



# City of Grand Island

Tuesday, September 13, 2016

Council Session

## Item I-5

**#2016-222 - Consideration of Approving Economic Development Incentive Agreement with Borer Wholesale, 147 East Roberts Street**

Staff Contact: Marlan Ferguson

# **Council Agenda Memo**

**From:** Marlan Ferguson, City Administrator

**Meeting:** September 13, 2016

**Subject:** Approving Economic Development Incentive Agreement with Borer Wholesale

**Presenter(s):** Marlan Ferguson, City Administrator

## **Background**

At the November 6, 2012 General Election, the voters of the City of Grand Island approved LB840 funding to enable the City to extend economic development incentives through the Grand Island Area Economic Development Corporation (GIAEDC). The Economic Development Corporation has received an application from Borer Wholesale, 147 East Roberts Street for expansion of their existing business and additional employees. On July 28, 2016, the Executive Board of the GIAEDC approved submission of the attached Economic Development Application and Agreement to the Citizens Advisory Review Committee (CARC) for consideration and recommendation. The CARC met on September 1, 2016 and approved the request and Agreement for recommendation to the City Council for final action and approval.

## **Discussion**

Borer Wholesale has submitted the required LB-840 application (see attached) for a forgivable loan in the amount of \$117,000.00. Proposed is the creation of 8 additional full-time equivalent (FTE) employees with 4 FTE's being hired as machinists with an average hourly wage of \$18.00; 3 FTE's hired as pump mechanics with an average hourly wage of \$18.00; and 1 FTE as support staff with an average hourly wage of \$14.00. Requested is \$45,000.00 for job training, \$52,000 for job creation incentives and up to \$20,000 in infrastructure support for a total of \$117,000.00 to be paid over three years.

Borer Wholesale currently has 10 employees. This company, located at 147 East Roberts Street, is an existing business of wholesale supplier of irrigation, municipal and industrial line shaft turbine pumps and a repair center for irrigation pumps. They also offer environmental and drilling products.

The company intends to expand their market share by conducting more municipal and industrial work and increasing their presence in the export market. The use of LB-840 funds would allow Borer Wholesale to continue to hire high caliber employees to add new customers to their fast-paced business model, handle the increase in business, and contribute to the overall well-being of the community.

### **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve the Economic Development Agreement with Borer Wholesale.
2. Do not approve the Economic Development Agreement with Borer Wholesale.
3. Postpone the issue to future date.
4. Take no action on the issue.

### **Recommendation**

City Administration recommends that the Council consider the resolution authorizing the City to enter into the Economic Development Agreement with Borer Wholesale.

### **Sample Motion**

Move to approve the resolution authorizing the City to enter into the Economic Development Agreement with Borer Wholesale.

# Borer Wholesale

147 East Roberts Street



GIAEDC  
Recommendation:  
\$117,000 in LB840  
funding over 3 years



New Jobs Created: 8  
Beginning workforce: 10



Average Wage: \$17.50



Training dollars  
disbursed in 2016  
Job creation dollars  
disbursed beginning in  
2017



## **Grand Island Area Economic Development Corporation**

### **LB-840 Application**

The Grand Island Area Economic Development Corporation's mission is to facilitate the creation of jobs and economic opportunities for the regional trade area.

#### **Part I. GENERAL INFORMATION**

##### **APPLICANT IDENTIFICATION**

Company Name: Borer Wholesale

Mailing Address: 147 East Roberts Street

City: Grand Island

State: NE

Zip Code: 68801

Phone: 308-398-0021

Applicant Website: [www.bwpumps.net](http://www.bwpumps.net)

Business Classification (select all that apply):

☐ New Business

☒ Expansion of Existing Business

☐ Spec Building

☐ Other

☐ Corporation

☐ Partnership

☐ Proprietor

☐ Other

Is this the business's first venture in Grand Island / Hall County? Yes ☐ No ☒

Is this the business's first venture in Nebraska? Yes ☐ No ☒

Does the business have a parent or subsidiaries? Yes ☐ No ☐

If yes, Name of Parent or Subsidiary Company: JM Borer Companies Inc.

Mailing Address: PO Box 220

City: Blair State: NE Zip Code: 68008

##### **MAIN CONTACT INFORMATION**

Name: Mike Borer

Connection to Business: President

Mailing Address: 5903 North 163rd Street

City: Omaha State: NE

Zip Code: 68816

Email Address: [mborer@bwpumps.net](mailto:mborer@bwpumps.net)

Phone Number: 402-984-1406

Company Name: Borer Wholesale

Projected Completion Date: 2019



## **Part II. PROJECT INFORMATION**

### **LOCATION**

Address of proposed project: 147 East Roberts Street

The proposed project is located:

- ☒ Within Grand Island city limits
- ☐ Outside of city limits, but within a two (2) mile jurisdiction
- ☐ Outside the zoning jurisdiction of Grand Island

Do you currently own the land of proposed project: Yes ☒ No ☐

Do you currently own the building of the proposed project: Yes ☒ No ☐

### **JOB CREATION**

Current number of full time employees at Grand Island location: 10

Number of new positions being created at Grand Island location: 8

On a separate document, identify the employment positions being added, number of employees per position and wage per position.

Supporting documentation submitted: Yes ☒ No ☐

Describe any benefit packages available to new employees: Health, life& dental insurance is offered, along with a 401K, paid holidays, vacation.

### **PROJECT SUMMARY**

On a separate document, provide a brief narrative describing the project for which LB-840 funds are being requested.

Narrative provided: Yes ☒ No ☐

Company Name: Borer Wholesale

Projected Completion Date: 2019

**PROJECT INVESTMENT**

Land purchase price:	\$NA
New facility construction expense:	\$NA
Building purchase / renovation expense:	\$NA
Other infrastructure improvements: (parking lot, curb & gutter, landscaping, etc.)	\$NA
New machinery / equipment expense:	\$NA
Other:	\$NA

**TOTAL INVESTMENT: \$NA**

**SUPPORTING DOCUMENTATION**

Please include the following documents as attachments to the LB-840 application. The documents below must be submitted with your application to be considered complete. These documents will only be viewed by the GIAEDC President, Executive Board, Citizen's Review Authority Chairperson, city Finance Director, and the City Administrator.

- ☒ Business plan outlining product supply chain
- ☒ Articles/certificate of formation/incorporation
- ☒ Bylaws/operating agreement/partnership agreement
- ☒ Copies of material contracts, including but not limited to loan/financing documents
- ☒ 3 year pro forma
- ☒ Profit/ loss summary
- ☒ Balance sheet
- ☒ Brief resume of management team to be placed in Grand Island
- ☒ Other impacts on the area's economy
- ☐ Grand Island Area Economic Development membership application

**Company Name: Borer Wholesale**

**Projected Completion Date: 2019**

**PART III. SIGNATURES**

I hereby represent, this application and supporting information is accurate, and may be relied upon by representatives of the Grand Island Area Economic Development Corporations and the City of Grand Island.

I further represent that there is no legal action underway or being contemplated that would impact the capacity of this company to effectively proceed with this project.

Dated this 2 day of August, 2016.

By: Michael M Borer

Its: President

As the President of the Grand Island Area Economic Development Corporation, I hereby represent that I have received and reviewed this application and its supporting information requesting the City of Grand Island's LB-840 funds.

Dated this 2 day of August, 2016.

By: Dan Tyl

Its: President

Company Name: Borer Wholesale

Projected Completion Date: 2019



## PART IV. APPROVAL OF AREA AGENCIES

### *Reviewed by the Grand Island Area Economic Development Elected Trustees*

Date of review: 7/28/16

Comments:

Approved ☒

Disapproved ☐

Signature of Chairman: Paul. Atkinson, Chairman

### *Reviewed by the Citizen's Review Committee*

Date of Review: 9/1/16

Comments:

Approved ☒

Disapproved ☐

Signature of Chairman:

[Signature]

### *Referred to the Grand Island City Council*

Date of Review:

Comments:

Approved ☐

Disapproved ☐

Signature of Mayor:

Mayor Jeremy Jensen

Company Name: Borer Wholesale

Projected Completion Date: 2019

Date Application Submitted: HERE



## **Grand Island Area Economic Development Corporation**

### **Job Creation- Supporting Documentation**

The Grand Island Area Economic Development Corporation's mission is to facilitate the creation of jobs and economic opportunities for the regional trade area.

Use the template below to identify and describe new jobs your company plans to create through the use of LB-840 funds.

**Job Classification:** Machinist

Number of added employees: 4

Starting wage per new employee: \$18.00

Benefits percentage: yes

**Job Classification:** Pump Mechanic

Number of added employees: 3

Starting wage per new employee: \$18.00

Benefits percentage: yes

**Job Classification:** Support Staff

Number of added employees: 1

Starting wage per new employee: \$14.00

Benefits percentage: yes

**Company Name:** Borer Wholesale

**Projected Completion Date:** HERE

# Borer Wholesale

## Table of Contents

<b>Current Operations</b> .....	2
Company Summary.....	2
Market Strategy .....	2
Products and Services .....	2
Product Supply Chain.....	3
Customers .....	4
Marketing.....	4
Market Research and Analysis .....	4
Competitors .....	4
Industry Analysis .....	5
Organizational Structure.....	6
Owner Background .....	6
Ownership.....	6
Affiliate Company.....	6
Expansion .....	7

## Current Operations

### Company Summary

Borer Wholesale Pump Repair and Supply (hereafter referred to as Borer Wholesale) is a wholesale supplier of irrigation, municipal and industrial line shaft turbine pumps and a repair center for irrigation pumps. In addition to meeting pump needs they also offer environmental and drilling products. Borer Wholesale supplies stainless steel screen, steel casing, slotted flush joint and bell end PVC, flush joint and bell end PVC casing, bentonite, sand, PVC points, j-plugs, manhole covers, uprights and ballards.

Borer Wholesale began operations as Jensen Wholesale in Blair, Nebraska in 2009. A second location was opened in Grand Island in 2013. The current facility, located at 147 Roberts Street, was purchased in March of 2014.

### Market Strategy

#### Products and Services

Borer Wholesale distributes a wide range of products from multiple manufacturers, the list includes:

- Bilfinger/Johnson Screen
- Morrison Bros
- Merrill
- Cetco
- Premier Silica
- Koby
- Unimin
- BMR USA
- Shakti Pumps
- MCI - Motor Control Incorporated
- Yaskawa
- Karlington Motors
- Hydroflo Pumps
- BW Pumps

Borer Wholesale offers full repair service from the motor to the suction capabilities of the pump. They also have the capability to repair large turbine, mixed flow or propeller pumps. Borer Wholesale has repaired pumps with up to 54" column, 5" X 2 15/16 tube and shaft, and 42" propeller pumps. Specialty finishing and coating is an added option with sandblasting, powder epoxy coating or wet epoxy coating for standard or potable water applications.

The sale of pumps is through contracts with well companies or pump contractors. All repair work is performed at Borer Wholesale. The pump contractors or well companies bring in the pumps to be repaired.

The Grand Island location specializes in the sale of pumps and supplies as well as repair for the agricultural sector. Approximately 70% of the Grand Island location sales are agriculturally-based. The remaining 30% of sales is for municipal and industrial work. Sales at the Blair location are approximately 50% municipal and industrial work and 50% agriculture.

Sales do experience seasonality, based on the farm cycle. Sales slow down during harvest, but pick up at year end as farmers are planning for taxes. Sales slow again in January and February. March starts the beginning of increased sales for the season as farmers prepare for irrigation season. The summer months of June through August are comprised of primarily repair sales.

Inventory is held in Grand Island and transferred to Blair as needed. Sales and orders are handled by each location for the respective geographic area. Grand Island's geographic scope is Central and Western Nebraska going east to York and south into Kansas. Most of the manufacturing work is completed in Grand Island. Expansion into Grand Island was selected due to the irrigation belt in the area with a concentration of well drillers and contractors in the area. The company sought a location in Central Nebraska within this prime area and Grand Island fit the need.

Orders for agriculture use consist of one to two pumps at a time that can be provided to the customer within one to two weeks. Lead time for repair work is minimal and can be scheduled within the week. An industrial market order can include as many as four to five turbine pumps that can take six to eight weeks to produce.

#### Product Supply Chain

As a wholesaler, numerous products are purchase directly from the factory with locations in the United States and abroad. Suppliers and foundries are located within the United States. The table below lists the product type, where they product originated, and the vendor type.

<b>Product Type</b>	<b>Location</b>	<b>Vendor Type</b>
Bowl Components & Parts	Mexico	Factory
Heads & Bowl Components	Tennessee	Factory
Threaded Pipe & Steel Tube	Texas	Factory
Steel Tube & BRZ Bearings	Broken Bow, NE	Factory
Plain End Pipe & Tube	Illinois	Supplier
Spider Castings	Sioux City, IA	Foundry
Flange Castings	Wahoo, NE	Foundry
Stainless Steel Submersible Pumps	India	Factory
Stainless Steel & Lead Free BRS Spiders	China	Factory
Vertical Hollow & Solid Shaft Motors	California	Supplier
Submersible Motors	Washington	Supplier
Assorted Other Parts	All over the country	



#### Customers

The majority of customers are well companies and pump contractors. Pump sales and repair for the agricultural sector are geographically based in Central Nebraska. Demand changes with rainfall because heavy rain years create a lesser demand for pumps of less run time during irrigation season. In times of greater rainfall, repair work increases, while new sales decrease. Even though Borer Wholesale can service any type of pump on pivots, the company does do a fair amount of work with Valmont Industries in Valley, Nebraska because of geographic proximity to the Blair location.

Municipal projects have been completed in South Dakota, North Dakota, Colorado, Kansas, Missouri, and Iowa. Very few projects are completed in Nebraska because the Hydro Flow pump product distributed by Borer Wholesale is not as widely known and thus is not as frequently requested in job specifications.

The company expanded into international markets by exporting to Tanzania and Kenya through Valmont Industries and an export forwarding agency. Since 2014 the company has exported pumps and well casings for a total of over \$240,000, with another \$88,000 projected yet this year. Overall exports contribute to approximately 10% of sales.

#### Marketing

A majority of sales is repeat sales with existing pump contractors across the country (new projects, same contractors). As such, marketing is primarily directed toward established connections. The contractors receive specifications for a job and then seek out subcontractors including Borer Wholesale for quotes on needed products.

Representative with Borer Wholesale attend state well drillers' conventions in Nebraska, Kansas, and Iowa to speak with area well drillers and promote products.

#### Market Research and Analysis

##### Competitors

The top competitor is Mid-America Pump and Supply located in Hastings, Nebraska. This company is a distributor of pump and pump accessories for the agricultural, municipal, and industrial markets. Despite being direct competitors, Borer Wholesale does a small amount of business with Mid-America, distributing some of their products.

Flowserve, also located in Hastings, is a local competitor in the wholesale supply market. Flowserve is a multi-national supplier of pumps, valves, seals, automation, and provides services to the power, oil, gas, chemical, and other industries.

A competitor for the repair sector is Nebraska Pump located in Ansley, Nebraska.

Borer Wholesale maintains a competitive advantage through their knowledge of several brands and pumps. Many other pump wholesale companies are brand specific and carry only one to two brands of pumps.

### Industry Analysis

Companies in this industry distribute machinery and equipment used in manufacturing, oil and gas exploration and production, and warehousing. Demand is driven by US manufacturing activity. Profitability depends on savvy product selection and efficient operations. Small companies can compete effectively by specializing in particular industries, end-use applications, or geographical areas, and by offering special services. Demand depends on overall industrial activity. Growth requires good merchandising and efficient operations. Global economic health impacts domestic sales and exports and presents a risk to wholesalers. The industry is forecast to grow at an annually compounded rate of 5% between 2016 and 2020.

Major products are general purpose machinery such as pumps and engines (about 30% of revenue); oil well, oil refinery, and pipeline machinery (about 20% of revenue); industrial machinery, including water treatment equipment (about 15%); and material handling equipment (10%). Imports are an important source of product for industrial machinery wholesalers. Major sources of US imports of industrial machinery include China, Germany, Canada, Japan, and Mexico. Suppliers are machinery manufacturers or other wholesalers. Companies typically handle products from multiple manufacturers, often under nonexclusive distributor agreements that may require the distributor to provide various product services.

