



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

**Regular Meeting
May 23, 2022
10:00 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) for meeting of March 23, 2022
6. **Consideration of Applications for Economic Development Assistance**
 - a) Receive Information and Consider Action on the Skiles Industries Application.
7. **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.
8. **Reports from Staff, Boards & Commissions**
 - a) (informational only):
9. **Adjournment.**

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

City of Scottsbluff, Nebraska

Monday, May 23, 2022

Regular Meeting

Item 1

Receive Information and Consider Action on the Skiles Industries Application.

Staff Contact: Starr Lehl

**City of Scottsbluff
Economic Development Grant Application**

1. Applicant Information:

Business Name: (JD Skiles Company) aka Skiles Industries

Address: 250109 Skyport Drive, Scottsbluff, NE 69361

Applicant Contact: Jerry Skiles

Business Phone: (785) 626-4603

E-mail address: jerryskiles1@gmail.com

2. Business Information:

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

Ownership breakdown (include percentages for each Owner): 100% owned by Jerry Skiles

General Description of Business: Skiles Industries manufactures and produces innovative agricultural fertilizer equipment and has been in business since 1984

Products/Services:

Number of years in Business (or if a new business, describe Owner's experience in this type of business): Established in 1984 – 38 years in business

Proposed Location Address: Same as above

Current Zoning Classification:

3. Employment:

Base (current) number of full-time positions: 20

Full-time positions to be created: 5

Salary/Wage Range: \$13.00 - \$24.75 per hour

Benefits provided to employees (include any contribution required by Employees): Company pays ½ of health insurance cost, provides holiday pay, and matches up to 3% of salary for 401K plan. The company also gives each employee an extra 2 weeks of pay for a Christmas bonus.

4. Financial Need:

Total project cost estimate: \$550,000

Breakdown of use of funds:

\$150,000 to enclose a 75'x75' space including insulation, 5" concrete floor with in-floor heating, and overhead door to be installed by B-C Steel

\$400,000 to purchase a paint booth being designed by a Denver company (similar to the recent paint booth installed at the Aulick Truck Shop). The booth will be 20'X60' and 16' in height.

Date funds are needed: May-June

Investment to be made by Applicant (Amount & Source): \$100,000

Loan(s) to be obtained (Amount & Bank Name): Platte Valley Bank - \$350,000

LB840 financial assistance amount requested for the Project: \$100,000

****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.): None

5. Security Available:

Guarantor(s): Jerry Skiles

Real Estate:

Existing Liens:

Personal Property:

Existing Liens:

Stock / LLC Interests:

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:

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

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. Skiles Industries has been in business for over 38 years and have been able to grow our business from my garage to what it is today with locations in Scottsbluff and Atwood, KS. We manufacture custom liquid trailers, row trackers, pull-betweens, and PitSStop Chemical Systems for liquid fertilizer and chemical spraying. In 2013, with the help of the City of Scottsbluff's Economic Development Program to fund the expansion and relocation of the business the current location in the amount of \$60,000. The company has exceeded the job growth expectations and revenue projections and at this time we are unable to keep up with the current demand for our quality products.
- 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.

- 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: ____; and whether such application has been approved under the Nebraska Advantage Act: ____.

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: 5-5-22

Signed:
Title:

Henry Skiles

City of Scottsbluff, Nebraska

Monday, May 23, 2022

Regular Meeting

Item 1

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

Staff Contact:

City of Scottsbluff, Nebraska

Monday, May 23, 2022

Regular Meeting

Item Reports¹

(informational only):

Staff Contact: Starr Lehl