

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

Regular Meeting
May 18, 2018
8:00 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 north 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 April 26, 2018 minutes.
6. Consideration of Applications for Economic Development Assistance
 - a) Consider an application for assistance from Skyview Foundation of Bridgeport.
 - b) Consider an application for assistance from Elite Urgent Care and Family Health.
7. Reports from Staff, Boards & Commissions
 - a) Discussion on use of LB840 for housing projects.
 - b) Update on MR Housing Project.
8. Closed Session
 - a) Committee may consider any of the above matters, where a Closed Session is appropriate.
9. Adjournment.

City of Scottsbluff, Nebraska
Friday, May 18, 2018
Regular Meeting

Item 1

Approval of April 26, 2018 minutes.

Staff Contact: Starr Lehl

City of Scottsbluff
Economic Development Application Review Committee
April 26, 2018

A meeting of the Economic Development Application Review Committee was held on April 26, 2018, at 8:00 a.m. at City Hall, 2525 Circle Drive, Scottsbluff, NE.

The meeting was convened at 8:00 a.m. Present were Committee Members, Jim Trumbull, Marla Marx, and Lee Glenn and alternates Dave Schaff and Jeanne McKerrigan. Since there were three Committee Members present, both alternates participated in all matters. In attendance on behalf of the City were Program Administrator, Nathan Johnson, Deputy City Attorney, Rick Ediger, City Economic Development Director, Starr Lehl, and City Finance Director, Liz Hilyard.

Chairman Trumbull called the meeting to order and stated that a copy of the Nebraska Open Meetings Act is located on the South wall of the Council Chamber. There were no changes in the Agenda, nor were there any citizens with business not scheduled on the Agenda.

It was moved by Glenn and seconded by Schaff that the minutes of April 6, 2018 Committee Meeting be approved. Voting yes: Trumbull, Marx, Glenn, Schaff and McKerrigan. Voting no: None.

The previous Application for Assistance from Jodene Burkhardt d/b/a Complete Care Family Practice, LLC was once again on the Agenda. Jodene Burkhardt appeared on behalf of the Applicant. She indicated that she had now formed a limited liability company in order to operate the practice. Since the Application was originally presented on April 6, the Applicant had obtained assistance from the Nebraska Business Development Corporation in putting together a business plan, had obtained a bank loan in the amount of \$20,000 and had reduced her request for assistance to \$50,000. This amount is to be used in connection with the start-up and operation of the Applicant's primary healthcare clinic in Scottsbluff. After further discussion with the Applicant, it was moved by Glenn and seconded by Marx that the Committee recommend that a low-interest loan be made to the Applicant in the amount of \$50,000. The loan shall be amortized over 5 equal annual payments with interest at the applicable Midterm Federal Rate in effect at the time the loan is closed. Annual Job Credits may be earned at the rate of \$2,000 per FTE. No more than an amount equal to the annual payment may be earned. The security shall be the personal Guaranty of Jodene Burkhardt and a Security Agreement in the equipment used in the business. Voting yes: Trumbull, Marx, Glenn, Schaff and McKerrigan. Voting no: None.

The next item of business was a request of Webb Orthodontics, LLP to release Bronson Schliep from his Personal Guaranty for the loan owed by Webb Orthodontics to the City. Bronson Schliep is leaving the practice on or before June 30. The remaining partner, Sami Webb, presented a financial statement that was satisfactory to the Committee to reflect the fact that Dr. Webb, as sole guarantor would be sufficient. It was moved by Glenn and seconded by McKerrigan to recommend the release of Dr. Schliep from the Guaranty, effective with his

withdrawal from the practice (anticipated to be approximately June 30). Voting yes: Trumbull, Marx, Glenn, Schaff and McKerrigan. Voting no: None.

The next item of business was a request from Flyover Brewery to postpone the Job Credit Effective Date and the first Note payment date due to the problems at its construction site (to include the roof collapse). As a result, the business will not likely open as soon as expected. It was moved by Schaff and seconded by Marx that the Committee recommend that the Job Credit Effective Date and the first loan payment date be delayed until January 1, 2019. Voting yes: Trumbull, Marx, Glenn, Schaff and McKerrigan. Voting no: None.

The final order of business was a request of Walther Investments, LLC to subordinate or release the Deed of Trust held by the City on Walther's property in Morrill County. The Applicant is in the process of refinancing a significant part of its operations, which will include the real estate against which the City has a Deed of Trust. In the Economic Development Assistance Agreement, the City had agreed to consider subordinating the Deed of Trust as long as the City received adequate financial protection or other collateral. The expected loan will combine this property as collateral, along with several other pieces of property, which would make a subordinated Deed of Trust have little value to the City. The Applicant has offered the guaranty of Walther Farms, LLC, an affiliate of the Applicant. The financial statement presented by Walther Farms, LLC to the City demonstrates a net worth which is significantly greater than the amount owed to the City and substantially exceeds the value of the Morrill County real estate. It was moved by Marx and seconded by McKerrigan that the Committee recommend reconveying the Deed of Trust and accepting the Guaranty from Walther Farms, LLC as collateral for the loan. Voting yes: Trumbull, Marx, Glenn, Schaff and McKerrigan. Voting no: None.

The meeting was then adjourned at 8:36 a.m.

Nathan Johnson, Program Administrator

City of Scottsbluff, Nebraska

Friday, May 18, 2018

Regular Meeting

Item 1

Consider an application for assistance from Skyview Foundation of Bridgeport.

Staff Contact: Starr Lehl

**City of Scottsbluff
Economic Development Grant Application**

1. Applicant Information:

Business Name: Skyview Foundation

Address: 509 O Street Bridgeport, NE. 69336

Applicant Contact: Dean Dragon President

Business Phone: 308-262-0725

E-mail address: ddragon@skyviewbport.com

2. Business Information:

Structure of Business (proprietorship, partnership, LLC, corporation, etc): Skyview Foundation is a 501 C3 Nebraska Corporation

Ownership breakdown (include percentages for each Owner): Skyview Foundation is strictly volunteer and is not owned by any person.

General Description of Business: Skyview Foundation's mission is to improve the viability and sustainability of the Skilled Nursing Facility (Skyview at Bridgeport). Part of the mission is to build a 20 unit Assisted Living Facility to help anchor our elder population growing at 5.4%.

Products/Services: Improve healthcare delivery to elder population to promote future viability and sustainability of Hospital and Nursing Home.

Number of years in Business (or if a new Business, describe Owners experience in this type of business): October 6, 2015. On our Board is Stephen Stull President Farmers State Bank (Treasurer), Dean Dragon Licensed Administrator Nursing Home and Assisted Living (President), Greg Sterkel County Commissioner (Secretary).

Proposed Location Address: 509 O Street, Bridgeport, NE. 69336

Current Zoning Classification: R1, Residential

3. Employment: Skyview Foundation is in support of Skyview at Bridgeport listed below.

Base (current) number of full-time positions: 27 Full-Time Employees

Full-time positions to be created: 0 new FTE's

Salary/Wage Range: Salary Ranges from \$10.20 to \$35.26 per hour (salary included)

Housekeeping Aides \$10.71-\$12.32

Housekeeping Supervisor \$14.56

Laundry Aide \$10.40-\$10.71

Cooks \$10.20-\$10.60

Dietary Aide \$11.70-\$12.73

Dietary Supervisor \$15.45

Nursing Assistants/Med Aides \$12.00-\$17.34

Licensed Practical Nurse \$18.60-\$23.40

Registered Nurse \$23.69-\$24.49

Director of Nursing \$35.26

Life Enrichment Assistant \$10.40-\$11.40

Life Enrichment Coordinator \$18.22

Administrative Assistant \$12.34

Business Office Manager \$20.60

Maintenance Supervisor \$16.69

Social Services Coordinator \$17.18

Administrator salary is included in Management Fee monthly \$10,692.00

Benefits provided to employees (include any contribution required by Employees):

Health – Employees pay 34% of employee only rate (Facility is paying \$5,000.00 more monthly since March 1, 2018 renewal). Medical insurance may not be feasible next year as enrollment does not currently meet insurance threshold.

Dental – Employees pay ½ of employee only rate

Vision – Employee pays 100%

457B – Skyview matches dollar for dollar up to 3%

Colonial & Aflac – Employee pays 100%

Unum Group Life – Skyview pays 100%

Unum Voluntary Life – Employee pays 100%

4. Financial Need:

Total project cost estimate: \$64,905.00

Breakdown of use of funds: Short-term/ immediate need \$64,905.00. (\$14,905.00 capital expense not paid out during period of available transfers from City). \$50,000.00 for bond sinking fund which was not re-stored but is legally required and would decrease our mid to long range dependency on City transfers when paying the bond quarterly.

