

City of Scottsbluff, Nebraska

Monday, November 7, 2022

Regular Meeting

Item Reports1

Council to discuss and consider action on the amended Economic Development Assistance Agreement with Prime Metal Products, Inc. and authorize the Economic Development Program Administrator to sign the Agreement.

Staff Contact: Starr Lehl, Economic Development Director

AMENDED ECONOMIC DEVELOPMENT ASSISTANCE AGREEMENT

This Amended Agreement is made on November 7, 2022, between the City of Scottsbluff, Nebraska (the “City”) and Prime Metal Products, Inc. (the “Applicant”).

Recitals:

a. The City has adopted an Economic Development Plan pursuant to the Nebraska Local Option Municipal Economic Development Act (the “Plan”). Pursuant to the Plan, the City has implemented an Economic Development Program (the “Program”);

b. The Applicant has made two previous applications for assistance from the Program, both of which have been funded pursuant to an Economic Development Assistance Agreement dated February 15, 2020 (the “Commercial and Industrial Business Agreement”) and an Economic Development Assistance Agreement dated June 7, 2021 (the “Scottsbluff Headquarters Agreement”). This Amended Agreement is not intended to act as a novation or replacement of either the Commercial and Industrial Business Agreement or the Scottsbluff Headquarters Agreement, or both, and each agreement shall have its own full force and effect, except as stated herein.

c. The Applicant has made a written request for an early release of funds under the Scottsbluff Headquarters Agreement to obtain funds sooner than January 1, 2023;

d. The Administrator of the Program (the “Administrator”) and the City Economic Development Application Review Committee (the “Committee”) have reviewed the request for an early release of funds and recommend to the City Council (the “Council”) that this Amended Agreement be made to provide funds to the Applicant sooner than January 1, 2023. The City Council has approved the Committee’s recommendation;

e. The parties now desire to enter into this Amended Agreement for the purpose of amending the June 7, 2021 Scottsbluff Headquarters Agreement as set forth herein.

Amended Agreement:

3. Grant Disbursement and Grant Closing:

“Sub-paragraph 3.b. is now amended as follows:

b. On or after November 7, 2022 the Applicant may request, in writing, the remaining \$250,000.00 of the Grant for purposes of expanding and outfitting the Business in Scottsbluff, Nebraska. The City acknowledges receipt of such a written request. The City now agrees that \$250,000.00 shall be scheduled as a claim at the next Council meeting for which the matter may be reasonably scheduled. Following claim approval of \$250,000.00, and if Applicant has satisfied all conditions to Closing, and is not in default of the Scottsbluff Headquarters Agreement or any document executed pursuant thereto, disbursement of \$250,000.00 shall be made within 10 business days.”

No other terms of the Scottsbluff Headquarters Agreement are amended, and they shall remain in full force and effect.

City of Scottsbluff, Nebraska

Prime Metal Products, Inc..

By: _____
Economic Development
Program Administrator

By: _____
Herb Gibson, President



October 14, 2022

Starr Lehl

City of Scottsbluff

2525 Circle Drive

Scottsbluff, NE 69361

Dear Starr;

Thank you again for the partnership opportunity that you have given life to in Scottsbluff and Gering. Our journey to create a market leading HVAC manufacturer in Scottsbluff would not be possible without the incredible ongoing support and backing this community has given to Prime Metal Products.

We are pleased to report that Prime Metal Products has been over 50 employees for some time now. Our sales growth has been well ahead of our expectations and our continued prospects point to an extraordinarily strong 2023. The HVAC industry faces incredible growth as American buildings retool the ventilation systems to meet the clean air requirement that the pandemic has brought on. In addition, our early efforts to start our residential sales division have been met with very positive results. Our sales are currently tracking at a \$18 Million annual level. However, sales growth can be very consuming with regards to increased receivables and inventory, which leads to this invocation.

Prime Metal Products Inc. 1321 Broadway Scottsbluff, NE 69341
308-633-0025 www.primemetalproducts.com

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We would like to request the City of Scottsbluff release the LB840 funds in the amount of \$250,000 currently scheduled for distribution on January 1st, 2023, to Prime Metal Products in October, 2022.

This will assist us in our continued path of increasing sales in our existing business and working toward the implementation of the residential manufacturing that is still waiting for the release of the CDBG funds from the State.

Please let us know at your earliest convenience if you can accommodate our request.

Regards,

Herb Gibson
President

CC: Ladd Harrison – PV Bank

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CITY OF SCOTTSBLUFF
ECONOMIC DEVELOPMENT APPLICATION REVIEW COMMITTEE
October 28, 2022

A meeting of the Economic Development Application Review Committee was advertised for October 28, 2022 at 10:00 a.m. at City Hall, 2525 Circle Drive, Scottsbluff, Nebraska. A quorum of the Committee was available.

Present at the meeting were Committee members Dennis Hadden, Marla Marks, Dave Schaff and Nate Merrigan. Also present were Kent Hadenfeldt, City Attorney, Sharaya Toof, Small Business Outreach/Public Relations Coordinator for the City, Zach Glaubius, Planning Administrator for the City, and Starr Lehl, Economic Development Director for the City. Member Nate Merrigan presided over the meeting.

The meeting was called to order at 10:02. Roll call was completed. Committee Member Merrigan pointed out the Open Meetings Act poster on the west wall of the meeting room.

There were no changes to the agenda.

There were no citizens with business other than what was on the agenda.

The next order of business was the approval of the minutes for the October 11, 2022 meeting. It was moved by Committee member Marks and seconded by Committee member Schaff to approve the minutes. Voting yes: Hadden, Marks, Merrigan and Schaff. Voting no: none.

The next order of business was the request by Prime Metals Products, Inc. for early release of funds. This would require an amendment of their current Economic Development Assistance Agreement. Herb Gibson, President of Prime Metal Products, Inc. was present to discuss the reasons for the early release of funds. The Economic Development Assistance Agreement currently states the City will provide an additional \$250,000.00 of funds on or after January 1, 2023. Mr. Gibson is asking that the funds be released earlier, and as early as possible. There was discussion between the Committee members as to the reasons for the early funding and Mr. Gibson explained the need for the current influx of cash. Committee member Schaff asked about the CDBG funding from the City of Gering. Mr. Gibson explained those funds would certainly help at this point, and all the paperwork has been submitted but they have not received word from the State and thus no funds have been provided. Motion was made by Committee member Hadden and seconded by Committee member Marks to amend the current Economic Development Assistance Agreement to reflect a request for funding on or after November 7, 2022 and recommend to the City Council to amend the Agreement and fund the final phase of the Economic Assistance Agreement. Voting yes: Hadden, Marks, Merrigan and Schaff. Voting no: None.

The next item on the agenda was the Application of Economic Development Assistance for Brandon Rajewich related to his purchase of Anderson-Shaw Construction. Mr. Rajewich was present and explained the need for the Economic Development Assistance. It would increase the bonding capacity and assist with cash flow, employee retention. The Committee asked questions of Mr. Rajewich who responded to each question. The Committee members questioned Economic

Development Director Lehl about the financial records for Anderson-Shaw Construction. After a conversation it was determined the Committee members did not have all of the financial information. A motion was made by Schaff to table the discussion and consideration of the Economic Development Assistance Agreement for Mr. Rajewich until all of the financial information has been reviewed by the Committee. The motion was seconded by Marks. Voting yes: Marks, Merrigan, Schaff, Hadden. Voting no: None.

The next item on the agenda were staff reports, Ms. Toof reported they have extended the time to purchase a brick for the plaza to December 16th. In addition, she discussed the formation of a Business Improvement District for East Overland which is in the beginning stages. Finally, during staff reports it was discussed when the next meeting of the Committee could be held to accommodate the Committee member's schedules. It was decided the next meeting will be held on November 8, 2022 at 9:00 a.m. at City Hall.

Following that discussion, the meeting was adjourned at 10:26 a.m.

Starr Lehl, Economic Development Director