

City of Scottsbluff, Nebraska

Friday, July 24, 2020

Regular Meeting

Item 3

Review and Consider Approval of Application from Crossroads Coop.

Staff Contact: Starr Lehl

City of Scottsbluff
Economic Development Grant Application

Crossroads Cooperative Association
PO Box 153, Sidney, NE 69162

FEBRUARY 2020

1. Applicant Information –

Crossroads Cooperative Association
PO Box 153
Sidney, NE 69162

Shain Shimic, Regional Manager
(308) 436-3646 (office)
Shain.shimic@crossroadscoop.com

2. Business Information –

Cooperative – Organized to serve its members through expert marketing solutions and strategies.

Member owned with a Board of Directors consisting of a President/CEO, CFO, Chairman, Vice Chairman, Secretary, five Director's and three Associate Director's.

Crossroads Cooperative is a grain only cooperative serving producers in the Nebraska Panhandle, southeastern Wyoming and northeastern Colorado providing grain marketing services and strategies. Crossroads Coop is focused on providing expert marketing solutions and strategies to producers that balance time, money and risk.

Provides a grain marketing service which includes the purchasing and marketing of grain, corn and wheat.

Crossroads Cooperative has been serving producers in western Nebraska since 1909. The Gering facility was established in 2001. Its annual handle is around 2 million bushels. The expansion project is expected to yield a 200% increase or 6 million bushels.

The Gering facility is located at 220435 U Street, Gering, NE 69341. The proposed project site is located within the Gering Industrial Park at 13030 21st Ave., Gering and currently zoned for industrial use.

3. Employment –

The Gering facility currently has four full time employees. With the proposed expansion project, it is the expectation to increase the full-time positions available at the Gering Facility by 100% for 8 total full-time employees. The salaries will range from \$14-\$35 per hour depending upon the position.

All coop employees receive the opportunity to participate in a full health insurance plan (excluding dental) with Crossroads contributing 82% of the employee health insurance cost while the employee pays 18%. Additional benefits include Dental, EyeMed plan, health equity savings account and an optional flex plan is also available.

Employees are enrolled in the Coop Retirement Plan. Each employee contributes 4% of gross wages and Crossroads contributes 7.85% to the plan. Employees are provided a life insurance of \$50,000 plus 1 ½ yearly salary. Additional options provided each employee is a 401K contribution plan, short term disability and long-term disability policies with Crossroads covering half of the premium and AFLAC insurance.

4. Financial Need –

This project is estimated at \$11.2 million. The funds are needed during the second quarter of the year 2020. Crossroads Cooperative will invest \$2,000,000 of equity with an additional \$5,000,000 provided through our financial institution.

Crossroads has been awarded \$100,000 in Economic Opportunity funds from the State of Nebraska. \$500,000 in LB840 funds has preliminarily been approved from the City of Gering with \$50,000 for job creation and \$450,000 towards Public Works and Rail Infrastructure development. City of Gering is pledging 1,000,000 toward Public Works infrastructures. We are requesting \$1,000,000 in LB840

funds from the City of Scottsbluff for Rail Infrastructure and Improvements. We are also applying for \$1.6 million in TIF funds.

With all other grants and financing approved, and if we are awarded the funds from Scottsbluff, this project is set to commence immediately upon Crossroads Coops board approval. The board needs to have complete funding and expense data for this project before a final approval will be granted.

5. Security Available –

Crossroads Cooperative Association will be the guarantor through \$1 million in real estate located at 220435 U Street, Gering, NE.

There are currently no existing liens on this property. There will be no personal property, stock interests or any other equity used as security in this request.

6. Eligibility –

Principal Source of Income is from the purchasing, selling and warehousing of commodities in interstate commerce.

The intent of this project is job creation and to enhance the investment opportunities in the Gering Industrial Park. Crossroads Cooperative Association is working to expand the facility located at 220435 U Street, Gering, which is adjacent to the Gering Industrial Park and includes an existing rail switch and small spur line. This project would involve extension of the existing spur line to the industrial park and provide the ability to add rail services to the remainder of the industrial park. Crossroads will increase employment opportunities at that facility by 100% and expand grain marketing globally for the producers in the region.

Crossroads Cooperative Association is not involved in any pending legal actions.

7. Additional Information –

Michael Rowan, President/CEO, graduated from Chadron State College with a degree in Agribusiness. He began his career in the cash grain market with a small country grain elevator owner/operator. Since then, he has had several different grain management and leadership positions and in May of 2018, Mike became President and CEO of Crossroads Coop. He is a native to the region and resides in Gurley, Nebraska.

Tim Damewood, CFO, has 28 years of finance and accounting experience and has previously held positions in the grain and cattle feeding industries. Tim is a CPA and holds Masters and Bachelors of Science degrees from the University of Kansas. Tim and his family reside in Sidney, Nebraska.

Shain Shimic, Regional Manager, has been involved in the grain industry for 16 years. He has owned and/or managed grain elevators in the Nebraska Panhandle for 15 years. He holds a Bachelor of Science Degree in Agricultural Business Management from the University of Wyoming. For the past fourteen years, he and his family have resided in Gering, Nebraska.

Crossroads anticipates using many local contractors and vendors in the development of the infrastructures in the Gering Industrial Park. At this point in time, bids have not been requested therefore, specific businesses have not been identified.

References:

Wheat Belt Public Power District
Carolyn Hostetler, CFO
11306 Road 32
Sidney, NE 69162
308-254-587
800-261-7114

DP Electronics
Dave Porter
3100 Silverberg Dr., Ste B
Sidney, NE 69162
308-254-5326

Any other info:

With respect to the Coop, any person owning 25% or more and any officers, indicate any past or pending litigation which either has resulted in or could result in a judgement against the Coop or any such person... None

Applicant agrees to sign a waiver form provided by the City of Scottsbluff for background and credit checks... Yes.

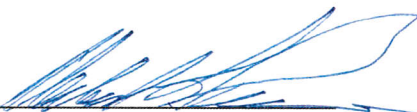
8. Nebraska Advantage Act: –

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: 2-19-20

Signed: 

Michael Rowan
President-Chief Executive Officer
Crossroads Cooperative Assoc.

Dated: 2-19-20

Signed: 

Shain Shimic
Regional Manager
Crossroads Cooperative Assoc.