

City of Scottsbluff, Nebraska
Tuesday, August 18, 2020
Regular Meeting

Item 1

Approval of minutes for meeting of August 7, 2020.

Staff Contact: Starr Lehl

CITY OF SCOTTSBLUFF
ECONOMIC DEVELOPMENT APPLICATION REVIEW COMMITTEE
August 7, 2020

A meeting of the Economic Development Application Review Committee was held on August 7, 2020 at 8:00 a.m. at City Hall, 2525 Circle Drive, Scottsbluff, Nebraska.

Present were committee members Nate Merrigan, Jim Trumbull, Dave Schaff and Lee Glenn. Also in attendance on behalf of the City was Starr Lehl, Economic Development Director, Kent Hadenfeldt, Deputy City Attorney, Rick Kuckkahn, Interim City Manager, and Elizabeth Hilyard, Finance Director for the City.

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.

The first item on the agenda was to approve the minutes of the last committee meeting. It was moved by member Glenn, and seconded by member Schaff that the minutes of the July 24, 2020 committee meeting be approved. Voting yes: Trumbull, Merrigan, Schaff and Glenn. Voting no: None.

The next item on the agenda was to review and consider the Economic Development Agreement with Bluffs Physical Therapy/Hydro Zen. Discussion centered around legal counsel's recommendation of a \$30,000.00 loan along with a \$50,000.00 loan subject to job credit approval and to combine the current loan with the City. The applicant has met their obligations and are current for two years so the total loan package for this applicant would be \$92,000.00 and the agreement will be to present to City Council as approved and recommended by legal counsel. Motion was made by member Schaff and seconded by member Merrigan to forward the Economic Development Agreement with Bluffs Physical Therapy/Hydro Zen to City Council. There being no further discussion, voting on the motion; Voting yes: Merrigan, Glenn, Trumbull and Schaff. Voting no: None.

The next item on the agenda was to consider the application from the Western Nebraska Pioneers. The committee noted they have received additional information for the application concerning job retention benefits and the additional information was discussed. A motion to reject the application of the Western Nebraska Pioneers application was made by member Schaff. The motion was seconded by member Glenn. Following further discussion, a vote was taken with voting yes: Merrigan, Trumbull, Glenn and Schaff. Voting no: None

The next item on the agenda was the application for funding by the Hampton Inn for the pilots rooms to be used during the Balloon Fest. Applicant was present and a discussion regarding the Balloon Fest followed. Even though the national competition was cancelled for this year because of COVID related issues, the Balloon Fest is going to be held and a number of pilots and staff will be present in Scottsbluff and stay at the Hampton Inn. This is a one year funding in the amount of \$11,868.00. Discussion centered on the fact they have made a similar request in the past and it is tourism related. After discussion, a Motion was made by member Schaff to approve the

application. That motion was seconded by member Glenn. Voting yes: Merrigan, Trumbull, Schaff and Glenn. Voting no: None.

The next item on the agenda was consideration of the application from Reverence Funeral Parlor. The applicant was present along with her husband. The applicant made a presentation in regard to the service and their business plan. The applicant is asking for \$50,000.00 in gap funding for their endeavor. A discussion followed in regard to whether or not the applicant provides services in interstate commerce. The applicant advised the committee in her past experience with work in funeral homes in Scottsbluff and in regard to their marketing plan, they anticipate having a considerable amount of business from Wyoming and South Dakota. In particular, they plan on marketing for low cost funeral services and mortuary services in both Wyoming and South Dakota, whether it is transporting bodies from South Dakota back to here where family lives or transporting bodies from here to South Dakota as well as Wyoming, in particular, the Lusk area. Their plan is on marketing to families outside of the state, in particular, Wyoming and South Dakota and anticipate a considerable amount of business for transportation and services. In addition, there was discussion was in regard to the percentage in the amount of services as opposed to retail sales for caskets and urns. The applicant advised the funeral industry has changed considerably and that they anticipate that 75% of their revenue will be from services provided and 25% may be from retail, therefore, the majority of their revenue will be for services and a considerable amount of that will be from their marketing in Wyoming and South Dakota. Through questioning, it was determined that the applicant anticipates one full time job for the first two years and two full time jobs after that.

A recommendation from legal counsel based upon their assumptions and business plan would be under the typical scale that they have met the test for services in interstate commerce with their plans to market in different states and to have considerable business from two of the neighboring states and their plan to bring in full time jobs would be under the typical scale; a \$50,000.00 loan would be \$2,000.00 per year forgiven in the first two years and then \$6,000.00 forgiven in the next three years assuming a three year jobs based grant time frame. The applicant would then earn \$22,000.00 in job credit over five years if their plans come to fruition. Recommendation is a loan amortized with monthly payments at the current federal mid-term rate over five years and the availability of job credits after every year which job credit is treated as an additional principal payment that allows the loan to be prepaid quicker. The only request by the applicant was monthly payments begin on January 1, 2021 instead of 30 days after funding. Following discussion, a motion was made by member Glenn and seconded by member Schaff to provide financing based upon legal counsel's recommendation and the projections by the applicant. There would need to be standard security such as guarantees from the applicant and a second deed of trust and security agreement behind the bank's financing. Voting yes: Merrigan, Trumbull and Schaff. Voting no: None. Abstained: Glenn.

The next item on the agenda was consideration of the application of Inventive Wireless, LLC doing business as Vistabeam. The applicant was present and made a presentation of the intent to locate a new office within the City of Scottsbluff. Further presentation revealed the applicant plans on creating five new jobs before the end of the year and anticipates the wireless broadband business will continue to increase especially in light of the recent pandemic. Upon questioning by the committee, the applicant suggested monthly payments which would begin thirty days following

the funding. The applicants request for a \$100,000.00 loan and a \$50,000.00 job based grant for five jobs was recommended by counsel. The interest rate would be the Federal applicable mid-term rate and the job creation will create a job credit purpose for repayment with an October 1 – September 30 year approved. The security would be a previous guaranty and a second deed of trust on the Scottsbluff building. Following discussion by the committee, a motion was made by member Merrigan and seconded by member Schaff to fund the loan request based upon legal counsel's recommendation in amount and job credit based grant. Following further discussion, voting yes: Merrigan, Trumbull, Schaff. Voting no: None. Abstained: Glenn.

The next item on the agenda was to review the COVID-19 LB840 Fund Accommodations and the impact of the pandemic. Information was dispensed to committee members and a discussion was had regarding contacting loan holders and revising agreements for payment schedules. Following discussion, a motion by member Glenn and seconded by member Merrigan was to adopt the impact of COVID-19 accommodations and to recommend the City Council approve them. Voting yes: Merrigan, Trumbull, Schaff and Glenn. Voting no: None.

The next item on the agenda was to discuss LB840 fund availability and future guidelines as well as a discussion on committee membership. Following discussion by the members, it was decided to have a workshop for the committee to discuss whether or not they want to draft guidelines to set forth a standard on what applications would come before the committee and what would not. In addition, the members discussed future membership on the committee as they believe people with fresh ideas should be recruited. It was determined by the committee to discuss this in the workshop along with a conflict of interests discussion and to have a general workshop to discuss conflict of interest, focus on loans and guidelines, when closed sessions are necessary and to discuss committee structure and replacement. Finally, Chairman Trumbull requested an item be added to the workshop to discuss when packets can be sent to the committee and make sure there is a certain date prior to the meeting when deadlines have to be met for committee consideration instead of Wednesday on a Friday meeting. That led to further discussion of moving the meetings from Friday to another date to give the committee time to review the amount of information in their packets. It was the consensus of the committee that Economic Development Director Starr Lehl determine a date in the next 30-60 days to have a workshop in which they can discuss all of these issues.

Following that discussion, the committee meeting was adjourned at 9:33 a.m.

Starr Lehl, Economic Development Director