

City of Scottsbluff, Nebraska

Tuesday, November 17, 2020

Regular Meeting

Item 1

Approval of minutes for meeting of September 8, 2020

Staff Contact: Starr Lehl

CITY OF SCOTTSBLUFF
ECONOMIC DEVELOPMENT APPLICATION REVIEW COMMITTEE
September 8, 2020

A meeting of the Economic Development Application Review Committee was held on September 8, 2020 at 3:30 p.m. at City Hall, 2525 Circle Drive, Scottsbluff, Nebraska.

Present were committee members Jim Trumbull, Hod Kosman, Dennis Hadden, and Nate Merrigan. Also present was alternate, David Schaff. Since there were four Committee Members present, Schaff took part in all actions considered at this meeting. Attending on behalf of the City were Starr Lehl, Economic Development Director, Rick Kuckkahn, Interim City Manager, Elizabeth Hilyard, Finance Director for the City, and Rick Ediger, Deputy City Attorney.

Chairman Trumbull called the meeting to order at 3:30 p.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 in the Agenda, nor citizens with business not scheduled present.

The first item on the agenda was to approve the minutes of the August 7, 2020, committee meeting. It was moved by Hadden, and seconded by Merrigan that the minutes be approved. Voting yes: Trumbull, Kosman, Hadden, Merrigan and Schaff. Voting no: None.

The next item on the agenda was to review and consider the Economic Development Grant Application of Original Equipment Co., d/b/a Aulick Industries. Present on behalf of Aulick Industries were Vinc Aulick, Austin Aulick and Jeannie McKerrigan. Austin Aulick presented on behalf of the Applicant and explained the recent expansion by Aulick Industries into their newly-constructed truck fabrication facility. It is anticipated that 31 jobs will be added in the new facility, which will be used primarily to rebuild used truck chassis. It was indicated that affiliated portions of the business will also produce parts, which will add to the amount of business conducted by the affiliates. Discussion was had concerning the existing Economic Development Agreement of which the Applicant is a part. The plan is for the Applicant to pay off any unearned credit under that Agreement. Discussion was also had about the impact of the Nebraska Advantage Act Application on the City's sales tax revenue. Vinc Aulick indicated that many of their customers are ag-based, which means there are no sales tax to start with. In addition, 90% of their sales for vehicles are outside of Nebraska.

It was moved by Schaff and seconded by Hadden that the City recommend a \$750,000 loan, payable over 10 years, with job credits at the rate of \$2,000 per employee over a base number of employees of 120, plus additional credit for highly-paid jobs. Interest would accrue at the rate of 1% per annum. The Applicant shall have the right to determine the start date for calculation of credits, which must begin on a calendar quarter and start no later than October 1, 2021. Accrued interest shall be paid at the time of the start date. After that, the Applicant shall pay the difference between the scheduled annual payment and the job credits earned. Security will be a Guarantee from Vinc Aulick and a Second Deed of Trust on real estate located at 709 South Beltline. It is expected that funding will be split between the current fiscal year and the fiscal year beginning October 1, 2020. Voting yes: Trumbull, Hadden, Merrigan and Schaff. Voting no: None. Kosman abstained due to a conflict of interest.

Discussion then turned to the job credits for Flyover Brewing Company. Currently, the only employee that qualifies under the terms of the Economic Development Assistance Agreement is the Brewmaster. Discussion was had concerning adding the Manager of the Business as an employee that qualifies for job credits. She does not currently take a salary but does receive a guaranteed payment, which would be considered the same as salary for purposes of earning Credits under the existing Loan. It was moved by Kosman and seconded by Schaff that the Committee recommend that the Manager of the Business be added as an employee eligible for job credits and that the Economic Development Assistance Agreement be amended to reflect that change. Voting yes: Trumbull, Kosman, Merrigan and Schaff. Voting no: None. Hadden abstained due to a conflict of interest.

Committee membership was then discussed. It was pointed out that Lee Glenn had resigned from the Committee and that Committee Members are still looking for recommendations for potential additional Members for the Committee. Any new Members must be approved by the City Council. Discussion then turned to a change in the role of Chair of the Committee. It was moved by Trumbull and seconded by Hadden that Nate Merrigan serve as Chairman of the Committee. Voting yes: Trumbull, Kosman, Hadden, Merrigan and Schaff. Voting no: None.

Following that discussion, the committee meeting was adjourned at 4:22 p.m.

Starr Lehl, Economic Development Director