Date funds are needed: May 29, 2018

Investment to be made by Applicant (Amount & Source:

Loan(s) to be obtained (Amount & Bank Name):

LB840 financial assistance amount requested for the Project: \$64,905.00

**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: \$0.00/ City owned property

Guarantor(s):

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. Retail sales
- i. Film Production

Statement of how project is consistent with the goals of the Scottsbluff Economic Development Program:

“The goal of the Program is to provide quality jobs for the citizens of the City and the local area. Funds from the Program will be used to encourage and assist existing and new Qualifying Businesses to create and retain jobs, through direct or indirect financial assistance.”

Skyview at Bridgeport maintains over fifty (50) jobs and stimulate the local economy by about 10 mil. annually when taking into consideration that a dollar cycles six times (payroll and vendors considered). Skyview at Bridgeport pays “prevailing wage” to our employees as part of our contract with Veterans Administration. In the close of our third quarter of our current fiscal year Veterans Administration provided \$321,000.00 to our facility as a new income stream to Bridgeport.

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: Marketing managed through face to face contact with referral sources, television, radio and newspapers. Primarily targeting Veterans’ in larger populations such as Scottsbluff, Sidney, Alliance and border towns of Wyoming including Torrington and Cheyenne. As of March 2018 VA contract has produced over \$320,000.00 in revenue.

- a. Resumes of Owners, Management & Key Employees (include experience, training, credentials & work history). Please see attached resume.
- 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.

Skyview Foundation is working with USDA to fund a 20 unit Assisted Living facility which will be conjoined to the existing nursing facility to improve management and staffing efficiencies.

Skyview at Bridgeport is a City owned property that was saved from being closed by the previous owner approximately 5 years ago. City leadership stepped in to save the 50 plus jobs we still maintain. A 1.2 mil. bond was created to purchase the facility, buy 40 licensed beds and install a sprinkler system that was required by evolving regulatory mandates.

Skyview at Bridgeport is a well-managed facility rated currently as a 5 star facility by CMS. Reputation of the same continues to this day in the local and extended communities. A feasibility study was performed to see if an Assisted Living Facility could support the retention of elder citizens in our community which is growing at 5.4% that need less care than skilled nursing. Thus, maintaining a population to feed our skilled nursing facility.

There is currently a plan to build a 20 bed unit to meet this demand and land on the campus of Skyview at Bridgeport has been pledged by the City once funding is arranged. It is considered the next phase of sustainability for the skilled nursing to have a conjoined Assisted Living to retain our growing elder population and provide efficiencies of staffing and management. It will also create a minimum of ten full-time jobs long-term. USDA has been engaged to help guide this effort initiated by the Skyview Foundation.

Bridgeport has experienced an out-migration of aging persons because an Assisted Living Facility is missing from our healthcare delivery system. Bridgeport is blessed with independent living opportunities, skilled nursing and a Critical Access Hospital. Retention of the 5.4% growing elder population is key to the sustainability of all levels of healthcare providers.

Skyview at Bridgeport is challenged with an aggressively changing down trend in reimbursements from State Government and the need for acute facilities to control and capture Medicare swing bed work. In 12 months our Medicare revenue is down \$50,000.00 because of market competition on the acute care side. Skyview at Bridgeport does get harder to place referrals from the Scottsbluff area meaning we do attend to tax paying residents from Scottsbluff. However, closer proximity facilities are favored as one would expect with those of means. Typically, persons of lesser means are referred to this facility from the larger populations and better payers stay close to home.

Recent evaluation shows that our facility losses on average \$50.00/ per day for each Medicaid resident. At the start of our current fiscal year (July 1 2017-June 30, 2018) there was a 3% across the board cut to Medicaid providers affected Skyview at Bridgeport approximately \$50,000.00 this fiscal year. Forced Life safety mandated repairs/ capital expenditure was about \$45,000.00 in the last 12 months. Two commercial washers were unrepairable, and replacement was \$30,000.00. Annually our bond payment is \$98,000.00 and we are not very far into repayment.

Skyview at Bridgeport has received \$151,000.00 in budgeted money from the City of Bridgeport this fiscal year with the last transfer on May 2, 2018. The first transfer (\$62,000.00) was for accounts payable from the previous year because our fiscal year does not match up with the City. We held onto accounts payable at the end of our last fiscal year until the City budget was finalized and funded October 8, 2017. There has been some expressed dissatisfaction from City Council regarding the need for funding the nursing home. This request is intended to get the immediate help we require and provide flexibility in our strapped cashflow scenario when payroll and bond payments are close together while venting some political pressure.

5 Year Projection: Short Range: Veterans Administration contract will continue to help stabilize our revenue and census with some growth because it too represents an aging membership. Medicaid referrals will be balanced with better payers to as close to a fifty/fifty population as possible. Mid Range: Bridgeport leadership is working on their own LB 840 plan that is being partially designed to help future sustainability of Skyview at Bridgeport skilled nursing facility (City of Scottsbluff has provided some guidance). Long Range: Skyview Foundation continues to focus on the Assisted Living Project (awaiting financial packaging HUD LEAN 232 Program). This vital support will improve the viability and sustainability of Skyview at Bridgeport in the near future and beyond by attracting local elders making us less dependent on secondary referral sources for Medicare.

Retention of 50-60 jobs in the 50 mile radius around Scottsbluff will continue promoting the same positive economic base impact of 10-12 mil. annually is important to Scottsbluff at large. Bridgeport residents support retail sellers of goods and services including medical services in the Scottsbluff vicinity with tremendous buying power. Scottsbluff is already vested in the success of Skyview at Bridgeport because of close proximity and secondary referral provider for Scottsbluff residents with lesser means.

- 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. Please see Auditors Report.
- e. Business Plan, to include:
 - Total project costs to include itemized use of fundsPlease see attached spreadsheet.
 - Lender Commitments
 - Investor Commitments
 - Financial projections for the next 3 years. No projected change.
 - Employment projections for the next 3 years. No projected change.
 - 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
Please see list attached. Does not include medical specialties provided to residents via
Medicare B and Medicaid payments.

- f. References, to include name, position, address and phone number:
WALT DYE Regional Manager, CELL # (308) 631-0580,

Home Mailing Address: 1527 22nd Street Mitchell, NE 69357 walt.dye@rhdconsult.com

KATHY SCHMID Nursing Consultant CELL # (308-631-7137)

Home Mailing Address: 3625 Skyline Drive Scottsbluff, NE 69361
kathy.schmid@nativeamericanmgmt.com

RON ROSS President Rural Health Development, PHONE # (402) 483-0341

CELL # (402) 432-0492 FAX # (402) 261-3963

Home Mailing Address: 6649 Flint Ridge Rd. Lincoln, NE 68506 ron.ross@rhdconsult.com

- g. Any other information that you feel will assist the City in evaluating your Application.
Please include any marketing or sales brochures.
Meeting with City Council Members on May 3, 2018 to disclose Administrator's request
for this grant was received well. Discussion was fruitful in regard to understanding our
good faith effort to re-establish the Bond Sinking Fund with this grant, so the cash crunch
felt during those quarterly payments has less negative impact. To date the City of
Bridgeport has transferred \$151,000.00 to this facility which has largely gone to
unscheduled capital expense mandated by regulating agency.
- 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.

Skyview at Bridgeport has no known pending litigation.

- 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. NA

None: City owned property. Dean Dragon Administrator has no criminal offenses.

- j. Applicant agrees to sign waiver form provided by the City of Scottsbluff for Background
and Credit Check. Yes

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: May 4, 2018

Signed: _____
Title: __Administrator__

City of Scottsbluff, Nebraska

Friday, May 18, 2018

Regular Meeting

Item 2

Consider an application for assistance from Elite Urgent Care and Family Health.

Staff Contact: Starr Lehl

City of Scottsbluff, Nebraska
Friday, May 18, 2018
Regular Meeting

Item 1

Discussion on use of LB840 for housing projects.

Staff Contact: Starr Lehl

City of Scottsbluff, Nebraska
Friday, May 18, 2018
Regular Meeting

Item 2

Update on MR Housing Project.

Staff Contact: Starr Lehl

City of Scottsbluff, Nebraska

Friday, May 18, 2018

Regular Meeting

Item 1

Committee may consider any of the above matters, where a Closed Session is appropriate.

Staff Contact: