

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

Regular Meeting
February 7, 2020
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 January 3, 2020
6. Consideration of Applications for Economic Development Assistance
 - a) Receive Information and Consider Application for Prime Metal Products, LLC.
7. Reports from Staff, Boards & Commissions
 - a) Economic Development Director's Report.
8. 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.
9. Adjournment.

City of Scottsbluff, Nebraska
Friday, February 7, 2020
Regular Meeting

Item 1

Approval of minutes for meeting of January 3, 2020

Staff Contact: Starr Lehl

CITY OF SCOTTSBLUFF
ECONOMIC DEVELOPMENT APPLICATION REVIEW COMMITTEE
January 3, 2020

The meeting of the Economic Development Application Review Committee was held on January 3, 2020 at 8:00 a.m. at City Hall, 2525 Circle Drive, Scottsbluff, Nebraska.

Present were committee members Jim Trumbull, Lee Glenn, Dennis Hadden, Marla Marx, and Dave Schaff. Also in attendance on behalf of the City was Starr Lehl, City Economic Development Director, Liz Hilyard, City Finance Director, Adam Hoesing, Deputy City Attorney, and Nathan Johnson, City Manager

Chairman Trumbull called the meeting to order at 8:04 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 Glenn that the minutes of the December 13, 2019 committee meeting be approved. Voting yes: Trumbull, Glenn, Schaff and Marx. Voting no: None.

The next item was the presentation from Jerry Gardner on behalf of Gardner Technologies, LLC. The Application seeks \$40,000 as working capital in order to begin several large projects during the spring of 2020 and to convert contract laborers into employees on those projects. The Applicant is a telecommunications company that provides low voltage cable and telecommunications wire installation for development projects. The Applicant also provides PC care and support for residential customers, including non-certified care and support for Apple and Mac products. The committee questioned Mr. Gardner concerning his current assets, any vehicles or collateral available to the committee of any loan, the history of his projects, his Apple care certification status, and services he provides to residential consumers for PC maintenance and service. Mr. Gardner informed the committee that he is intending to convert four contract laborers into employees, and will create four new full-time jobs under the company. Following discussion with Mr. Gardner, it was moved by member Schaff and seconded by member Hadden that the following assistance be offered from the program:

1. A \$20,000 loan available to the Applicant as soon as possible in order to create working capital for the purpose of converting contract laborers into employees and expanding to provide services to the projects offered by MNM Group. The \$20,000 would be repayable within a year.

2. An additional \$20,000 job-based loan that would be made available to the Applicant upon receipt of Apple care certification for the area. If received and the \$20,000 is granted, the jobs-based loan would be repayable over five years with credit for four full-time equivalents created, at \$1,000 per year.

3. All amounts granted for assistance to the Applicant would be secured by security interest of personal property of Applicant.

Voting yes: Trumbull, Marx, Hadden, and Schaff. Voting against: None. Abstaining: Glenn.

The next item on the agenda was the Economic Directory Report. At the time of the report, it appeared that a strategy session was necessary for the committee to discuss a claim or possible demands upon previous Applicants to the program that had not earned out their grants. It was moved by member Glenn and seconded by member Schaff to enter into executive session to discuss repayment strategies and possible demands on previous Applicants. The executive session began around 8:45 a.m. Voting yes: Trumbull, Marx, Schaff, Hadden, and Glenn. Voting no: None.

The committee exited executive session around 9:15 a.m., and the following directions were given to staff:

1. Staff was directed to begin discussions and investigation regarding whether collection on a December 31, 2014 Economic Development Assistance Agreement between the City and Eagle Med, LLC. Direction was given to the City Attorney's office to investigate possible assets or recourse against the Applicant, and any buyer of Applicant's business.

2. Staff was directed to extend the jobs-based grant portion of the Economic Development Agreement between the City and Skiles Industry, Inc. for five years, beginning October 1, 2019. It was moved by member Hadden and seconded by member Marx to provide that extension. Voting yes: Trumbull, Marx, Schaff, Hadden and Glenn. Voting no: None.

3. It was moved by member Marx, and seconded by member Schaff to extend the jobs based grant portion of the Economic Development Assistance Agreement between the City and KYS Foods, Inc. for five years, beginning January 1, 2020. Voting yes: Trumbull, Marx, Schaff, Hadden and Glenn. Voting no: None.

4. Directions were given to staff regarding the Economic Development Assistance Agreement between the City and BDS3C, LLC, for the possible application for full-time equivalents being granted under the Agreement to those employees that would be considered full-time by the Applicant receive all benefits that all employees receive, and are employed in the manufacturing component of the Applicant.

Following the reports, the meeting was thereafter adjourned at approximately 9:35 a.m.

Starr Lehl, Economic Development Director

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_____

City of Scottsbluff, Nebraska

Friday, February 7, 2020

Regular Meeting

Item Reports1

Economic Development Director's Report.

Staff Contact: Starr Lehl

City of Scottsbluff, Nebraska

Friday, February 7, 2020

Regular Meeting

Item 1

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

Staff Contact: