



AGENDA
LOCAL OPTION REVIEW TEAM

Thursday, January 30, 2020
12:00 p.m.

Fremont Municipal Building
400 East Military Avenue
Fremont, Nebraska

1. Call to Order
2. Approval of minutes from October 30, 2019 meeting.
3. Review Fund Balance.
4. Consider Local Option Economic Development Fund Application for Wholestone Farms II, LLC.
5. Adjourn.

This agenda was posted at the Municipal Building and was distributed to the members of the Local Option Review Team on January 24, 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
OCTOBER 30, 2019 – 1:00 p.m.**

A meeting of the Local Option Review Team was held on October 30, 2019 at 1:00 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 Local Option Review Team on October 18, 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 Benson, Horeis, McClain, and Vobejda present; George present after item 4. Oliva and Jacobus absent. 5 present, 2 absent. Others in attendance included Lottie Mitchell, City of Fremont; Tim Gesell and Shawn Morrow, 505 Brewing Company.

APPROVAL OF MINUTES FROM SEPTEMBER 5, 2019 MEETING.

Moved by Member Benson and seconded by Member Horeis to approve the minutes of the September 5, 2019 meeting. Ayes: Horeis, McClain, Benson, and Vobejda. Motion carried 4-0.

CONSIDER ADJUSTING SET MEETING TIME.

Mitchell gave overview. General discussion regarding moving set meeting to last Thursday of the month. No motion received.

REVIEW FUND BALANCE AND SUMMARY OF LOCAL OPTION ECONOMIC DEVELOPMENT FUND PROJECTS.

Mitchell reviewed fund balance and gave overview of past projects. No motion received.

CONSIDER LOCAL OPTION ECONOMIC DEVELOPMENT FUND APPLICATION FOR 505 BREWING COMPANY.

Mitchell introduced applicants. Tim Gesell and Shawn Morrow presented their application for 505 Brewing Company. Moved by Member Benson and seconded by Member Horeis to Local Option Economic Development Fund Application from 505 Brewing Company. Ayes: Horeis, McClain, Benson, Vobejda, and George. Motion carried 5-0.

ADJOURNMENT

Moved by Member Benson and seconded by Member McClain to adjourn at 1:42 p.m. Ayes: Horeis, McClain, Benson, Vobejda, and George. Motion carried 5-0.

STAFF REPORT

TO: Local Option Review Team
FROM: Lottie Mitchell, Grant Coordinator
DATE: January 30, 2020
SUBJECT: WholeStone Farms II, LLC Local Option Economic Development Fund Application

Recommendation: Recommend City Council approve application from WholeStone Farms II, LLC for a Local Option Economic Development Fund loan.

Background: The City of Fremont has a Local Option Economic Development (LB840) Plan (the Plan) and loan fund for the purposes of creating new jobs, expanding the labor market, retaining existing jobs, attracting new capital investment, broadening the tax base, and providing economic diversification to ensure economic stability and vitality for the City of Fremont and surrounding areas.

Applications are submitted to the plan administrator (City of Fremont) for review. Once the plan administrator has reviewed and determined the application is eligible for LB840 funds, the application is reviewed by the Citizens Advisory Review Committee (CARC) and the Local Option Review Team (LORT).

The CARC reviews the application from the standpoint of compliance with the Plan. The LORT reviews the application from the standpoint of project feasibility and the potential future economic benefit to the community of Fremont. Both committees make recommendations to the City Council. The City Council will then consider the overall benefits to the community and will have final authority on approval of the application.

WholeStone Farms II, LLC has submitted an application to the LB840 fund. They are proposing a \$331,300,000 project with a series of capital improvements to modernize their existing facility. They currently employ over 1,300 people and intend to create an additional 815 new, full-time, benefited positions and are requesting a \$1,300,000 Local Option Economic Development Fund (LB840) Loan.

The requested terms of the LB840 loan are \$1,300,000 at zero (0%) percent interest rate, forgiven over a sixty (60) month period, subject to the following conditions being met:

- 1) Year 1 – At least \$20 million of investment made into the project by the end of first year.
- 2) Year 2 – At least \$75 million of investment made into the project by the end of second year.
- 3) Year 3 – At least \$150 million of investment made into the project by the end of third year.
- 4) Year 4 – 1600 full-time equivalent jobs (in total) by the end of the fourth year; average job wage must be at least \$17.00 per hour with benefits.
- 5) Year 5 – 1900 full-time equivalent jobs (in total) by the end of the fifth year; average job wage must be at least \$17.00 per hour with benefits.

