



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

**Regular Meeting
December 18, 2020
9:00 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 south 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 December 1, 2020.
6. **Consideration of Applications for Economic Development Assistance**
 - a) Receive Information and Consider Approval of Revised CS Precision Manufacturing Application.
7. **Committee Membership**
 - a) Discuss Committee Membership.
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, December 18, 2020
Regular Meeting

Item 1

Approval of minutes for meeting of December 1, 2020.

Staff Contact: Starr Lehl

CITY OF SCOTTSBLUFF
ECONOMIC DEVELOPMENT APPLICATION REVIEW COMMITTEE
December 1, 2020

A meeting of the Economic Development Application Review Committee was held on December 1, 2020 at 8:00 a.m. at City Hall, 2525 Circle Drive, Scottsbluff, Nebraska.

Present were committee members Nate Merrigan, Dennis Hadden, and Jim Trumbull. Also present was Rick Kuckkahn, Interim City Manager, Starr Lehl, Economic Development Director, and Adam Hoelsing, Deputy City Attorney.

Chairman Merrigan called the meeting to order at 8:00 a.m. At that time, Chairman Merrigan then directed the public's attention to the copy of the Open Meetings Act on the north wall of the Meeting Room. No changes were made to the Agenda, and no citizens and business not otherwise scheduled was requested to be on the Agenda.

It was moved by member Hadden and seconded by Chairman Trumbull to approve the Minutes of the November 17, 2020 Application Review Committee Meeting. Voting yes: Hadden, Merrigan, and Trumbull. Voting no: None.

The next item on the agenda was consideration of an application from Twin Cities Development Inc., for the Rural Workforce Housing Fund through the Nebraska Department of Economic Development. Present on behalf of the Applicant was Rwanda Pierce as well as Michelle Coolidge. The Applicant discussed that the Rural Workforce Housing Fund has been renewed by the Nebraska Department of Economic Development, and that applicants which were not funded during the last funding opportunity have an enhanced ability to see their applications granted, since previous funding recipients are disqualified from this round of funding. The Applicant discussed several options for incentivizing Workforce Housing Development, including direct loans to contractors at favorable terms that may incentivize Workforce Housing (which is defined as housing with a cost under \$275,000 to construct, or a multi-family housing the cost of which is under \$200,000 per unit to construct, or rehabilitation that costs more than 50% of the real estate's assessed costs.

During discussions, Cliff Mesner joined the Committee via Zoom. Mr. Mesner had been involved with several Rural Workforce Housing Initiatives throughout the state, and is based out of Central City, Nebraska. Mr. Mesner described some of the tools available to the City for the Rural Workforce Housing Initiative, and explained some of the previous projects he has worked on in the central areas of the state.

A discussion was had amongst Committee members and Ms. Pierce regarding how to incentivize housing construction when the cost of construction often exceeds the market value of the completed project. There was also discussion amongst the Committee regarding the role of Twin Cities Development, and any auditing or auditing structure process that maybe available to the City to ensure that funds are used as intended.

Twin Cities Development also described the nature of the Perspective Housing Fund Application. The State of Nebraska Department of Economic Development Fund is a match grant, which means that the Fund will match all local moneys contributed to the application. Twin Cities was looking to obtain a grant from the Nebraska Investment Finance Authority (NIFA) in the amount of \$250,000, as well as other match that might be available in the community from the cities of Gering, Kimball, Bayard, and possibly Mitchell, Bridgeport, and Morrill. In total, the Applicant discussed a local sources of revenue application and the prospective amount of \$690,000 to \$1,000,000, which would be accordingly matched by Rural Workforce Housing Revolving Funds of \$690,000 to a \$1,000,000.

Following discussion and presentation, it was moved by member Hadden and seconded by member Trumbull to recommend approval of assistance to Twin Cities Development in the amount of a \$350,000 match for the Rural Workforce Housing Fund Application of Twin Cities Development. The motion was conditional upon qualifying businesses (namely, contractors) of the program being direct recipients of the LB 840 program match, and was conditional upon the program's funding being used directly for housing projects only located within the city limits of Scottsbluff, Nebraska. Voting in favor: Hadden, Merrigan and Trumbull. Voting no: None.

Following that discussion, the Committee Meeting was adjourned at 9:20 a.m.

Starr Lehl, Economic Development Director

City of Scottsbluff, Nebraska

Friday, December 18, 2020

Regular Meeting

Item 1

Receive Information and Consider Approval of Revised CS Precision Manufacturing Application.

Staff Contact: Starr Lehl

City of Scottsbluff
Economic Development Grant Application

1. Applicant Information:

Business Name: CS PRECISION MANUFACTURING, INC.

