

MINUTES OF THE CITIZENS ADVISORY REVIEW COMMITTEE

A meeting of the Citizens Advisory Review Committee was held on the 4th day of February, 2015 at 5:30 p.m. in the City Hall Conference Room, 400 Ella Street, Beatrice, Nebraska.

ROLL CALL

Attending: Committee Members: Chairman Jones, Doyle, Russell, and White.

Absent: Johnsen.

Also Present: City Administrator Tobias Tempelmeyer, Mayor Wirth, Glennis McClure, Andrea Schafer, Lora Young, and Myron Dorn.

Committee Chairman Jones announced that a copy of the Open Meetings Act is posted in the meeting room and is accessible to members of the public.

CONSENT AGENDA

- a. Approve agenda as submitted.
- b. Receive and place on file all notices pertaining to this meeting.
- c. Receive and place on file all materials having any bearing on this meeting.
- d. Approval of minutes of January 14, 2015 meeting.

Moved by Russell, seconded by White, that the items listed under the consent agenda be approved as presented.

Roll Call: Yea: Jones, Doyle, Russell, White
Nay: None

MOTION CARRIED.

FINANCIAL UPDATE

Tobias Tempelmeyer, City Administrator, presented updated financial information on the LB840 and CDBG Revolving Loan Funds. After the City Council's recent approval of the loans to LMRRLR, LLC and NGage for Rare Earth Salts, the available balance in the LB840 Fund is \$800,947.94 and the CDBG Revolving Loan Fund is \$24,815.40.

DISCUSSION ITEMS

Consideration of LB840 Funding Request for Dempsters Manufacturing, LLC in the amount of \$110,000.00

Ryan Mitchell, President of Dempsters Manufacturing, LLC, appeared via telephone. Mitchell advised that Dempsters is looking for a loan in the amount of \$110,000.00, with a six (6) months term, to be secured by the inventory and equipment and a personal guarantee. The money would be used by Dempsters to purchase the materials necessary to build thirty (30) spreaders. Mitchell noted that Dempsters has no debt except the loan from another company that Mitchell owns and that all though the City would have the second position on the collateral the City would be paid back first.

Chairman Jones asked if there were any purchase orders for the spreaders. Mitchell advised that as of now they have five (5) confirmed sales with purchase orders and they are working on another two (2). In addition, Dempsters has an ag equipment dealer that has requested two (2) spreaders for each of their five (5) locations.

Chairman Jones asked what is Dempsters' Dun and Bradstreet report. Mitchell indicated that Dempsters has spent \$6,000.00 with Dun and Bradstreet and have a part-time person who spends approximately half of her time working on cleaning up the Dun and Bradstreet report. Dempsters has struggled raising money because of a lack of credit history in the United States and because of the recent history of Dempsters.

Committee Member Doyle asked if there was any documents showing that the sister Canadian company has contributed the \$110,000.00 as indicated on the application. Mitchell noted that the sister Canadian company, Bridge Financial Corp, owns Dempsters for tax reasons and that he has a nice healthy balance with Pinnacle Bank.

Committee Member Doyle then asked about the relationship with Bridge Financial. Mitchell noted that Bridge Financial Corp is owned by Mr. Mitchell and it owns Dempsters, LLC. Bridge Financial International owns the intellectual property. Bridge Financial International is owned by a family trust of which Mitchell is the manager.

Committee Member Doyle noted that the lease contained no out clause and wondered what was Mitchell's plan for the building on South 6th Street. Mitchell indicated that Bridge Financial Corp owns the tax certificates on four (4) of the five (5) parcels that make up the Dempsters campus and will be foreclosing in March 2015. Mitchell's intention at this time is to remain in the building for ten plus (10+) years.

Committee Member Doyle then asked if Mitchell was familiar with the floodway fringe zoning. Mitchell indicated that they were looking into this and that they were aware of the zoning issue.

Committee Member Doyle then asked for clarification on the number of employees currently employed at Dempsters and how many would be hired or retained as a result of this loan. Mitchell indicated that Dempsters currently has a staff of three (3) full-time and two (2) part-time employees and that if this loan is approved they would be hiring two (2) welders and one (1) sales position full-time. In addition they would be hiring one (1) part-time engineer and one (1) part-time administrator for a total of six (6) full-time employees and five (5) part-time employees.

Committee Member Doyle then asked since the City would be receiving a personal guarantee if there is anything showing Mr. Mitchell's net worth. Mitchell indicated that he has provided this information to the City and to the Bank.

Glennis McClure, NGage Executive Director, stated that the NGage Board had voted to support this application. McClure noted that Dempsters uses a lot of local companies as part of their manufacturing process.

Lora Young, Executive Director of Beatrice Area Chamber of Commerce, noted that Dempsters is working to get involved in the community.

Andrea Schafer, President of NGage, stated that Pinnacle Bank has had a relationship with Mitchell and Dempsters since his purchase of the business approximately eighteen (18) months ago and that they have paid and handled all of their banking business as agreed and that they have been good customers.

Moved by Doyle, seconded by Russell, that the LB840 Loan funding request from Dempsters Manufacturing, LLC in the amount of \$110,000.00 be recommended to the Beatrice City Council for approval with an interest rate of three percent (3%) per annum.

Roll Call: Yea: Jones, Doyle, Russell, White
 Nay: None

MOTION CARRIED.

Request from NGage for Involvement in Economic Development Applications

Andrea Schafer, President of NGage, stated that there is currently no process on how the applications are handled and was wondering how does NGage fit into the process.

Glennis McClure, NGage Executive Director, noted that when she receives an application inquiry that she contacts Tobias Tempelmeyer. NGage would like to be part of the process as she feels that they can bring other resources.

Discussion ensued as to why CARC members do not appear before the City Council. Doyle indicated that in the past CARC members did appear before City Council, but that has not always been the case. Mayor Wirth stated that it would help to have CARC members present at City Council meetings.

Chairman Jones stated that NGage should review the applications and see that all of the information is present and then provide the application to the City to continue the process through CARC and onto City Council.

ADJOURNMENT

Moved by Russell, seconded by White, that the meeting be adjourned at 6:37 p.m.

Roll Call: Yea: Jones, Doyle, Russell, White
 Nay: None

MOTION CARRIED.