Fiscal Impact: Local Option Economic Development Fund - \$1,300,000.

**CITY OF FREMONT, NEBRASKA
REQUEST FOR ASSISTANCE AGREEMENT**

THIS REQUEST, is made on this 18th day of January, 2020, by Chris Venteicher, of WholeStone Farms Cooperative Inc.

_____ (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 18th day of January, 2020.

APPLICANT

BY: Chris Venteicher- WholeStone Farms Cooperative Inc.

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: WholeStone Farms Cooperative Inc

Address: 900 South Platte Ave

Fremont NE 68025
City State Zip

Contact Person: Chris Venteicher Telephone No. ()753-3207 FAX No. ()

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

Federal ID #: 83-1174153

Business Organization (mark one): Proprietorship Corporation Partnership Other

Does the Company have a Parent or Subsidiaries? Yes No

If Yes, Identify Name: _____

Address: _____

_____ City State Zip

Business Type: 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 %
No one over 20%		
_____	_____	_____
_____	_____	_____
_____	_____	_____

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

Existing Number of Full-Time Equivalent Positions: 1350
Full-Time-Equivalent Positions to be **Created** within 48 months of Application Approval: 815

If Jobs Would Be Lost Without Loan Approval, Total Number of Full-Time-Equivalent Jobs **Retained:** 1200

What is the Average Wage for Employees? \$17.88/hr base wage rate

Please describe all benefits which the business provides to employees:

Health, Dental, Vision, Life, Disability, 401K

B. Project Information

USES OF FUNDS:	Total Project Cost	Loan Funds Requested	Total Funds
Land Acquisition			
Building Acquisition			
Renovation	\$58,000,000		\$58,000,000
New Facility Construction	\$116,000,000		\$116,000,000
Acquisition of Machinery/Equipment	\$112,600,000	\$1,300,000	\$113,900,000
Acquisition of Furniture/Fixtures			
Working Capital (Includes Inventory)	\$15,000,000		\$15,000,000
Other (Specify)	\$28,400,000	(Design Fees, Contractor Fees, Contingency)	\$28,400,000
Total:	\$330,000,000	\$1,300,000	\$331,300,000

Project Schedule:

The projects rolled up in the attached numbers are scheduled to start spring of 2020 and will be completed by Mid-year 2023. There are 8 main projects that will happen over this time span, wastewater will be the first completed as construction will start in the spring of 2020. The balance of the projects timing is not yet confirmed, a rough timeline is on the attached document.

The numbers above do not include the CO2, Coolers, and New Office/Cafeteria Projects.

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: First National Bank of Omaha
 Address: 1620 Dodge Street, Stop #1057, Omaha, NE 68197
 Contact Person: Ken Feaster Phone (636) 681-1370
 Loan Amount: \$ 150,000,000 Loan Term: (Yrs) 12-year amortization on 5-year note
 Interest Rate: 3.90 % Variable Fixed
 Collateral Required: 1st lien on all business assets Equity Required: \$150,000,000

Equity Information:

Amount available from business or owners for investment: \$ 150,000,000
 Source of owner's equity into project: Capital contribution from members

Project Location:

- 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.

WholeStone Farms was established in 2017 by over 200 producers to create and capture value in the pork supply chain. Our 200+ family farmers all live right here in the Midwest and have a legacy of family farming raising collectively 12MM pigs per year. While our name is new to the area our facility is not, we have been here for the past 73 years as a hog processing facility and continue the growth for the Fremont area. We are excited about the growth happening at our plant today. WholeStone Farms currently boasts 700,000 sq feet and is one of the largest processing facilities in the area with production boasting over 10,600 hogs per day.

(2) Brief description of the proposed project. Has any part of this project been started? Yes No

This project is a complete modernization of the facility as well as now having the ability to harvest 22,000 head a day when double shifted. A couple projects have already been completed (CO2 stun and new carcass coolers). We are also in the middle of the new office, cafeteria, and employee locker room expansion that will be completed June of 2020. These 3 projects are not included in the numbers above. A description of each phase of the projects remaining is on the attached time line.

(3) Description of Impact of Project on Applicant and Community:

WholeStone Farm's mission is to provide customers with quality pork products they can trust in a culture that fosters innovation and opportunity. Innovation and opportunity are both benefits that come from our expansion project. WholeStone Farms' new state-of-the-art procession floor will provide not only an opportunity for jobs, but growth and innovation. The Fremont community is known for its strong foundation, agricultural heritage and talented workforce, all of these characteristics are shared by WholeStone Farms workforce. Building on the city's diversity and growth mentality we are excited to grow WholeStone Farms here in Fremont. With this project, our facility will increase production, giving employees more opportunities and flexibility in shift options. We anticipate the availability of 800 more positions at WholeStone Farms. This allowing more people to relish in the great amenities Fremont has to offer.

(4) Have you ever declared bankruptcy? No Yes If yes, Bankruptcy Chapter _____

Case # _____ Date of Deposition/Discharge _____

(5) Are there any unsatisfied judgments against you? No Yes

Amount per month _____ To Whom _____

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

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

(8) ~~NA~~ 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) ~~NA~~ Personal Financial Statement and resumes for each person owning 20% or more of the business.

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

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

(12) Indemnification Agreement

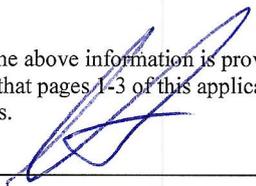
(13) ~~NA~~ Tax Returns for the last two years

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: 1/18/20

Signature: _____

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, positioned above the signature line.

**REQUEST FOR PROTECTED RECORD STATUS
(Business Confidentiality Claim)**

Name and Address of business and representative making this confidentiality claim (please print or type):

WholeStone Farms, 900 South Platte Ave, Fremont, NE 68025

I request the attached/enclosed information (record) provided to the City of Fremont or any of its agencies (divisions or programs), be considered confidential and given protected status.

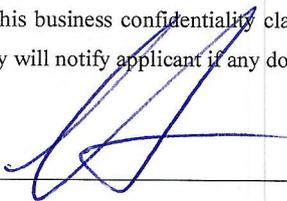
Description (optional) of the information (record) which is to be covered by this confidentiality claim and which you believe qualifies for protected status We are still in the first year of business therefore the financials attached are not final. With that, being a privately held company we would not like those shared with the public.

The following reasons support this claim of business confidentiality. Please check all of the following which apply:

- 1. The record provided is a trade secret.
- 2. The record is commercial or non-individual financial information and disclosure of the information could reasonably be expected to result in unfair competitive injury to the provider of the information.
- 3. The record is commercial or non-individual information and disclosure of the information could reasonably be expected to impair the ability of the City of Fremont, or its agencies, to obtain necessary information in the future.
- 4. The record is commercial or non-individual financial information and the interest of the provider in prohibiting access to the information is greater than the interest of the public in obtaining access.
- 5. The information would reveal negotiations regarding assistance or incentives offered by or requested from the City of Fremont for the purpose of encouraging a person to expand or locate a business in Fremont, but only if disclosure would result in actual economic harm to the person or place the City of Fremont at a competitive disadvantage. **NOTICE:** Records evidencing a final contract may not be classified protected under this section.

