AGENDA
CITIZENS ADVISORY REVIEW COMMITTEE

Wednesday, October 30, 2019
12:00 p.m.

Fremont Municipal Building
400 East Military Avenue
Fremont, Nebraska

1. Call to Order

2. Approval of minutes from September 3, 2019 meeting.

3. Consider adjusting set meeting time.

4. Review Fund Balance and Summary of Local Option Economic Development Fund Projects.

5. Consider Local Option Economic Development Fund application for 505 Brewing Company.

6. Adjourn.

This agenda was posted at the Municipal Building and was distributed to the members of the Citizens Advisory Review Committee on October 18, 2019. 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 CITIZEN ADVISORY REVIEW COMMITTEE
SEPTEMBER 3, 2019 – 12:00 P.M.

A meeting of the Citizen Advisory Review Committee was held on September 3, 2019 at 12:00 p.m. in the 2nd 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 Citizen Advisory Review Committee on August 30, 2019 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 Wiese, Johannsen, and Schulz present. Martinez and Proskovec as absent. 3 present, 2 absent. Others in attendance included Lottie Mitchell, Grant Coordinator; Jody Sanders, Director of Finance; Brian Newton, City Administrator; and Garry Clark, Greater Fremont Development Agency.

APPROVE MINUTES
Moved by Member Wiese and seconded by Member Schulz to approve the minutes of the May 9, 2019 meeting. Motion carried 3-0.

CONSIDER REQUEST TO PLEDGE ADDITIONAL LOCAL OPTION ECONOMIC DEVELOPMENT FUNDS FOR MORNINGSIDE BUSINESS PARK INFRASTRUCTURE IMPROVEMENTS.
Mitchell gave staff report. Moved by Member Schulz and seconded by Member Wiese to approve the request to use Local Option Economic Development funds for Infrastructure Improvements to Morningside Business Park in the amount of $1,000,000.00 Motion carried 3-0.

ADJOURNMENT
Moved by Member Schulz and seconded by Member Wiese to adjourn. Motion carried 3-0. Meeting adjourned at 12:05 p.m.

STAFF REPORT

TO: Citizens Advisory Review Committee

FROM: Lottie Mitchell, Grant Coordinator

DATE: September 7, 2018

SUBJECT: Adjust Regular Meeting Time

Recommendation: Move to adjust regular meeting time for Citizens Advisory Review Committee.

Background: The Citizens Advisory Review Committee currently meets the first Tuesday of the month if an application has been received. New deadlines for submitting agenda items to the City Council have been imposed. In an effort to continue to provide efficient service to applicants, please consider adjusting the regular meeting time.

It is recommended that applications would be due by the 10th of each month and that the Citizens Advisory Review Committee would meet the last Tuesday of each month. This will allow time for staff to review the applications and publicize the committee meetings, committees to meet and review, and have the recommendations ready to take to the first City Council meeting of each month.

If no applications are received, then the committee will be notified that there is no meeting that month.

Local Option Development Plan Loan Fund
or Economic Enhancement Fund

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 statue.

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:

Jobs

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%

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

Investment

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

Sales Tax

Based on the initial years taxable sales.

Taxable Sales	Interest Rate
>$999,999	0%
$500,000 - $999,999	2%
$250,000 - $499,999	4%
$50,000 - $249,999	6%

Revised May 2014

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 competed application to

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

CITY OF FREMONT, NEBRASKA
REQUEST FOR ASSISTANCE AGREEMENT

THIS REQUEST, is made on this 11 day of October, 2019, by Timothy A. Gesell, of Gesell Enterprises, LLC (hereinafter referred to as the ("Applicant") to the City of Fremont, Nebraska (hereinafter referred to as the "City").

WITNESSETH:

WHEREAS, APPLICANT has requested the CITY to investigate the feasibility of obtaining an Local Option Development Plan Loan or Economic Enhancement Loan in connection with the financing of a project to be undertaken by Applicant.

NOW, THEREFORE, in consideration of the request the following may be done:

1. City agrees to work with the Applicant to investigate the feasibility of obtaining financing through a Local Option Development Plan Loan or Economic Enhancement Loan for the Project. City will investigate the financial condition of Applicant and determine whether or not a Local Option Development Plan Loan Application or Economic Enhancement Loan Application is appropriate. City will submit the needed paperwork for a Local Option Development Plan Loan or Economic Enhancement Loan for the Applicant to the appropriate committees and City Council, if:

a. Applicant is within the eligibility criteria and the Project is likely to be approved by the City Council for an Local Option Development Plan Loan or Economic Enhancement Loan, and;
b. All other elements of the Project can be financed and /or paid for through the infusion of equity capital by the Applicant.

2. If the City determines, in its sole discretion, that the Applicant is eligible for a Local Option Development Plan Loan or Economic Enhancement Loan, then, and in such event, City will advise and consult with the Applicant in the preparation by the Applicant for a complete set of Loan documents together with supporting exhibits, for the purpose of making applications for an Local Option Development Plan Loan or Economic Enhancement Loan (hereinafter referred to as the "Loan Package"). The Loan Package shall be for the sole benefit of the Applicant provided however, that such Loan Package shall be used by the City in connection with the Application for a City Loan on behalf of the Applicant, provided, however, that the Loan Package may be used by the Applicant in seeking financial assistance or guarantees from other governmental agencies and/or private lenders.

3. Applicant hereby acknowledges that the Applicant is charged with the actual responsibility of preparing the Loan Package, and that the City's sole responsibility in connection with the preparation of the Loan Package shall be to consult with and advise the Applicant. The Applicant further acknowledges that the Applicant will be required to promptly and accurately supply financial information concerning the Project, the operation of Project, together with the manner, method and terms of financing the Project. Applicant further specifically acknowledges and agrees that the obtaining of a Local Option Development Plan Loan or Economic Enhancement Loan, or any other financing is dependent upon many factors that the City cannot control, including but not limited to economic factors and the decisions of the City Council, accordingly, the City does not guarantee that the Applicant will obtain financing for the Project. Applicant hereby covenants and agrees that City shall not be responsible, in any manner, or liable to the Applicant or any other person in the event that the Applicant is unable to obtain a Local Option

Development Plan Loan or Economic Enhancement Loan for the Project, or any other type of financing for the Project, whether from the City or any other governmental or public source, or from any private financing sources. Applicant also further covenants and agrees that the City shall not be liable for any of the debts or obligations incurred in and for the assistance of benefit of the Applicant. Applicant further agrees that Applicant will hold the City harmless, and pay all costs and expenses, including attorney's fees, in the event that any claim is made or lawsuit is filed by or against the City arising out of any transaction with or assistance to the Applicant which may in any way be connected with the Agreement.

IN WITNESS WHEREOF, the parties hereto have executed, caused to be duly executed this Agreement, and have affixed or caused to be duly affixed hereto there seals, this 11 day of October, 2019.

APPLICANT

BY: Timothy A. Gesell

FREMONT
NEBRASKA PATHFINDERS

Economic Enhancement Fund and Local Option Economic Development Loan Fund Application (Application is an Official Public Document)

PART I.

A. Business (Borrower) Information:

Name of Business to Receive Assistance: 505 Brewing Company

Address: 505 Main Street

Fremont | NE | 68025
City | State | Zip

Contact Person: Tim Gesell Telephone No. (402) 659-9004 FAX No. (402) _____

Business Classification (mark one): ____ Manufacturing ____ Warehousing and Distribution
X Service ____ Research and Development
____ Administrative Management Headquarters

Federal ID #: 84-2548730

Business Organization (mark one): ____Proprietorship ____Corporation ____Partnership X LLC Other

Does the Company have a Parent or Subsidiaries? _____ Yes _____ No

If Yes, Identify Name: _____

Address: _____

City | State | Zip

Business Type: X Start-up (0-5 yrs old) ____Buyout ____Existing If existing, years in Business_____

Ownership Identification: *List all officers, directors, partners, owner, co-owners and all stockholders with 20% or more of the stock.*

Name	Title	Ownership %
Tim Gesell	Owner	80%
Shawn Morrow	Brewmaster	10%

Employment Information
Personnel: **(Full-Time-Equivalent, FTE is based upon 2,080 hours per year.)**

Existing Number of Full-Time Equivalent Positions: _____
Full-Time-Equivalent Positions to be **Created** within 36 months of Application Approval: 5 full-time and 5 part-time

If Jobs Would Be Lost Without Loan Approval, Total Number of Full-Time-Equivalent Jobs **Retained**: _____

What is the Average Wage for Employees? $21.20

Please describe all benefits which the business provides to employees:

Profit Sharing - We will take the first profits at the end each year and distribute it back to our people based on annual profits.

401k - We will have a 401k plan for eligible team members.

Health, dental and vison options available to eligible team members.

B. Project Information

USES OF FUNDS:	Total Project Cost	Loan Funds Requested	Total Funds
Land Acquisition			
Building Acquisition			
Renovation	$900,000	$165,000 Grant	$735,000
New Facility Construction			
Acquisition of Machinery/Equipment	$250,000		$250,000
Acquisition of Furniture/Fixtures	$50,000		$50,000
Working Capital (Includes Inventory)	$50,000		$50,000
Other (Specify)			
Total:	$1,250,000	$165,000 Grant	$1,085,000

Project Schedule:

See Attachement

C. SOURCES OF FUNDS:

Note: *Public sources of financing require the participation of a Bank and/or an injection of equity (non-debt) funds.*

Participating Lender Information:

Name of Lending Institution: Pinnacle Bank
Address: 99 W 6th St
Contact Person: Scott Meister Phone (402) 941-8603
Loan Amount: $ 600,000 Loan Term: (Yrs) 10
Interest Rate: 6.75 % X Variable ___ Fixed
Collateral Required: All equipment adn furniture Equity Required: $650,000

Equity Information:

Amount available from business or owners for investment: $ $150,000
Source of owner's equity into project: Personal and private investors

Project Location:

x Within the City Limits of (Fremont)
_____ Outside of City Limits but within the Zoning Jurisdiction of (Fremont)
_____ Unincorporated Area (Dodge County)

D. ATTACH THE FOLLOWING: ***(Items 8-13 shall be considered confidential)***

(1) Brief description of the business' history.
Start-up Brewery. See attached presentation and business plan.

(2) Brief description of the proposed project. Has any part of this project been started? _____ Yes x No
See attached presentation and business plan.

(3) Description of Impact of Project on Applicant and Community: See attached presentation and business plan.

(4) Have you ever declared bankruptcy? x No _____ Yes If yes, Bankruptcy Chapter _____
Case # _____ Date of Deposition/Discharge _____

(5) Are there any unsatisfied judgments against you? x No _____ Yes
Amount per month _____ To Whom _____

(6) Have you defaulted on any previous loan? x No _____ Yes Give details _____

(7) Are you a party to a lawsuit? x No _____ Yes Give details _____

(8)____3-Year historical balance sheets and operating statements. Current statements less than 90 days old. (Existing Businesses Only). Provide the following and reconcile to current balance sheet:
____ Aging of Accounts Payable and Accounts Receivable.
____ List of current obligations.

(9) x Personal Financial Statement and resumes for each person owning 20% or more of the business.

(10) x Credit Report from Credit Reporting Agency. Contact your bank for information.

(11) x Monthly cash flow analysis for the next 12 months and for new businesses, 3 months beyond the breakeven point.

(12) x Indemnification Agreement

(13) x Tax Returns for the last two years

Once all documents have been received, the City of Fremont staff will review the application to determine if it meets the Local Option Economic Development Plan Fund or Economic Enhancement Loan Fund eligibility requirements. If eligible, a meeting will be scheduled with you.

The above information is accurate to the best of my knowledge and belief. The above information is provided to help you evaluate the feasibility of obtaining public financial assistance. I understand that pages 1-3 of this application are public information and are subject to public disclosure during the application process.

Dated: October 11, 2019 Signature: _____

505 Brewing Company Business Plan

Five.0.Five Brewing Company
Fremont,Ne

Tim Gesell, Owner
Shawn Morrow, Owner/Head Brewer

Executive Summary

505 Brewing Company is a start-up microbrewery targeting the 505 Main Street building as its home in downtown Fremont, NE. We have a passion for great beer and seeing downtown markets flourish. Our vision is to be Fremont's brand, Nebraska's brewery. Our mission is to build off of the German beer purity law of water, malt, hops and yeast while adding three more critical ingredients: Art, passion, and community.

We plan to partner with a Lincoln, NE based brewing equipment manufacturer. This will bring the best equipment in the area to our brewery. This will allow us to offer the best in quality products. The byproduct and benefit of the brewing process is our grain can be given to local farmers for their livestock.

Our products will be our core brews, specialty/seasonal brews, guest taps from local breweries, Nebraska spirits, and wine. Our non-alcoholic offerings will be our own root beer and cream soda. We plan to offer food through a partnership with the restaurant on the main level or area food trucks.

Our plan in year one is to target local marketing and growth in our tap house along with local establishments. We want to build our brand in Fremont and engage the community to make our brewery theirs. In year two we plan on installing a canning line and branch out to distribution all around the state of Nebraska. The sky is the limit from there.

Products

505 Brewing Company will have four core brews:

- Saison – Belgian golden ale. Fruity, spicy flavor and aroma with a crisp finish.
- American IPA – American take on the traditional India pale ale. Hop forward, citrus flavor and aroma with a crisp dry finish
- Pale Ale – Well balanced, golden in color and steeped with American hops.
- Coffee Stout – Dark ale brewed with roasted malts and coffee. Rich, smooth and well balanced with hints of coffee and chocolate.

Specialty/seasonal brews

Root Beer and Cream Soda made in house

Other:

- Other local brewery guest handles
- Nebraska spirits
- Wine
- 505 Brewing Company apparel and logo product

Market Analysis Summary

Overall U.S. beer volume sales were down 1% in 2018, whereas craft brewer sales continued to grow through year end at a rate of 4% by volume, reaching 13.2% of the U.S. beer market by volume. Craft production grew the most for microbreweries. Retail dollar sales of craft increased 7%, up to $27.6 billion, and now account for more than 24% of the $114.2 billion U.S. beer market. Now three quarters of the way through 2019, projected at-the-brewery sales growth estimates are slated to close out the year at 13% (about 400,000 barrels), to as much as 3.5 million barrels in 2019. Of this total growth, 4.5% is due to new products released or launched in 2019.

Currently Fremont has over 26,000 people and is in close proximity to Omaha and Lincoln markets. This makes Fremont a prime location for market success.

