

City of Scottsbluff, Nebraska
Wednesday, November 17, 2021
Regular Meeting

Item 1

for meeting of September 21, 2021.

Staff Contact: Starr Lehl

CITY OF SCOTTSBLUFF
ECONOMIC DEVELOPMENT APPLICATION REVIEW COMMITTEE
September 21, 2021

A meeting of the Economic Development Application Review Committee was held September 21, 2021 at 2:00 p.m. at City Hall, 2525 Circle Drive, Scottsbluff, Nebraska.

Present were Committee members Dave Schaff, Nate Merrigan, Dennis Hadden, and Jim Trumbull. Also present were Starr Lehl, Economic Development Director, and Adam Hoelsing, Deputy City Attorney.

The meeting was called to order by Chairman Merrigan at 2:00 p.m.

It was moved by Member Hadden and seconded Member Schaff to approve the Minutes of the August 17 2021 Application Review Committee Meeting. Voting yes: Merrigan, Schaff, Hadden, and Trumbull. Voting no: None.

The next item on the agenda was the consideration of an application submitted by Rodriguez Brothers Processing, LLC DBA Robinson Meats. Edgar Rodriguez, Luis Rodriguez, and Rigoberto Rodriguez are current employees of Robinson Meat Packing in Mitchell Nebraska, and the employees are looking to purchase the business from the current owner. All three owners presented on behalf of the applicant, stating that they were looking to purchase the existing business which would retain six or seven employees, including themselves, which would continue to provide many meat processing and packaging services in the panhandle of Nebraska as well as in Wyoming and Colorado. Discussion was had regarding possible expansion opportunities for the business after they purchase it, and the applicants stated that they were considering a possible capacity expansion as well a possible delivery service in the nearby area to accommodate those customers that cannot easily transport the product that is purchased. Currently, the owners stated there is a back-log of the business in processing orders until 2023, and that accordingly business is solid and will continue to be solid in the continuing future. The owners have worked in the business for several years, and the owners stated that they have had a good opportunity to learn about the business, to manage the finances and business side of the operation, and to build relationships with current vendors of the business. The applicants stated that current certifications or licenses are in place for the business to continue processing and packaging without a stoppage of business.

Following presentation from the Rodriguez Brothers Processing, LLC, next item on the agenda was the application from BDS3C, LLC DBA Flyover Brewery.

Present on behalf of that applicant was Joe Margheim, Andrea Marghein, and Peter Meyer. The business is currently a brew pub in Scottsbluff Nebraska which is engaged in the business of manufacturing its own brewery product for the front-side of the operation, which functions as a restaurant. Some distribution of canned product is occurring.

Currently, the business does not have room for a more expansive canning and shipping operation, and the applicant desires to purchase an adjacent building and expand the canning and

packaging operation for delivery across the state of Nebraska. The applicant stated that current capacity issues are preventing and expanding brewery manufacturing operation. Those issues include space as well as canning and brewing equipment, and also include the structure of distribution in Nebraska where larger volume is needed to cover expenses related to canning and distribution. The applicant was also questioned upon and discussed their employment, which currently involves approximately 40 employees both full-time and part-time in the front end and back end of the operation. The applicants stated that they generate approximately \$25,000 a year in sales tax as well as contribute to the community for a number of charitable and beneficial organizations. The applicants stated full-time current positions for manufacturing will increase to five or six, which include a brewer, an assistant brewer, and three possible production or distribution employees. As part of the application, the applicants provided a breakdown of funds needed to purchase and operate the expanded brewing and manufacturing operation. Total cost of the expansion project was quoted to be \$1,107,965.58. Of that, the applicant had earmarked \$602,317.00 as manufacturing expansion. However, of that \$602,317.00, \$356,502.00 was the prorated share of all of the expenses associated with the expansion, which included building purchase, construction, and architectural fees. In total, anticipated cost of all equipment and manufacturing expansion specific needs was \$245,815.00.

After discussion with the applicants, it was moved by Chairman Merrigan, and seconded by Member Trumbull to enter close session to protect the public interest associated with the financial materials presented by the Applicant. In particular the brewery had presented tax returns as well as secured debt financials that were confidential. Voted in favor: Merrigan, Schaff, Trumbull, and Hadden. Voting no: None.

The Committee then entered a close session at approximately 3:00 p.m.

The Committee exited closed session around 3:10 p.m. After closed session, the following motions were made:

It was moved by Member Trumbull and seconded Member Schaff to recommend \$50,000 of assistance to Rodriguez Brothers Processing, LLC DBA Robinson Meats. It was anticipated that the \$50,000.00 assistance would be forgiven through job credits through the retention of full-time positions at Robinson Meat Packing. The assistance would be secured by a Deed of Trust on the primary real estate of the business, by a security agreement of all assets of the business, and by personal guarantees of the three owners of the applicant. Voting in favor: Trumbull, Merrigan, Schaff, and Hadden. Voting no: None.

It was then moved by Member Trumbull and seconded by Member Schaff to recommend \$550,000.00 of assistance to the expansion project for BDS3C, LLC DBA Flyover Brewery. The \$550,000.00 represented approximately half the cost of the expansion project, and the Committee did not feel comfortable providing greater than 50% of the cost. Of the \$550,000.00, \$250,000.00 would be provided as a grant to the applicant for the purposes of purchasing and installing its expanding manufacturing line, as that was the amount associated specifically with the manufacturing operation. The grant would be earnable over five years at \$50,000.00 a year, and each year the applicant stayed in business any liability on the grant would decrease by \$50,000.00. The remaining \$300,000.00 assistance would be refinanced in a form of a loan with the applicant

in addition the current outstanding assistance package between the City and the applicant. As part of the refinance, any job credits earned from manufacturing jobs would be separated from the balance of the loan and would be earned as a jobs base grant for the manufacturing positions. The assistance would be secured by continuing a Deed of Trust on the original real estate of the business as well as the new real estate of the business, by a security agreement continuing in all personal property assets of the business, and by personal guarantees of all three owners of the applicant. Voting in favor: Schaff, Merrigan, and Trumbull. Voting no: None. Abstaining Hadden.

Thereafter, the Meeting was adjourned at approximately 3:19 p.m.



Starr Lehl, Economic Development Director