



## LOCAL OPTION REVIEW TEAM

Thursday, April 16, 2020 - 10:00 a.m.

400 East Military, Fremont, Nebraska (attendance is limited) and Zoom

Topic: Local Option Review Team

Time: Apr 16, 2020 10:00 AM Central Time (US and Canada)

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Once called upon to speak please press **\* 6 to unmute your phone; press \* 6 again to mute when finished speaking**

1. Call to Order
2. Approval of minutes from January 30, 2020 meeting.
3. Review Quarterly Report.
4. Review Fund Balance.
5. Consider Objective Framework to assist in determining Local Option Economic Development Fund award amount and loan elements.
6. Adjourn.

This agenda was posted at the Municipal Building and was distributed to the members of the Local Option Review Team on April 14, 2020. The official current copy is available at City Hall, 400 East Military Avenue. A copy of the Open Meeting Law is posted for review by the public.

**CITY OF FREMONT LOCAL OPTION REVIEW TEAM  
JANUARY 30, 2020 – 12:00 p.m.**

A meeting of the Local Option Review Team was held on January 30, 2020 at 12:00 p.m. in the 2<sup>nd</sup> Floor Conference Room at 400 East Military Avenue, Fremont, Nebraska. The meeting was preceded by publicized notice in the Fremont Tribune and the agenda displayed in the Municipal Building. The meeting was open to the public. A continually current copy of the agenda was available for public inspection at the office of the City Administrator, 400 East Military Avenue. The agenda was distributed to the Local Option Review Team on January 24, 2020 and posted, along with the supporting documents on the City's website. A copy of the open meeting law is posted continually for public inspection.

**ROLL CALL**

Roll call showed Members Benson, Vobejda, George, Oliva, and Jacobus present; McClain and Horeis absent. 5 present, 2 absent. Others in attendance included Lottie Mitchell, City of Fremont; Brian Newton, City Administrator; Chris Venteicher, WholeStone Farms; and Garry Clark, Greater Fremont Development Council.

**APPROVAL OF MINUTES FROM OCTOBER 30, 2019 MEETING.**

Moved by Member Oliva and seconded by Member Benson to approve the minutes of the October 30, 2019 meeting. Ayes: Benson, George, Vobejda. Abstentions: Jacobus and Oliva. Motion carried 3-0 with 2 abstentions.

**REVIEW FUND BALANCE.**

Mitchell reviewed fund balance. Moved by Member Benson and seconded by Member Jacobus to receive the fund balance report. Ayes: Jacobus, Benson, Oliva, George, and Vobejda. Motion carried 5-0.

**CONSIDER LOCAL OPTION ECONOMIC DEVELOPMENT FUND APPLICATION FOR WHOLESTONE FARMS, LLC.**

Mitchell introduced applicant. Chris Venteicher presented the WholeStone Farms, LLC application and answered questions about the project. Moved by Member Vobejda and seconded by Member Oliva to approve Local Option Economic Development Fund Application from WholeStone Farms, LLC. Ayes: Jacobus, Benson, Oliva, George, and Vobejda. Motion carried 5-0.

**ADJOURNMENT**

Moved by Member Jacobus and seconded by Member Benson to adjourn at 12:24 p.m. Ayes: Jacobus, Benson, Oliva, George, and Vobejda. Motion carried 5-0.

**SUMMARY OF LB840 SALES TAX REVENUE  
ECONOMIC DEVELOPMENT PROJECTS**

<b>Business Name / Project</b>	<b>Date</b>	<b>LB 840 Loan to Business</b>	<b>Jobs Created</b>	<b>Minimum Wage Amt. per Contract</b>	<b>Jobs Retained</b>	<b>LB 840 Investment-- Land, Infrastructure &amp; Other</b>	<b>Local Sales Tax Generated (1.5%)</b>	<b>Notes</b>	<b>Defaulted</b>
Christensen Business Park--purchase 112 acres & infrastructure	2000					\$ 2,661,256			
Natura, 2779 West Rademakers Way	2002	\$ 570,000	25	\$8.25				\$570,000 Performance-Based Infrastructure included with Christensen Business Park	
Spec Building at Christensen Business Park, 2639 West 23 Av.	2002					\$ 283,000		Sold building to Charleston's	
Utility extensions on North Lincoln Street, 2400 North Lincoln (Holiday Inn Express & Steenblock)	2002				45	\$ 70,000		Made access to Steenblock and Holiday Inn Express	
Sewer extension on North Yager Road to serve Burlington Northern Industrial tract	2003					\$ 50,000			
Southwark, 2073 West Rademakers Way	2004	\$ 100,000	30	\$8.50				\$50,000 Performance-Based. Infrastructure included with Christensen Business Park	
Nelson Business Park: Fremont Contract Carriers, 865 South Bud Blvd (Eagle Dist. also located here)	2004		35		145	\$ 776,161			
Ready Tech-Go, Inc. (RTG Medical)	2007	\$ 155,000	10	\$8.50				\$145,000 0% RP & \$10,000 PB, create 10 jobs & retain for 1 year (LM)	
Overland Products, 1577 & 1687 North Airport Road	2007	\$ 600,000	20	\$9.00	20			0% RP, create 20 jobs & retain for 5 years (LM)	
RK Aerials (Rosenbauer), 840 South Broad	2004	\$ 150,000	20	\$8.25	20			\$50,000 0% RP & \$100,000 PB, create 20 jobs & retain for 4 years, maintain Fremont location for 15 years (LM)	
Best Cobb, LLC, 731 South Platte	2007	\$ 600,000	12	not defined				\$200,000 0% RP & \$300,000 6% RP, create 12 jobs & retain for 4 years, maintain Fremont facility for 10 years. \$100,000 PB, clean up property w/in 9 months. (LM)	*Defaulted May 2010, remaining loan balances re-amortized and repaid at 8% interest

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Christensen Lumber LTD, 714 N Main	2007	\$ 175,000	10	\$11.00				\$50,000 0% RP & \$125,000 PB, create 10 jobs & retain for 5 years (LM)	
International Spices, 1040 South Lucius	2007	\$ 60,000	10	\$10.00				PB, create 10 jobs & retain for 5 years (LM)	
Merritt Equipment, 4650 North Broad	2008	\$ 150,000	10	\$14.00				PB, create 10 jobs & retain for 5 years (LM)	
Mid America Truck Wash	2008	\$ 50,000			12			Single Payment Loan, term 8 months (LM)	
Christensen Bus. Park--purch. 23 acres (Izaak Walton Range)	2009					\$ 200,767			
Morningside North Business Park--purchase of 42 acres	2009					\$ 819,707			
Sycamore Leaf Solutions, 321 East Military	2011	\$ 40,000	2	\$15.00	2			\$40,000 Performance-Based	
Fremont Techology Park--purchase of 81 acres	2011					\$ 654,392			
Fremont Technology Park CDBG loan guarantee, 2011-047	2011					\$ 975,392			
Fremont Techology Park--infrastructure, 2011-047	2011					\$ 420,000			
Airport Infrastructure	2012					\$ 132,631			
Fremont Techology Park--infrastructure, 2013-095	2013					\$ 1,635,040			
Morningside North Business Park--infrastructure, 2013-095	2013					\$ 444,000			
McGinn Holdings, LLC	2014	\$ 10,000						PB, Maintain location for 3 years	
Sycamore Leaf	2015	\$ 100,000	3	\$15.00	8			PB, create 3 jobs & retain 8 for 5 years	
Structural Components	2015	\$ 600,000	35	\$15.00				\$200k RP; \$400k PB 20 jobs in yr 1, 10 jobs in yr 2, 5 jobs in yr 3; retain all jobs for 5 years. Base = 209 jobs	

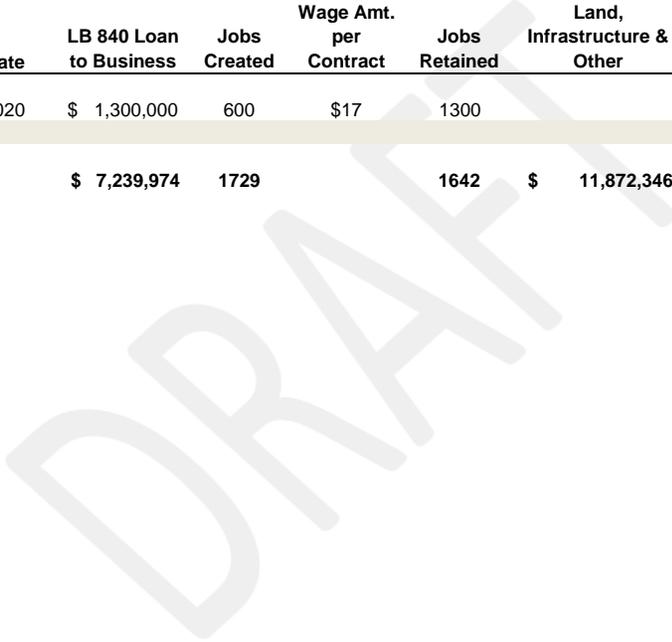
**SUMMARY OF LB840 SALES TAX REVENUE  
ECONOMIC DEVELOPMENT PROJECTS**

<b>Business Name / Project</b>	<b>Date</b>	<b>LB 840 Loan to Business</b>	<b>Jobs Created</b>	<b>Minimum Wage Amt. per Contract</b>	<b>Jobs Retained</b>	<b>LB 840 Investment-- Land, Infrastructure &amp; Other</b>	<b>Local Sales Tax Generated (1.5%)</b>	<b>Notes</b>	<b>Defaulted</b>
Fremont Beef	2015	\$ 300,000	25	\$15.00				\$300,000 PB - 25 new jobs, retain for 5 yrs. Base = 315 jobs. Monitoring began 12/2015	
Heartland Area Assessories	2016	\$ 150,000			10			PB, retain 10 jobs for 5 years and voluntary annex	
Costco	2016	\$ 1,000,000	800	\$15				PB, 800 by year 5 and at least \$150M invested in property by year 2.	
12 Days of Christmas - Film	2017	\$ 19,719					\$975**	Rebate of 30%, not to exceed \$25,000, on qualified expenditures	
Legacy Post and Beam	2017	\$ 60,000	12	\$18				PB, 12 new jobs in Fremont, retain for 5 years	
Greater Fremont Development Council	2018					\$ 500,000		Matching funds for Rural Workforce Housing Fund Grant	
Pearl Academy	2018	\$ 71,121	7	\$10				50% RP, 50% PB, 7 jobs, retain for 5 years	
Expedition League	2018					\$ 250,000		PB, Maintain team in Fremont for 5 years, first season = 2019	
Infinite 8 Institute	2018	\$ 200,000	8	\$19				RP over 5 years	In default.
WLG Fremont, LLC (RTG Medical)	2019	\$ 600,000	50		80			PB, 50 new jobs, retain for 5 years	
Greater Fremont Development Council	2019					\$ 1,000,000		Funds for Low-Moderate Income Housing	
La Flamme Rouge, LLC - Film	2019	\$ 14,134					\$707**	Rebate of 30%, not to exceed \$35,000, on qualified expenditures	
Morningside Business Park - Johnson Road Paving	2019					\$ 1,000,000		Morningside Business Park Infrastructure Improvements	
505 Brewing Company	2019	\$ 165,000	5	\$15				PB, 5 new jobs, retain for 5 years	

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WholeStone Farms, LLC	2020	\$ 1,300,000	600	\$17	1300			PB, 600 new jobs, retain for 5 years	
<b>Totals</b>		<b>\$ 7,239,974</b>	<b>1729</b>		<b>1642</b>	<b>\$ 11,872,346</b>			

PB = Performance Base  
 RP = Repayable  
 \*\*Sales tax generated is singular event





## STAFF REPORT

TO: Local Option Review Team  
FROM: Lottie Mitchell, Grant Coordinator  
DATE: April 16, 2020  
SUBJECT: LB840 Application Review Tools

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**Recommendation:** Consider adding proposed objective framework to assist in determining Local Option Economic Development (LB840) Fund award amount and loan elements.

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**Background:** We have discussed introducing guidelines to assist with determining award amounts per job created and/or retained in the past. Recently, we have received inquiries to assist smaller, retail businesses. In considering these inquiries, it became apparent that a tool to assist us in determining award amounts would be beneficial.

We currently have two tools to assist staff and the committees in awarding LB840 loans and grants and determining what interest rates are appropriate. Those tools are the scoring matrix and the matrix included in the application. These tools are very useful in providing guidance as to forgiveness amounts and what interest rates should be charged on repayable amounts, but do not provide a framework to determine an appropriate level of assistance.

We have created the attached table to be used as objective framework to help applicants know what level of funding they may be eligible for. The attached table will also help us to provide consistency among award amounts.

**Fiscal Impact:** None.

# Fremont LB 840 Scoring Matrix Guidelines

## Wages & Job Creation

1. **Average hourly wage of new jobs** (take retained jobs into consideration if there is no new job creation, average hourly wage, Dodge Co., 2019, 3<sup>rd</sup> qtr = \$19.83)

0 points = <\$17.49

6 points = \$20.50-\$21.99

2 points = \$17.50-18.99

8 points = \$22.00-\$23.49

4 points = \$19.00-\$20.49

10 points = >\$23.50

2. **Non-wage benefits**

1-5 points for how robust the non-benefits wage offerings are

3. **Aggregate wages paid to employees in created or retained jobs within one year compared to LB 840 \$ invested**

0 points = 100% or less

2 points = 100% to <125%

5 points = 125% or more

4. **Amount requested per job created/retained**

2 points = > \$30,000

8 points = \$15,000 - \$19,999

4 points = \$25,000 - \$29,000

10 points = < \$15,000

6 points = \$20,000 - \$24,999

## Community Impact & Investment

1. **Does the company bring significant dollars in the community?**

1-10 points (consider where the company's customer base is, who buys their products/services – where are they located?)

2. **Duration of commitment to maintain jobs in the community**

2 points = < 1 year

8 points = 5-10 years

4 points = 1-3 years

10 points = > 10 years

6 points = 3-5 years

3. **Amount requested compared to total project cost**

2 points = > 40%

8 points = 10% - 19%

4 points = 30% - 39%

10 points = < 10%

6 points = 20% - 29%

4. **Has a financing gap been identified?**

0 points = no    5 points = yes

5. **Impact on property valuation**

1-5 points for how the project will positively impact property valuation

## Business Factors

1. **Management experience and ability**

1-10 points for the ability of the management team to successfully complete the project

2. **Established business, or start up venture**

2 points = start up venture

8 points = established business, 6-10 years

4 points = established business, 1-2 years

10 points = established business, 11+ years

6 points = established business, 3-5 years

3. **Time required to reach job creation goals**

2 points = 8+ years

8 points = 1-2 years

4 points = 6-8 years

10 points = less than one year

6 points = 3-5 years

## Fremont LB 840 Scoring Matrix

Applicant Name→		Name of Scorer	
Benefited Business→			
Amount Requested→		Points possible↓	Points given↓
<b>Wages &amp; Job Creation↓</b>		<b>[30]</b> (4 factors)	[    ] subtotal
<b>Avg. hourly wage of new jobs</b> <i>(take retained jobs into consideration if there is no new job creation, average hourly wage, Dodge Co., 2019, 3<sup>rd</sup> qtr = \$19.83)</i>		<b>10</b>	
<b>Non-wage benefits</b>		<b>5</b>	
<b>Aggregate wages paid to employees in created or retained jobs within one year compared to LB 840 \$ invested</b>		<b>5</b>	
<b>Amount requested per job created/retained</b>		<b>10</b>	
<b>Community Impact and Investment↓</b>		<b>[40]</b> (5 factors)	[    ] subtotal
<b>Does the company bring significant dollars in the community?</b>		<b>10</b>	
<b>Duration of commitment to maintain jobs in the community</b>		<b>10</b>	
<b>Amount requested compared to total project cost</b>		<b>10</b>	
<b>Clear identification of a financing gap</b>		<b>5</b>	
<b>Impact on property valuation</b>		<b>5</b>	
<b>Business Factors↓</b>		<b>[30]</b> (3 factors)	[    ] subtotal
<b>Management experience and ability</b>		<b>10</b>	
<b>Established business, or start-up venture</b>		<b>10</b>	
<b>Time required to reach job creation goals</b>		<b>10</b>	
<b>Totals→</b>		<b>[100]</b> (12 factors)	<b>Total</b>

# Local Option Economic Development Loan Fund and Economic Enhancement Fund Application



The purpose of the Local Option Development Plan Loan and Economic Enhancement Fund is to encourage population growth, new industries, and investment in the community. Funds are offered to businesses in the form of low or 0% interest loans and performance-based forgivable loans (grants), based upon creation of new jobs and investment in Fremont. Businesses must provide matching funds for the project.

Potential City uses include land improvements; public infrastructure; building acquisition and improvements; retail industry; service industry; other new industry; equipment, working capital, job training and buy-down leases for Primary Industry; equipment, job training, buy-down leases, land improvements, building acquisition and improvements and infrastructure for Non-primary Industry; and other economic development activities allowed by statute.

