credit Check. **Yes**

**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: 2/4/2000

Signed: \_\_\_\_\_Herb Gibson\_\_\_\_\_  
Title: \_\_\_\_President\_\_\_\_\_