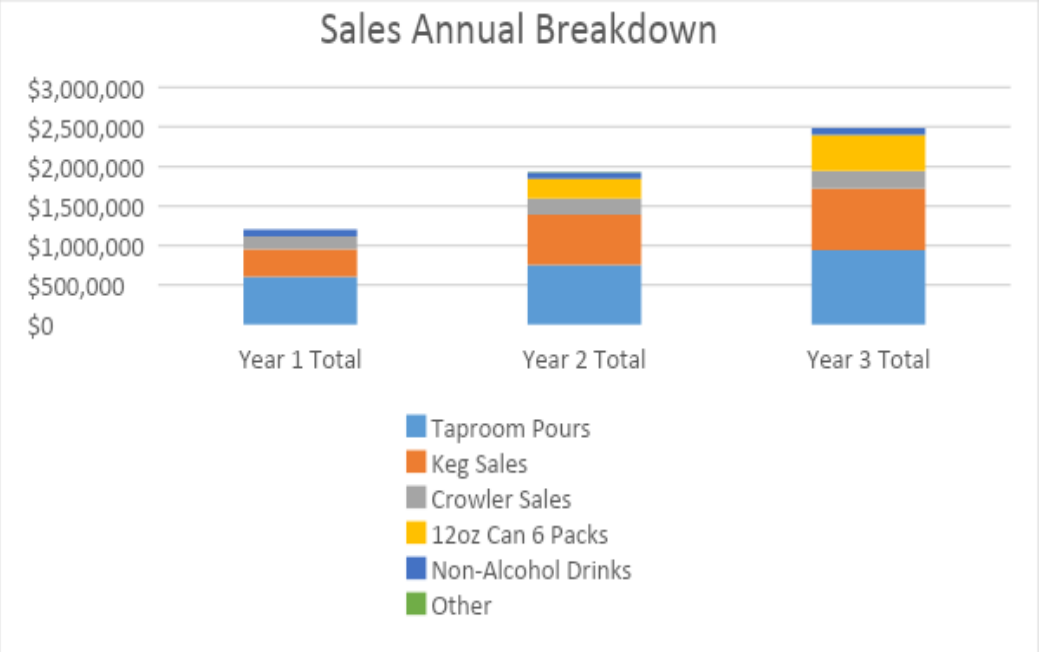
Sales Strategy, marketing and Forecast

505 Brewing Company plans to establish itself to the local market by primarily focusing on tap room sales and growth in year one. We also plan to market and sell products to local establishments. Our focus will be on engaging the community and generate excitement over our brand to make it Fremont's own. We plan to get involved in as many activities and events around Fremont as possible. Creating an experience through our brewing and tap house.

Marketing will rely heavily on engagement with the Fremont business community and the Fremont public at large. Partnerships, special events, product sharing, product raffles, "Mug" clubs, limited releases and locally sourced ingredients and goods are at the heart of the outreach to both other local business and the community. Our plan will be to carry both a strong physical presence in the city and also rely heavily on digital outlets and social media. The goal is to draw both digital and physical traffic to our brand and to downtown.

Starting in year two we plan to install a new canning line and branch out further in to distribution. This will allow us to make a presence across Nebraska and beyond. The plan is to be available in local/regional bars as well as retail outlets, such as local markets and corner stores. We will also aim to distribute through supermarkets, but we envision getting shelf space in national supermarkets will be more difficult and more expensive.

The following is the sales forecast for the next three years.



Management Summary

The following is the management summary for 505 Brewing Company:

- Tim Gesell – Owner – Will manage financials of the business.
- Shawn Morrow – Owner/Head Brewer – Will manage the day to day operations and is responsible for market growth.

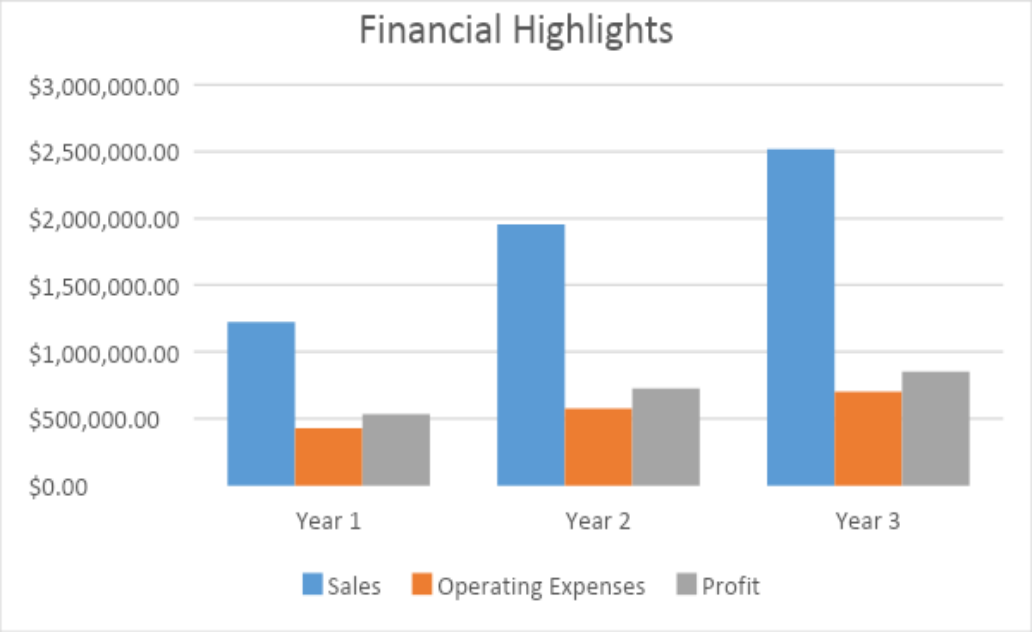
Personnel Plan

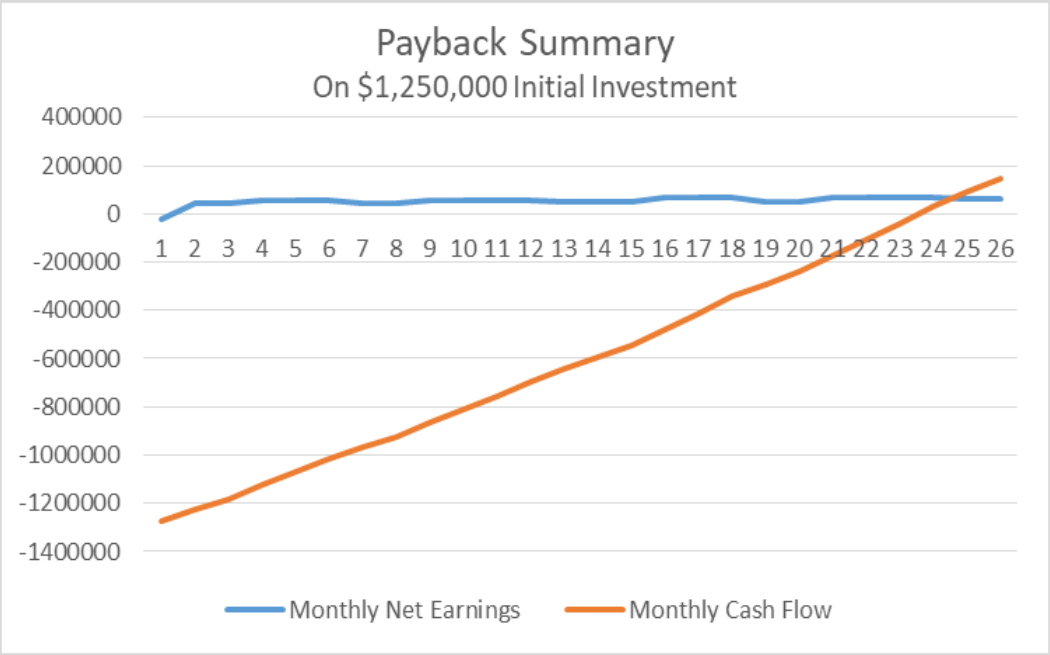
505 Brewing Company's personnel plan is as follows:

	Year 1 Total	Year 2 Total	Year 3 Total
Head Brewer	$ 80,000.00	$ 80,000.00	$ 80,000.00
Brewing Assistant-1	$ -	$ 20,000.00	$ 35,000.00
Front Of House Manager	$ -	$ 31,800.00	$ 32,754.00
Tap Staff 1	$ 19,992.00	$ 20,600.00	$ 22,200.00
Tap Staff 2	$ 19,992.00	$ 20,600.00	$ 22,200.00
Wait staff-group	$ 14,000.00	$ 14,420.00	$ 14,852.00
Wait staff-group	$ 14,000.00	$ 14,420.00	$ 14,852.00
Wait staff-group	$ 14,000.00	$ 14,420.00	$ 14,852.00
Wait staff-group	$ 14,000.00	$ 14,420.00	$ 14,852.00
Brewing Assistant-2 (0.33)	$ -	$ -	$ 31,800.00
Total Personnel Costs	$175,984.00	$230,680.00	$283,362.00

Financial Plan

The following is the financial plan for 505 Brewing Company:




Payback Summary
On $1,250,000 Initial Investment
400000
200000
0
-200000
-400000
-600000
-800000
-1000000
-1200000
-1400000
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26
Monthly Net Earnings
Monthly Cash Flow

505 Brewing Company

Tim Gesell - Owner

Shawn Morrow – Owner/Head Brewer

October 30, 2019

Here We Grow!

Agenda:

- Introductions
- Why a Brewery?
- Business Case: 505 Brewing Company
- Financial Ask
- Questions?

Main Street (looking south) Fremont, NE

Why a Brewery?

It creates a catalyst to generate excitement and downtown growth

- "Craft breweries are on an impressive upswing in Nebraska, contributing $465 million annually to the state's economy and contributing jobs at a faster clip than for the manufacturing sector as a whole. It is important to understand the contributions this growing business sector is making on the economy, community vitality and Nebraska tourism."
  - Source: Omaha World Herald
- Toppling Goliath – Beer Release Events: "The events are big business in Decorah, too. The brewery estimates its release events add about $1 million to the local economy, including money spent at the brewery, and on food, gas, lodging, and other shopping."
  - Source: Des Moines Register
- Michael Sothan – Executive Director Main Street in Beatrice: "Our brewery has had a very positive impact. It has increased foot traffic, increased bike traffic, has spun off several new shops, and makes downtown more of a destination. It has provided for fun partnerships for us and them and fellow businesses. They have become a gathering places."
  - Source: Cortney Schaefer
- Haymarket – Empyrean Brewing Company – Shawn Morrow

- Editorial Staff (2019), 'Craft breweries open up new opportunities for Nebraska communities', *Omaha World Herald*, July 18, 2019
- Austin Cannon, 'How Iowa's Toppling Goliath Became a Must-Stop Destination for Craft Beer Fanatics', *Des Moines Register*, August 27, 2019
- Cortney Schaefer provided quote from Michael Sothan - Executive Director Main Street Beatrice, September 9, 2019

Business Plan:
505 Brewing Company

Five.0.Five Brewing Company
Fremont,Ne

Key piece of the
505 Main Street Revitalization Project
Historical Renovation

Business Plan:
505 Brewing Company

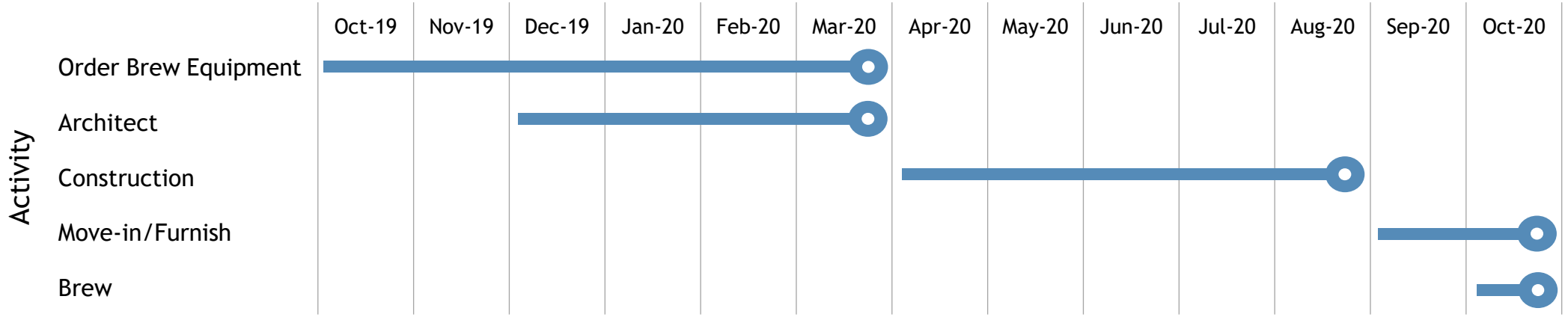
- Drives tourism and downtown growth
- Projected revenue of $1.2 million in Year 1
  - Increasing to $2.5 million in Year 3
- Creates 10 above average paying positions with benefits
  - 5 full-time and 5 part-time
- Partner and collaborate with local businesses
- Engagement in the community

Product Offerings

- 505 Brewing Company Beer
- Guest taps from other Nebraska breweries
- Select wine
- Non-alcoholic beverages
- Food from main level restaurant
- Local Food Trucks

Business Case:
505 Brewing Company

- Total proposed investment: $1.25 million
- Breakeven point on investment: 24 months



Financial Ask

- $165,000 Grant
  - 5 full-time positions
  - 5 part-time positions
  - Increased tax revenue for city

- Profits to be given back to employees and invest in future projects for 505 Brewing Company and the downtown Fremont revitalization efforts

Questions?