Eligible activities under the Economic Development Plan may include the following to attract new and existing business and industry development in Fremont.

- Land purchase/options
- Infrastructure to new or existing business and industry
- Site improvements
- Construction for new or existing business or industry or on a speculative basis

**The matrix for the two programs include:**

**Interest Rate Qualification Criteria:**

<b>Jobs</b>	
Compensation	Interest Rate
> \$18.00/hour and benefits	0%
> \$16.00/hour and benefits	2%
< \$14.00/hour and benefits	4%
No benefits offered	6%

<b>Investment</b>	
City Participation	Interest Rate
<10%	0%
10% - 19.99%	2%
20% - 29%	4%
30% +	6%

*Benefits = 50% of the cost of health insurance paid by the employer*

<b>Sales Tax -</b> <i>Based on initial years taxable sales</i>	
Taxable Sales	Interest Rate
<\$999,999	0%
\$500,000 - \$999,999	2%
\$250,000 - \$499,999	4%
\$50,000 - \$249,999	6%

Businesses will be given the benefit of the category under which they meet the requirements for the lowest interest rate. Based on staff discretion, up to a 2% reduction will be provided if multiple categories are met. The interest rate will never be less than 0%.

Loans will be structured as at-risk or performance based forgiveness. To qualify for a performance based forgiveness loan, the applicant must:

Pay employees at 125% of the Dodge County average wage; and Have taxable investment greater than \$2.5 million dollars, or Have taxable sales greater than \$2.5 million dollars.

Note: Based on special circumstances, staff can make recommendations to the City council outside of these parameters.

To be considered for financial assistance, applicants must provide a completed application, including all applicable attachments. Return completed application to

**City of Fremont**  
**Attn: Grant Coordinator**  
**400 E. Military**  
**Fremont, NE 68025**

## City of Fremont LB840- Local Option Economic Development Fund

### Eligibility Guidelines

	Tier One	Tier Two	Tier Three	Tier Four	Tier Five	Tier Six
<b>Wages*</b>	100% to 125% (or greater) of Dodge County Average Hourly Wage (i.e. \$18.95 to \$23.69+)					
<b>Job Creation</b>	1 to 5	6 to 25	26 to 50	51 to 100	101 to 500	501 and up
<b>Capital Investment**</b>	\$50,000 and up		\$1 million and up		Over \$10 million	
<b>Sales Tax</b>	Gross sales of \$50,000 to \$499,999		Gross sales of \$500,000 to \$999,999		Gross sales over \$1 million	
	<i>Project must meet at least two of the four criteria to be eligible for that tier. For each criteria met, 25% of the loan will be considered for forgiveness.</i>					

### Program Features

	Tier One	Tier Two	Tier Three	Tier Four	Tier Five	Tier Six
<b>Interest Rate</b>	0 to 6 %					
<b>Assistance Caps</b>	Up to 25% of annual payroll of new jobs or \$50,000, whichever is least	Up to 25 % of annual payroll of new jobs or \$200,000, whichever is least	Up to 20% of annual payroll of new jobs or \$350,000, whichever is least	Up to 20% of annual payroll of new jobs or \$500,000, whichever is least	Up to 15% of annual payroll of new jobs or \$750,000, whichever is least	Up to 15% of annual payroll of new jobs or \$1,000,000, whichever is least
<b>Forgiveness</b>	Additional portions of loan forgiveness may be considered in certain circumstances where the job creation requirement has been met and the applicant has demonstrated significant benefit to the community.					
	<i>Recommendations of contract terms will be made by City staff based on application information, credit analysis, and available funds.</i>					

### Additional Items

\*Positions must receive health insurance and other benefits. The Dodge County "annual average weekly wage" is found here: [http://data.bls.gov/cew/apps/data\\_views/data\\_views.htm#tab=Tables](http://data.bls.gov/cew/apps/data_views/data_views.htm#tab=Tables) (NAICS Industries by Geography, All Industry Levels, One Area, Dodge County, Nebraska, Prior Year/Quarter Annual Averages, All Establishment Sizes; Source: Quarterly Census of Employment and Wages – Bureau of Labor Statistics) and divided by 40 hours to determine hourly wage.)

\*\*Participation in other local programs like tax increment financing or Economic Enhancement Fund will be taken into consideration.