



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

**Regular Meeting
May 20, 2021
2:30 PM**

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) Approval of minutes for meeting of December 19, 2020.
6. **Consideration of Applications for Economic Development Assistance**
 - a) Receive Information and Consider Approval of Prime Metal Products 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. **Adjournment.**

City of Scottsbluff, Nebraska
Thursday, May 20, 2021
Regular Meeting

Item 1

Approval of minutes for meeting of December 19, 2020.

Staff Contact: Starr Lehl

CITY OF SCOTTSBLUFF
ECONOMIC DEVELOPMENT APPLICATION REVIEW COMMITTEE
December 18, 2020

A meeting of the Economic Development Application Review Committee was held on December 18, 2020 at 9:00 a.m. at City Hall, 2525 Circle Drive, Scottsbluff, Nebraska.

Present were committee members Hod Kosman, Dave Schaff, Nate Merrigan, Jim Trumbull, and Dennis Hadden. Also present were Starr Lehl, Economic Development Director, Rick Kuckkahn, Interim City Manager, and Adam Hoelsing, Deputy City Attorney.

The meeting was called to order by Chairman Merrigan at 9:00 a.m.

It was moved by member Trumbull and seconded member Hadden to approve the Minutes of the December 1, 2020 Application Review Committee Meeting. Voting yes: Schaff, Merrigan, Trumbull and Hadden. Voting no: None. Abstaining Kosman.

The next item on the agenda was consideration of an Amended Application from CS Precision Manufacturing, Inc. CS Precision had presented to the Committee during the Committee's meeting on November 17, 2020, regarding an application for expansion of business that would employ approximately 35 new local employees. At the November 17, 2020 meeting, CS Precision generally presented their application, the business plan for expansion, and their funding sources. Among their funding sources for expansion included State of Nebraska CDBG funds, in the amount of \$750,000. Since the November 17, 2020 meeting, it has been learned by the Applicant that the State of Nebraska is without CDBG funds at the moment, and that the \$750,000 expected grant from the State of Nebraska CDBG funds would not be available. The Applicant is therefore amending its application to include a larger request from the City of Scottsbluff LB 840, in the amount of \$900,000. The Committee had previously recommended for approval a grant in the amount of \$750,000.

Other sources to address the short-fall from the lack of CDBG grant funding are the City of Gering LB 840 funds (which have received a recommendation for approval in the amount of \$100,000), increased funding from Platte Valley Bank (the primary lender), and other internal capital expected to be attributed by the Applicant.

Questions were asked of the Applicant regarding capacity for expansion, as well as purchasing partners (customers). Applicant again stated that Couplamatic, Inc. (its affiliated corporation) continues to be and will continue to be the main purchaser of products for the Applicant, but that the Applicant was at capacity and the anticipation that other purchasing orders from other customers will become available due to consolidation within the industry. The Applicant was also asked about the ability to hire current residents versus the ability to attract residents to the area for employment positions. The Applicant stated that mostly the Applicant has relied on local hires from the current workforce as well as from hires out of high school. The Applicant has found it slightly difficult to hire out-of-the-area residents but will continue to make efforts to do so.

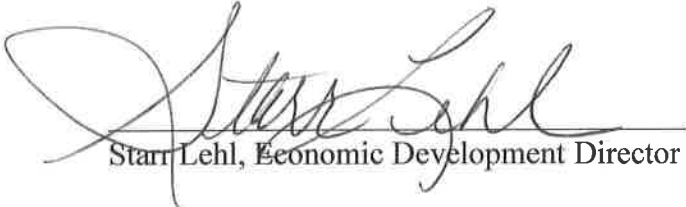
Deputy City Attorney Hoelsing discussed specifics of the Applicant's cash-flow needs. The Applicant stated that \$750,000 of the request was needed fairly quickly, but that the increased request of \$150,000 could be provided within the next 18 months.

Thereafter, it was moved by member Schaff and seconded by member Trumbull that the Committee recommend for approval grant assistance to CS Precision Manufacturing, Inc. in the amount of \$900,000, with \$750,000 being available at closing, and \$150,000 being payable upon request of the Applicant between October 1, 2021 and July 1, 2022. The grant would be a full grant, for the available job credit application in the amount of \$2,000 per base full time equivalent and additional credits for "enhanced full time equivalents" for higher paying jobs. The structure of the grant would remain the same as originally recommended by the Committee at the November 17, 2020 meeting: 3 years in which the ramp-up to full job creation, at which point the balance of the assistance would be termed-out and would continue for a ten-year term, with job credits available to be applied against the amount owed.

The grant assistance would still be collateralized by a Deed of Trust on the Applicant's real estate, as well as a security interest in all the Applicant's inventory, receivables, goods, and other intangibles. The lien on the Deed of Trust and the security interest would be second to the interest of Platte Valley Bank as the primary lender. Voting yes: Merrigan, Schaff and Trumbull. Voting no: None. Abstaining Kosman and Hadden.

Following discussion of the application, future members of the Committee were discussed again. Members of the Committee felt that any future members would need to be present in at least one or more Committee meetings to determine their interest and skill-set for the Committee. Following their presence at one of the committee meetings, the Committee was comfortable recommending their appointment by the City Council. The staff was directed to invite perspective community members to future meetings to meet and discuss the Committee business with current Committee members

Following that discussion, the Committee Meeting was adjourned at 9:45 a.m.



Starr Lehl, Economic Development Director

City of Scottsbluff, Nebraska

Thursday, May 20, 2021

Regular Meeting

Item 1

Receive Information and Consider Approval of Prime Metal Products Application.

Staff Contact: Starr Lehl

**City of Scottsbluff
Economic Development Grant Application**

1. Applicant Information:

Business Name: Prime Metal Products Inc.

Address: 220757 NE Hwy 92 Gering, NE 69341

Applicant Contact: Herb Gibson

Business Phone: 612-419-1987

E-mail address: hgibson@primemetalproducts.com

2. Business Information:

Structure of Business (proprietorship, partnership, LLC, corporation, etc): Corporation ☒

Ownership breakdown (include percentages for each Owner): GibsonMgt 51%, Myers 34%, Bergman 15%

General Description of Business: Commercial Sheet Metal Fabricator

Products/Services:

Number of years in Business (or if a new Business, describe Owners experience in this type of business): 1 Year

Proposed Location Address: 1321 Broadway Scottsbluff, NE 69341

Current Zoning Classification: C-2 Neighborhood Commercial

3. Employment:

Base (current) number of full-time positions: 34

Full-time positions to be created: 22

Salary/Wage Range: \$50,000 - \$95,000 (Including Benefits)

Benefits provided to employees (include any contribution required by Employees):
Health Insurance, 401k

4. Financial Need:

Total project cost estimate: \$1,450,000

Breakdown of use of funds: Building \$1,275,000 Software \$100,000 Hardware \$100,000 Office \$25,000

Date funds are needed: June 1-15th

Investment to be made by Applicant (Amount & Source: \$300,000 Internal Cash Flow

Loan(s) to be obtained (Amount & Bank Name): Wheelhouse Invest \$810,000, PV Bank \$1,000,000

LB840 financial assistance amount requested for the Project: \$750,000

****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): Herb Gibson, Mike Myers

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: This project brings additional jobs to Scottsbluff that are above the regional average.

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).
- 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.
- 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.
- e. Business Plan, to include:
 - Total project costs to include itemized use of funds
 - Lender Commitments
 - 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: YES; and whether such application has been approved under the Nebraska Advantage Act: YES.

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: Hel M
Title: President



LB840 Request 5/12/2021

Prime Metal Products wishes to continue to pursue opportunities for sales in our 17-state marketing area. We also wish to add additional jobs in terms of CAD Designers, Inside Sales, Customer Service and Accounting staff. These staff will enable us to continue to grow our manufacturing workforce as their efforts turn leads and quotes into sales. We respectfully request \$750,000 structured as a forgivable loan to help us create 22 additional jobs located in Scottsbluff, NE.

Sales Projections

Our annual sales pace for 2021 is just over \$4 Million. Our 5-year goal would be annual sales of \$15-20 Million.

Current Employment Information

48.6% of current Prime Employees were at or below the United States Poverty household income level guideline prior to being hired. "For a family or household of 4 persons living in one of the 48 contiguous states of the District of Columbia, the poverty guideline for 2021 is \$26,500." Source: Medicaid.gov

Our employees will reach a minimum annualized level of \$50,710 when including the cost of their benefit package after 90 days. A journeyman sheet metal worker makes \$86,028 when including the cost of benefits. Our health insurance program covers the entire family at no additional charge, bringing these children out of the emergency room and into scheduled preventative health care visits.

Prime's employment level is currently at 34 Full Time Positions.

Anticipated Location

We would locate our corporate and sales support positions at 1321 Broadway Avenue Scottsbluff, NE. This brings back jobs to the main street area in Downtown Scottsbluff.

Jobs - Position Payroll Including Benefits

Controller (1)	\$70-95,000
CAD Takeoff (8)	\$60-72,000
Sales (6)	\$75-125,000
Office Staff (7)	\$50-58,000

The payroll for these new jobs at full employment would exceed \$1,100,000 on an annual basis.

Our positions will likely be filled by residents within the Panhandle area.



Project Costs - \$1,475,000

Building including improvements \$1,275,000

Software \$100,000

Hardware \$75,000

Office Equipment \$25,000

Financing Sources

Building - Private Financing

Platte Valley Bank – Inventory and Receivables Financing

City of Scottsbluff – Forgivable loan

Timing

We would like to get approval and move forward on the project by June 15th, 2021.

City of Scottsbluff, Nebraska

Thursday, May 20, 2021

Regular Meeting

Item 1

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

Staff Contact: