

City of Scottsbluff, Nebraska
Thursday, July 8, 2021
Regular Meeting

Item 1

Approval of minutes for meeting of May 20, 2021.

Staff Contact: Starr Lehl

CITY OF SCOTTSBLUFF
ECONOMIC DEVELOPMENT APPLICATION REVIEW COMMITTEE
May 20, 2021

A meeting of the Economic Development Application Review Committee was held on May 20, 2021 at 2:30 p.m. at City Hall, 2525 Circle Drive, Scottsbluff, Nebraska.

Present were committee members Nate Merrigan, Jim Trumbull, and Marla Marks. Also present were Starr Lehl, Economic Development Director, Dustin Rief, City Manager, and Adam Hoelsing, Deputy City Attorney.

The meeting was called to order by Chairman Merrigan at 2:34 p.m.

It was moved by member Marks and seconded member Trumbull to approve the Minutes of the December 18, 2020 Application Review Committee Meeting. Voting yes: Trumbull, Marks and Merrigan. Voting no: None.

The next item on the agenda was consideration of an application from Prime Metal Products Inc. Prime Meal Products Inc. had previously received assistance from the Economic Development Program for a sheet metal and HVAC fabrication facility located in Gering, Nebraska. That previous application had been funded in the amount of \$1,500,000.00. Since funding, the Applicant had began business in Gering, Nebraska, and has exceeded job growth expectation since beginning.

The Applicant is returning to the Committee with this Application, requesting additional assistance in funding for an additional location of the Applicant located in Scottsbluff, Nebraska. The additional location would create 20 new jobs, those jobs being jobs that would be performed by the Applicant's employees for services that are currently being provided by a service provider in California. Those services namely being design and drafting of HVAC systems as well as sales and marketing of wholesale HVAC fabrication. Additionally, two or three jobs from the current fabrication location in Gering, Nebraska would be relocated to the Scottsbluff, Nebraska facility, as they are administrative positions better suited for the Scottsbluff facility of the Applicant.

Herb Gibson presented on behalf of the Applicant. Mr. Gibson stated that he was seeking funding to purchase the Scottsbluff real estate for approximately \$875,000, and would need additional funding to install capital improvements into that real estate. Funding was also needed for software/ hardware purchases for the services to be performed by the additional location. The Applicant presented an ability to secure additional funding from Platte Valley Bank for \$1,000,000, as well as other seller-finance funding for the real estate purchase from the real estate owner. The Applicant stated that any additional jobs created which would qualify for a grant from the Economic Development Program would lessen the need to borrow funds for the expansion or would free the use of other capital of the Applicant for expansion. Mr. Gibson stated that the expansion of the services for the Applicant would fuel the growth of the current fabrication factory, primarily through the advancement of drafting and sales for the company. Fueling that growth would mean that growth of the Applicant on the first assistance would

exceed the projections stated to the Committee on the first initial application, and that growth would occur rapidly due to the opportunity to seize market share in the near future. The Applicant stated that it may take up to five years to hire all additional 20 positions for the Applicant in the Scottsbluff location, but Mr. Gibson did state that the previous projections of 70 employees at the fabrication facility in Gering, Nebraska would remain the same, meaning that the 20 jobs under this Application were to be new jobs and would not duplicate any previous jobs for which the City has provided assistance from the Economic Development Program.

Following Mr. Gibson's presentation, Mr. Gibson left the meeting and the Committee discussed the current fund balance of the Program, the available expenditure of the Program during the current fiscal year, the anticipated obligations of the Program, and any concerns or strengths of the Application. The following discussion, was moved by member Trumbull and seconded by member Marks: that the Committee recommend for approval grant assistance to the Applicant in the total amount of \$750,000.00, with details as follows: assistance was conditional upon receiving up-to-date and current personal financial statements of Herb Gibson, Joel Burkeman, and Mike Meyers; assistance was also conditional upon the Applicant securing additional funding from Platte Valley Bank in the amount of \$1,000,000 and seller-financing for the purchase of the real estate for the Scottsbluff location; of the total \$750,000.00 assistance, \$500,000.00 would be made available as soon as the Agreement could be entered into, the conditions met, and the Assistance closed, and the remaining \$250,000.00 would be made available upon request of the Applicant after January 1, 2023; the Applicant would provide the City with a second priority lien on the real estate for the Scottsbluff location, second to the lien protecting the seller-financed transaction, and all other current liens and security interest from the first application will remain in place on behalf of the City; performance and repayment of the Assistance would be guaranteed by the owners of the Applicant; and the term of the assistance for repayment purposes would begin January 1, 2022.

Voting yes: Trumbull, Marks and Merrigan. Voting no: None.

Following that discussion on the Application, the Committee Meeting was adjourned at 3:30 p.m.

Starr Lehl, Economic Development Director