Address: 140028 LOCKWOOD ROAD, GERING, NE 69341

Applicant Contact: SCOTT JAMES

Business Phone: 308.436.2099

E-mail address: SJAMES@CSPRECISIONMFG.COM

2. Business Information:

Structure of Business (proprietorship, partnership, LLC, corporation, etc.): CORPORATION

Ownership breakdown (include percentages for each Owner): SCOTT JAMES 49%, CLIFFORD JAMES 51%

General Description of Business: MACHINE SHOP

Products/Services: CUSTOM MACHINED PARTS

Number of years in Business (or if a new Business, describe Owners experience in this type of business): 21 YEARS

Proposed Location Address: 140028 LOCKWOOD ROAD, GERING, NE 69341

Current Zoning Classification: COMMERCIAL

3. Employment:

Base (current) number of full-time positions: 66

Full-time positions to be created: 30 within 3 years, plus an additional 6 within 5 years

Salary/Wage Range: \$13-\$15 PER HOUR (STARTING WAGE)

Benefits provided to employees (include any contribution required by Employees): HEALTH INSURANCE (PARTIAL CONTRIBUTION REQUIRED), SIMPLE IRA (EMPLOYER MATCHING), PAID HOLIDAYS/VACATION, VISION, STD, GYM MEMBERSHIP

4. Financial Need:

Total project cost estimate: \$4.7 MILLION (\$1.7 MILLION - ASAP), (\$3 MILLION - 3 TO 5 YEARS)

Breakdown of use of funds: \$950,000 BUILDING, \$750,000 PLATING LINE, \$3 MILLION MACHINES

Date funds are needed: ASAP TO START CONSTRUCTION

Investment to be made by Applicant (Amount & Source): \$500,000 (EQUITY)

Loan(s) to be obtained (Amount & Bank Name): PLATTE VALLEY BANK (LINE OF CREDIT) / COUPLAMATIC SYSTEMS (LOAN)

We expect to utilize our line of credit to coverage the funding shortfall from not being able to obtain a Community Development Building Grant (CDBG).

LB840 financial assistance amount requested for the Project: \$900,000

****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.): TIF (\$388,000), LB840 GERING (\$100,000)

5. Security Available:

Guarantor(s): CS PRECISION MANUFACTURING, INC.

Real Estate: \$2,500,000

Existing Liens: \$614,300

Personal Property: \$11,500,000

Existing Liens: \$0

Stock / LLC Interests: \$242,300

Other:

6. Eligibility:

Principal Source of Income from (circle one):

- a. **Manufacturing**
- 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: ECONOMIC GROWTH FOR THE PANHANDLE THROUGH JOB CREATION

Describe any pending legal action(s), to include the amount at risk and a summary of how ownership is reacting to the action(s): NA

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:
- 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.
- 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.
- j. Applicant agrees to sign waiver form provided by the City of Scottsbluff for Background and Credit Check.

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: YES; and whether such application has been approved under the Nebraska Advantage Act: NO.

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: 02/19/2020

Signed:

Title:


President

7a. Resume of Owners, Management, & Key Employees

Scott James – Owner & President

- Graduated from Colorado State University with a bachelor's in Production Operations Management
- I've been in the hydraulic industry for 25 years and the machining industry for 21 years.
- Certifications - Industrial Wastewater & ISO Lead Auditor

Cody Zentz – Production Manager

- I've been in the machining industry for 10 years.
- Certification – ISO Lead Auditor
- Extensive experience in electroplating operations.

Dave Rost – Quality Control Manager

- I've been in the machining industry for 36 years.
- Certification – ISO Lead Auditor
- Experience in single/multi spindle screw machines, manual mills and lathes, centerless grinders, CNC mills and lathes, bending machines, presses and flaring machines.

7b. 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.

CS Precision Manufacturing, Inc. was founded in late 1999 to meet the demanding requirements of today's metal machining customers with 12 employees and 4 machines. Based on the fundamentals of providing quality hydraulic fittings and couplings with exceptional customer service, we have been able to see tremendous growth over the years.

More than 20 years later, we have grown to employ 66 people that utilize an array of equipment - 32 multi-spindle machines, 5 CNC lathes, 12 assembly machines, and electroplating line. In addition, to accommodate our growth, we have had numerous facility expansions and equipment purchases.

In the next five years, I anticipate to employ approximately 102 people, with revenue projections topping \$20 million. The additional growth will focus primarily in the multi-spindle department with an expansion to the electroplating line. These projections are based on our continual growth year after year, which is due to our increased diversification in multiple industries such as agricultural, mining, oil and gas, military and more. Through this expansion we will be able to employ 36 more employees which will in turn create growth for the Panhandle area.

7e. Business Plan

Total Project Cost - \$4,700,000 (\$950,000 building, \$750,000 electroplating line – Immediately, \$3,000,000 – approximately 3 to 5 years)

Investor Commitments - Couplamatic Systems, Inc. (Loan), Platte Valley Bank (Line of Credit)

Financial Projection - Gross Revenue: Year 1 - \$13 million, Year 2 - \$14.5 million, Year 3 - \$16 million, Year 4 - \$17.5 million

Employment Projections – Year 1 – 75 employees, Year 2 – 82 employees, Year 3 – 90 employees, Year 4 – 96 employees

Identification of jobs to be created by description, number, average wage, benefits, etc.

We plan to hire an additional 28-31 Multi-Spindle Operators (\$13-\$15 per hour), who will perform the following job functions.

