

City of Scottsbluff, Nebraska
Monday, May 23, 2022
Regular Meeting

Item 1

for meeting of March 23, 2022

Staff Contact: Starr Lehl

CITY OF SCOTTSBLUFF
ECONOMIC DEVELOPMENT APPLICATION REVIEW COMMITTEE
March 23, 2022

A meeting of the Economic Development Application Review Committee was held on March 23, 2022 at 10:00 a.m. at City Hall, 2525 Circle Drive, Scottsbluff, Nebraska.

Present were Committee members Dave Schaff, Marla Marx, and Nate Merrigan. Also present were Elizabeth Loutzenhiser, Interim co-City Manager and Finance Director and Adam A. Hoelsing, Deputy City Attorney.

The meeting was called to order by Chairman Merrigan at approximately 10:15 a.m.

Merrigan announced that a copy of the Nebraska Open Meetings Act is posted on the back wall of the meeting room.

It was moved by Member Marx and seconded Member Schaff to approve the Minutes of the March 11, 2022 Application Review Committee Meeting. Voting yes: Schaff, Marx and Merrigan. Voting no: None.

The next item on the agenda was the consideration of a modification or extension of the economic development assistance agreement with the Original Equipment Co. ("Aulick's") and the City dated September 21, 2020. The Applicant was represented at the meeting by Austin Aulick. Mr. Aulick stated that Aulick's was having difficulty hiring and retaining full-time employees. Labor force has been an issue, although the level of manufacturing and anticipated expansion pursuant to the September 21, 2020 agreement had met all targets. Under the September 21, 2020 agreement, Aulick's is required to pay a portion of each amortized annual amount due which is not earned through job credits, and originally Aulick's anticipated attaining enough job credits to earn the full amount due each year. That has not occurred. Aulick's requested a modification of the September 21, 2020 agreement so that annual payment are not due, annual job credits are applied to the balance owed each year for the remaining 9 years of the agreement, and any remaining unearned amount of the assistance is repaid at the end of the 9 year term. It was moved by Member Marx and seconded by Member Schaff to recommend an agreement modification as requested by Aulick's. Voting yes: Schaff, Marx and Merrigan. Voting no: None.

The next item on the agenda was the consideration of an Application for Economic Development Assistance submitted by Prime Metal Products, Inc. The President of Prime Metal Products, Herb Gibson, was in attendance. The committee had previously received personal financial information of Prime Metals Products, Inc. and the owners, including personal financial statements, tax returns, market share, and it was moved by member Schaff and seconded by Member Marx to enter closed session at approximately 10:40 to protect the public interest and the program's promise of applicant financial information confidentiality within economic development program, in order to discuss such financial information as it related to the application. Voting yes: Schaff, Marx and Merrigan. Voting no: None.

The committee existed close session at 11:00 AM. Thereafter, the committee members discussed the employment growth of the applicant, the foreseeable time-table of expansion for the applicant's residential HVAC sheet-metal component, the separation of employees within the application between commercial and industrial HVAC sheet-metal and residential HVAC sheet-metal. Also discusses was the status and amount of the current economic development fund, as well as other projects on the horizon presenting the same or similar job opportunities as Prime Metals Products, Inc. Following further discussion, it was moved by member Schaff and seconded by member Marx to recommend the following assistance be offered to Prime Metals Products, Inc. for expansion into residential HVAC sheet-metal: (1) \$1,000,000 in total assistance, payable in two halves; \$500,000 soon after closing and \$500,000 on or about July 1, 2023; (2) job credits of \$2,000 per FTE with enhanced credit opportunities as determined by the practice of the economic development program for higher earning jobs; (3) a job credit effective date of April 1, 2023, and a ten year term after April 1, 2023 in which to earn job credits against the \$1,000,000 assistance provided; (4) assistance would continue to be secured by a security agreement in favor of the City and guarantors of the owners of Prime Metals Products, Inc., and (5) job credits on all previous economic development agreements of the applicant would continue to be separate and the applicant was be expected to earn job credits or pay back amounts owed under such previous economic development agreements.

Voting yes: Schaff, Marx and Merrigan. Voting no: None.

The Meeting was thereafter adjourned at approximately 11:15 a.m.

Starr Lehl, Economic Development Director