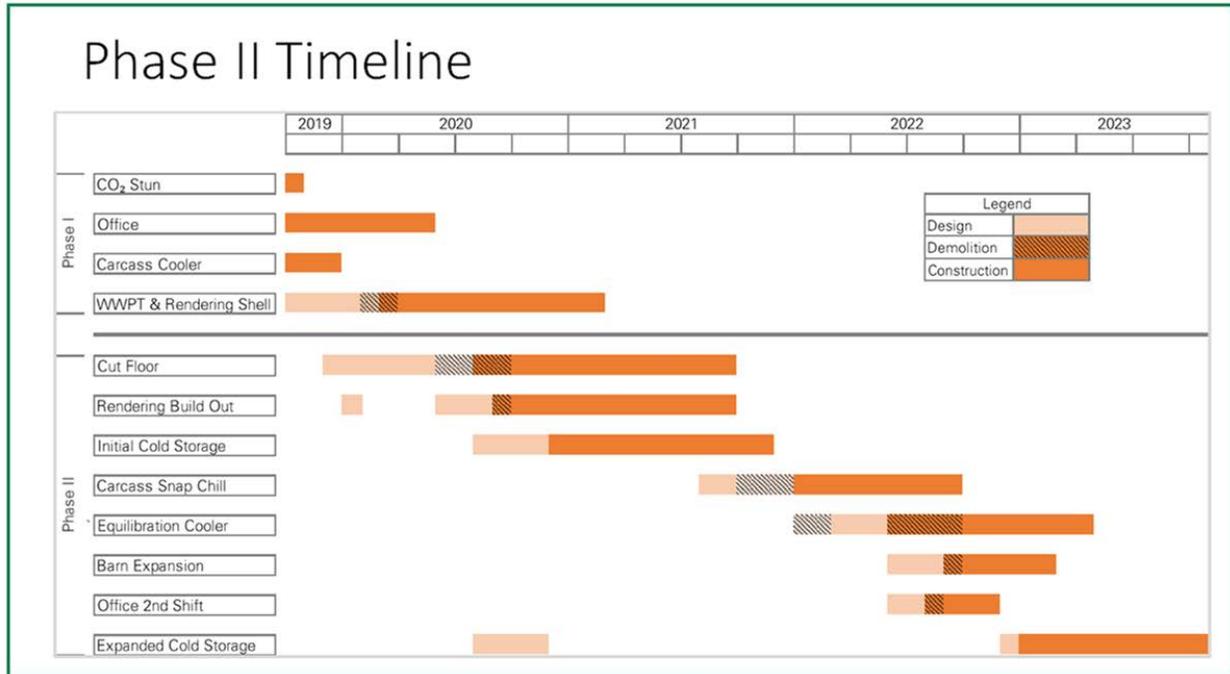
Statement (a concise written statement supporting a business confidentiality claim is required, use reverse side of this sheet or attach additional sheets if necessary).

NOTE: Claimant shall be notified if a record claimed to be protected is classified public or if the determination is made that the record should be disclosed because the interest favoring access outweigh the interest favoring restriction of access. Records claimed to be protected under this business confidentiality claim will be reviewed by the City Attorney for the City of Fremont for final determination. The City attorney will notify applicant if any documents would be deemed public records.

By  Date 1/18/20

WholeStone Project Recap/Proposed Timeline

WholeStone Farms will complete a series of capital improvements to the existing facility in order to modernize the plant. A tentative schedule is shown below with brief descriptions, estimated costs, construction dates and jobs created for each project.



New Waste Water Treatment Plant

- New waste water treatment plant will be built to pre-treat water discharged to the city lagoons.
- Estimated cost: \$22 million
- Timeline: Spring 2020 – Spring 2021
- Jobs created: none

New Cut Floor

- New pork fabrication floor with modern robotic equipment and straight-line layout. Creates a manufacturing area that is consistent with other recently built pork processing plants.
- Estimated cost: \$156 million
- Timeline: Fall 2020 – Fall 2021
- Jobs created: none

Snap Chill

- New snap chilling cooler to rapidly reduce carcass temperature resulting in improved meat quality.
- Estimated cost: \$29 million
- Timeline: Winter 2022 – Fall 2022
- Jobs created: none

Rendering

- New rendering facility to process material. Sized to handle two shifts of production.
- Estimated cost: \$37.5 million
- Timeline: Summer 2020 – Fall 2021
- Jobs created: none

Cold Storage

- New cold storage facility to hold finished product prior to distribution to customers.
- Estimated cost: \$46 million
- Timeline: Fall 2020 – Fall 2023 (completed in two phases)
- Jobs created: none

Equilibrium Coolers

- New equilibrium coolers to hold inventory of hogs after snap chill and before fabrication. This is additional capacity required for second shift.
- Estimated cost: \$17 million
- Timeline: Summer 2022 – Summer 2023
- Jobs created: approximately 800

Barn/Livestock

- New livestock barn expansion to accommodate second shift. New livestock offices, meeting spaces and lockers.
- Estimated cost: \$7.5 million
- Timeline: Summer 2022 – Spring 2023
- Jobs created: 15

Lockers/Office

- Additional lockers, restrooms and other office improvements to support second shift production.
- Estimated cost: \$2.2 million
- Timeline: Summer 2022 – Winter 2022
- Jobs created: none