- Independently complete setup and/or operate multi spindle machines according to job specifications.
- Meet or exceed production numbers set forth by the company, while producing a high quality product.
- Review setup sheets and specifications to determine setup procedure, machining sequence, and dimensions of finished work piece.
- Perform hourly checks to ensure that quality, dimensions, and key characteristics are maintained.
- Maintain detailed records for all programs, including tooling required.
- Troubleshoot machining problems when required, including analysis of rejections/yield problems.
- Alert supervisor if there are any questions or concerns regarding part quality.
- Ensure that all housekeeping, safety, and quality policies and procedures are followed.
- Commit to comply with the International Organization for Standardization (ISO).

We plan to hire an additional approximately 5 Electroplating Operators (\$13-\$15 per hour), who will perform the following job functions.

- Independently prepare parts for the electroplating process.
- Processes electroplating solutions according to work orders and established guidelines.
- When necessary, troubleshoot the electroplating process and make the proper adjustments.
- Perform quality control checks to ensure proper thickness and other key characteristics are maintained.
- Alert supervisor if there are any questions or concerns regarding part quality.
- Meet or exceed production numbers set forth by the company, while producing a high quality product.
- Maintain detailed records throughout the electroplating process.
- Perform product sorting according to work order.
- Ensure that all housekeeping, safety, and quality policies and procedures are followed.
- Commit to comply with the International Organization for Standardization (ISO).

The following employee benefits are provided:

- Holiday & Vacation Pay
- Simple IRA
- Health Insurance
- Vision Insurance

- Short Term Disability
- Free Gym Membership

Local suppliers in the Gering/Scottsbluff area involved with the project:

- Oregon Trail Plumbing & Heating, Inc.
- Crescent Electric
- Border States
- B&C Steel
- Russell Reisig Excavation & Construction
- Kindvall Siding & Construction
- Door Closer Service
- MC Schaff Companies

7f. References

Zack Karf, Vice President at Platte Valley Bank, 1212 Circle Drive, Scottsbluff, NE 69361
(Phone 308.632.7004)

Michael Parker, Sales Coordinator at Corey Steel Company, 2800 S 61st Ct, Cicero, IL 60804
(Phone 708.735.8206)

Dan Anderson, Sales Manager at Eaton Steel Bar Company, 20601 Trolley Industrial Dr, Taylor, MI 48180 (Phone 800.527.3851)

7g. Any other information that you feel will assist the City in evaluating your application.

Current Employee Demographics

34 people (52%) – Reside in Scottsbluff

12 people (18%) – Reside in Gering

12 people (18%) – Reside in the surrounding panhandle towns

08 people (12%) – Reside out of state

66 – TOTAL

NDOL Registered Youth Apprenticeship Program

Through the Nebraska Department of Labor, we have a Registered Youth Apprenticeship Program with the Scottsbluff High School and the Gering High School. We plan to enroll at least one student from each school in the Spring of 2021 in this program.

7h. There is no past or pending litigation.

7i. No officers have been convicted or plead guilty to any criminal charge or violation of the law, except minor traffic offenses.

7j. I agree to sign waiver form provided by the City of Scottsbluff for Background and Credit Check.

City of Scottsbluff, Nebraska

Friday, December 18, 2020

Regular Meeting

Item Committee1

Discuss Committee Membership.

Staff Contact: Starr Lehl

Rick / Starr,

I'd like to introduce Trista Delunger (Cc'd) as a possible new member to our committee. She is a native to the area, and through her experience as realtor and part owner of Champion Realty, LLC would bring an alternate perspective that I think we would find useful.

I have known Trista for about four years, and have come to rely on her for advice and guidance with all things regarding real estate. She has great insight into the local market in both the commercial and residential real estate sectors, and this could help shape some of our discussions regarding workforce housing and the placing of businesses looking to relocate to our community.

Thanks

Nate

Nate Merrigan

Relationship Officer

Farm Credit Services of America // 411 Valley View Drive, Scottsbluff, NE 69361

o 308-632-4615 // 800-697-1066 // c 308-220-8742 // f 402-891-2244

nate.merrigan@fcsamerica.com // fcsamerica.com

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Roger Sinha

Roger is a senior executive with over 20 years of experience in driving revenue, growth and profitability for leading financial services companies and private equity and has a strong background in the sciences, having worked for Monsanto/Dekalb-Pfizer Genetics. He attended UNL for his Ph.D.; has a BS and MS in microbiology; and an MBA in finance and marketing with a certificate in operations research and several additional financial services designations. He has been on the boards of leading companies. He has experience in strategy and corporate development, mergers and acquisitions, strategic leadership, sales and distribution, marketing (traditional/digital/mobile), financial management and operations and systems. Additionally, he has the leadership skills that have crafted and successfully executed business strategy, re-engineered major divisions and successfully integrated multiple acquisitions while producing outstanding organic growth.

City of Scottsbluff, Nebraska

Friday, December 18, 2020

Regular Meeting

Item 1

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

Staff Contact: