

City of Scottsbluff, Nebraska

Monday, July 25, 2022

Regular Meeting

Item 1

**Receive Information and Consider Action on the Fusion Ranch
LB840 Application.**

Staff Contact: Starr Lehl

**City of Scottsbluff
Economic Development Grant Application**

1. Applicant Information:

Business Name: Fusion Ranch, Inc.

Address: 250521 Skyport Drive, Scottsbluff, NE 69361

Applicant Contact: KaiYen Mai

Business Phone: 650.589.7688

E-mail address: kaiyen@fusionjerky.com

2. Business Information:

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

Ownership breakdown (include percentages for each Owner): KaiYen Mai, 100% ownership

General Description of Business: USDA/FDA Food Manufacturing plant

Products/Services: Jerky, Minced Pork, Ham, Fava Bean Snacks

Number of years in Business (or if a new business, describe Owner's experience in this type of business): 10 years in Nebraska, Family business that's operated over 45 years in the USA making jerky and Asian meat snacks.

Proposed Location Address: 250521 Skyport Drive, Scottsbluff, NE 69361

Current Zoning Classification:

3. Employment:

Base (current) number of full-time positions: 45

Full-time positions to be created: 10+

Salary/Wage Range: \$14.00

Benefits provided to employees (include any contribution required by Employees): Paid Time Off, Medical Insurance, Paid Holidays, 401K & 401K Matching

4. Financial Need:

Total project cost estimate: \$1,537,416

Breakdown of use of funds:

- Automated Vertical Packaging Machine line 1 - \$674,614, contracted on 2/9/22, expected to be in plant end of July beginning of Aug. Loan secured through Riverstone Bank.
- Automated Vertical Packaging Machine line 2 - \$701,506, contract established on 6/10/22, no funding arranged yet.
- Meat cutter 2 - \$161,296 contract established on 6/21/22, no funding arranged yet.

Date funds are needed: As soon as approved

Investment to be made by Applicant (Amount & Source):

Loan(s) to be obtained (Amount & Bank Name): 1st equipment loan

LB840 financial assistance amount requested for the Project: \$1,537,416

****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.):

5. Security Available:

Guarantor(s): Fusion Ranch, Inc.

Real Estate: 250521 Skyport Drive, Scottsbluff, NE 69361

Existing Liens: Riverstone Bank

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:

Fusion Ranch, Inc. was established in 2012 in Scottsbluff, NE. The USDA facility was built in 2013 and it grew from 15 employees to about 45 employees in 2022. Fusion Ranch hopes to continue to grow, create new jobs and support the local town with its business. As a family business, Fusion Ranch continues to grow as a national food supplier to companies such as Costco, Aldi and Safeway and hopes to stay in Scottsbluff for a long time.

Describe any pending legal action(s), to include the amount at risk and a summary of how ownership is reacting to the action(s): None

7. Additional Information to be submitted:

- a. Resumes of Owners, Management & Key Employees (include experience, training, credentials & work history). KaiYen Mai (owner) and Larry Miley (plant manager) attached.
- 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.

Fusion Ranch is a family business that was started over 50 years ago. HTY Foods was established in Taiwan in 1969 and is the largest beef jerky manufacturer in Taiwan. HTY Foods USA was established in 1977 in San Francisco, CA. HTY Foods consisted of sales office and USDA manufacturing. In 2012, the manufacturing plant was closed and moved to NE. It was renamed Fusion Ranch. HTY wanted to separate the manufacturing business with the sales office. Fusion Ranch has grown from just making its own branded

meat snacks under HTY and Fusion Jerky to also doing private label for large retailers such as Aldi and CVS. Fusion Ranch hopes to continue its growth in the meat snack area which is \$3 billion dollar industry. Fusion Ranch has grown tremendously the last few years and had to turn away some purchase order because of limited capacity and limited labor. Fusion Ranch reached almost \$11 million sales in 2021. With the purchase of automated machinery, Fusion Ranch can increase production output and fulfill potential large orders. Also, Fusion Ranch is launching a new healthy plant-based snack called Bean Bops. It's a healthy fava bean snack that is high in protein as well. With the plant-based industry growing, Fusion Ranch would like to diversify its product risk factors so that it can make both meat snacks and plant-based snacks. The automated machinery is essential for the new Bean Bops snacks since it will lower the cost and make the product competitive in the industry. Fusion Ranch will also need to hire additional workers to support its growth. Fusion Ranch's goal is to double its sales to \$20 million within the next five years. Also, the goal in the near future is to expand the building and construct a larger warehouse to hold additional inventory for future growth. With Covid and inflation severely impacting the meat prices, raw material and labor wages, we hope the city can support a family business that is woman and minority owned that wants to stay in Scottsbluff and support the local businesses. With increased sales, Fusion Ranch also uses local suppliers for its material and services which in turn supports local businesses.

- 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. KaiYen Mai (100% owner of Fusion Ranch, Inc)
- 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. Will provide 2020- and 2021-income statements
- e. Business Plan, to include:
 - Total project costs to include itemized use of funds
 - Lender Commitments – Automated Vertical Packaging Machine Line 1 - Loan secured through Riverstone Bank
 - Investor Commitments
 - Financial projections for the next 3 years. See chart below



- Employment projections for the next 3 years

- 9 Food Production Workers
 - Year 1 – 5 production workers
 - Year 2 – 2 production workers
 - Year 3 – 2 production workers
- 1 Maintenance Technician within the 1st year

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

- 9 - Food Production Worker - \$14 hr.
- 1 - Maintenance \$20-\$35 DOE
- Benefits include: Paid Time Off, Paid Holidays, 401K & 401K Matching, and Health Insurance

- Information as to suppliers, and in particular, those in the Scottsbluff area

- Service/Suppliers used in the area are as follows:
 - Ideal Linen / Bluff Sanitary Supply
 - Robinson Electric
 - Artic Air
 - Western Sugar
 - Napa
 - Fastenal

f. References, to include name, position, address and phone number: Please let us know if you need bank or supplier reference and we can provide.

- g. Any other information that you feel will assist the City in evaluating your Application. Please include any marketing or sales brochures. Sales Sheets Attached
- 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. No
- 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. No
- j. Applicant agrees to sign waiver form provided by the City of Scottsbluff for Background and Credit Check. Yes

8. Do you plan to apply for ImagiNE Nebraska Act funding:

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 Economic Development to receive tax incentives under the ImagiNE Nebraska Act with respect to this project.

_____ The Applicant has filed or intends to file an application with the Department of Economic Development to receive tax incentives under the ImagiNE Nebraska 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 ImagiNE Nebraska 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:

Signed:
Title: _____