Major customers are industrial manufacturers, warehouse operators, machine shops, and oilfield operators. Wholesalers may use a field sales force and internal phone operations. Prices are usually marked up a fixed percentage from cost.

The industry is capital-intensive, as many companies maintain large inventories, often over 70 days' sales. Average annual revenue per employee in the US is about \$700,000. Wholesalers that sell machinery with a high price tag may arrange with banks or equipment leasing firms to provide sales financing to customers. For the US industry overall, accounts receivable typically are about 50 days' sales.

Many employees of industrial equipment wholesalers have special product knowledge and are paid accordingly. Average hourly industry wages are moderately higher than the US average. Workers in this sector average \$26.49 per hour. The industry's safety record is about the same as the US average.

*Source: First Research*

## Organizational Structure

### Owner Background

Mike Borer has extensive experience in the pump and well business. He got his start in the industry in 1979 working for a well drilling company in Albion. In 1986 he moved to Hastings to be a machinist for Mid-America Pump and Supply. Mike moved up through the company, eventually attaining partial ownership. In 2009, Mike left Mid-America to purchase Jensen Well in Blair, Nebraska and then added the wholesale side of the business creating Jensen Wholesale Pump Repair and Supply.

### Ownership

Borer Wholesale Pump Repair and Supply is a trade name registered to JMBorer Companies, Inc. (an S corporation) in Blair, Nebraska. The trade name was filed on October 14, 2014 to change the name from Jensen Wholesale to minimize the confusion for customers between Jensen Well and Jensen Wholesale. Mike and Joan Borer are the owners of JMBorer Companies, Inc. Mike participates materially in the daily operations of the business and spends the majority of his time at the Blair location. Joan works part-time in the business overseeing safety procedures.

In addition to the two owners, the business employs eight full-time workers and one part-time employee in their Blair location. The Grand Island location has eleven employees. Eric Belgum is the manager at the Grand Island facility. His duties include sales and oversight of operations. An off-site coating facility, Borer Wholesale Coating Division, employs two additional workers. This division is located at 810 E 4th Street in Grand Island and is part of JMBorer Companies, Inc.

The Grand Island facility located at 147 E Roberts Street is owned personally by Mike and Joan Borer. The painting facility is owned by Brian Greenwalt and leased to JMBorer Companies, Inc.

### Affiliate Company

Jensen Well Company, Inc is an affiliate company that is also owned by Mike and Joan Borer. The company offers well drilling services for the residential market. Work is conducted between Jensen Well and Borer Wholesale, but Jensen Well is treated similarly to any other company with no cross-over with use of resources.

## Expansion

Borer Wholesale intends to expand their market share by conducting more municipal and industrial work and increasing their presence in the export market. The company plans to increase municipal and industrial sales by 10% to 15% over the next 3 years, with stable increases in the ag market of around 5%.

The geographic will change only slightly. A recent expansion into South Carolina, will create opportunity to produce more for this market area. With the proposed expansion, the customer base will be approximately 70% in Nebraska, 20% out of state and 10% international. Borer Wholesale plans to expand exporting to Dubai and Kenya over the next 3 years.

Two projects are quoted for export sales. One project is a quote for one pump to be exported to Tanzania for \$19,000. The other project is significant and thus the desire to add additional workers. A quote has been provided for a 200 pump project in Dubai for a contract total of \$20.1 million.

Borer Wholesale intends to add eight full-time jobs with an average hourly wage of \$17.00. No technical training is required for the new positions. All training will be conducted on-site. The job types will include one salesman, one clerical worker, machinists, and pump mechanics.

Due to an increased focus on the industrial market, machines will need to be purchased to accommodate larger parts. A machine shop in Blair is utilized for the finishing work on large flange columns. By adding machinery to the Grand Island facility that can complete the finishing work, more industrial projects can be completed locally.

A lean-to will be built for storage of additional inventory and equipment. Within two years another building may need to be constructed based upon growth and demand in the market.

## ECONOMIC DEVELOPMENT AGREEMENT

THIS ECONOMIC DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into effective as of the 13th day of September, 2016 (the "Effective Date"), by and among the City of Grand Island, Nebraska ("City"), the Grand Island Economic Development Corporation ("GIAEDC") and JMBorer Companies, Inc., a Nebraska corporation, doing business as Borer Wholesale Pump Repair & Supply ("Company") (City, GIAEDC and Company, each a "Party" and collectively, the "Parties").

### WITNESSETH:

WHEREAS, on August 2, 2016, Company filed an Application for Economic Development Incentives (the "Application") with City and GIAEDC;

WHEREAS, Company is expanding its operations in Grand Island and will employ an additional eight (8) full-time equivalent employees in Grand Island and agrees to continue to employ its current ten (10) full-time equivalent employees in Grand Island for at least three years after the Effective Date;

WHEREAS, City and GIAEDC find Company to be a qualifying business under City's Economic Development Program, that Company's project qualifies for economic development incentives under the Program, that Company's project will be of substantial economic benefit to the people of Grand Island and the surrounding area, and the economic development incentive plan set forth in this Agreement contributes to the fulfillment of the major objectives of City's Economic Development Plan;

WHEREAS, City and GIAEDC are willing to provide Company with up to \$45,000 in job training assistance, up to \$52,000 in job creation incentives and up to \$20,000 in infrastructure support at the times and upon the fulfillment of the conditions set forth in this Agreement provided that Company complies with the terms of this Agreement; and

WHEREAS, in furtherance of the foregoing recitals, the Parties desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Agreement, the Parties agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the respective meanings ascribed to them in this Section 1:

(a) "Employment Certificate" shall mean an agreement for the defined period containing the sworn statement of a duly authorized representative of Company specifically setting forth compliance with the terms of this Agreement. The Employment Certificate shall contain the following information and adhere to the following terms: (i) the total number of hours which FTE's worked and total gross compensation received by FTE's for hours worked at Company's facilities in Grand Island during the twelve (12) successive calendar months immediately preceeding the date of the Employment Certificate; and (ii) the hourly rate for all FTE's which shall meet or exceed the Minimum Hourly Rate. Company agrees that upon receipt of written notice pursuant to the terms of this Agreement, Company shall allow the City Administrator or his designee to



personally inspect Company's employment records as confirmation of the statements contained in the Employment Certificate.

(b) "Full-Time Equivalents" or "FTE's" shall mean persons hired by Company as part of its relocation of operations to Grand Island as detailed in the recitals to this Agreement. The total number of FTE's shall be determined by dividing the total number of hours Company employees worked at its facilities located in Grand Island by two thousand eighty (2,080).

(c) "Minimum Hourly Rate" shall mean a minimum of \$17.50 per hour of each FTE employed as part of Company's relocation of its operations in Grand Island. The hourly rate shall be determined by dividing the total wages and salaries paid to FTE's by two thousand eighty (2,080).

2. Employment Requirements. Company shall meet each of the following employment requirements:

(a) Company shall have a minimum of ten (10) FTE's at its facilities in Grand Island being compensated at the Minimum Hourly Rate as of the Effective Date;

(b) Company shall have a minimum of thirteen (13) FTE's at its facilities in Grand Island being compensated at the Minimum Hourly Rate as of the first (1<sup>st</sup>) anniversary of the Effective Date;

(c) Company shall have a minimum of sixteen (16) FTE's at its facilities in Grand Island being compensated at the Minimum Hourly Rate as of the second (2<sup>nd</sup>) anniversary of the Effective Date; and

(d) Company shall have a minimum of eighteen (18) FTE's at its facilities in Grand Island being compensated at the Minimum Hourly Rate as of the third (3<sup>rd</sup>) anniversary of the Effective Date.

3. Disbursement of LB 840 Funds for Job Training. Disbursement of the economic incentive funds for job training shall be paid to Company by City in accordance with the following schedule:

(a) A disbursement for training FTE's in the amount of Sixteen Thousand Eight Hundred Seventy-Five and No/100 Dollars (\$16,875.00) shall be paid by City to Company within sixty (60) days of the approval this Agreement by the City Council.

(b) A disbursement for training FTE's in the amount of Sixteen Thousand Eight Hundred Seventy-Five and No/100 Dollars (\$16,875.00) shall be paid by City to Company within thirty (30) days of the first (1<sup>st</sup>) anniversary of the Effective Date provided that Company has delivered an Employment Certificate to City and GIAEDC evidencing that Company has at least thirteen (13) FTE's at its facilities in Grand Island being compensated at the Minimum Hourly Rate.

(c) A disbursement for training FTE's in the amount of Eleven Thousand Two Hundred Fifty and No/100 Dollars (\$11,250.00) shall be paid by City to Company within thirty (30) days of the second (2<sup>nd</sup>) anniversary of the Effective Date provided that Company has delivered an Employment Certificate to City and GIAEDC evidencing that

Company has at least sixteen (16) FTE's at its facilities in Grand Island being compensated at the Minimum Hourly Rate.

(d) The maximum amount City shall disburse to Company for job training shall be Forty-Five Thousand and No/100 Dollars (\$45,000.00).

4. Disbursement of LB 840 Funds for Job Creation. Company shall be eligible for disbursements of up to Six Thousand Five Hundred and No/100 Dollars (\$6,500) per FTE for eight (8) FTE's for a total disbursement of Fifty-Two Thousand and No/100 Dollars (\$52,000.00). Disbursement of the economic incentive funds for job creation shall be paid to Company by City in accordance with the following schedule:

(a) A disbursement of Nineteen Thousand Five Hundred and No/100 Dollars (\$19,500) shall be paid by City to Company within thirty (30) days of the first (1<sup>st</sup>) anniversary of the Effective Date provided that Company has delivered an Employment Certificate to City and GIAEDC evidencing that Company has at least thirteen (13) FTE's at its facilities in Grand Island being compensated at the Minimum Hourly Rate.

(b) A disbursement of Nineteen Thousand Five Hundred and No/100 Dollars (\$19,500) shall be paid by City to Company within thirty (30) days of the second (2<sup>nd</sup>) anniversary of the Effective Date provided that Company has delivered an Employment Certificate to City and GIAEDC evidencing that Company has at least sixteen (16) FTE's at its facilities in Grand Island being compensated at the Minimum Hourly Rate.

(c) A disbursement of Thirteen Thousand and No/100 Dollars (\$13,000) incentives shall be paid by City to Company within thirty (30) days of the second (2<sup>nd</sup>) anniversary of the Effective Date provided that Company has delivered an Employment Certificate to City and GIAEDC evidencing that Company has at least eighteen (18) FTE's at its facilities in Grand Island being compensated at the Minimum Hourly Rate.

(d) The maximum amount City shall disburse to Company for job creation shall be Fifty-Two Thousand and No/100 Dollars (\$52,000.00).

5. Disbursement of LB 840 Funds for Infrastructure. Disbursement of the economic incentive funds for infrastructure shall be paid to Company by City in accordance with the following schedule:

(a) A disbursement for infrastructure in the amount of Twenty Thousand and No/100 Dollars (\$20,000.00) shall be paid by City to Company within thirty (30) days of the completion of the additional building structure being constructed to expand operations;

(b) The maximum amount City shall disburse to Company for infrastructure shall be Twenty Thousand and No/100 Dollars (\$20,000.00); and

(c) Company agrees to provide City and GIAEDC evidence of expenditures for infrastructure on or before thirty (30) days after the **construction completion date**.

6. Total Disbursements. The maximum total amount City shall disburse to Company pursuant to this Agreement shall be One Hundred Seventeen Thousand and No/100 Dollars (\$117,000.00).

7. Company's Representations and Warranties. Company represents and warrants to City and GIAEDC as follows:

(a) Organization, Standing and Power. Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Nebraska and has the legal power to carry on its business as it is now being conducted.

(b) Authority. The execution, delivery and performance of this Agreement by Company has been duly and validly authorized and approved by all necessary legal action on the part of Company.

(c) Binding Agreement. This Agreement, when executed and delivered, will constitute the legal, valid and legally binding agreement of Company, enforceable against Company in accordance with its terms.

(d) No Conflict with Other Instruments or Agreements. The execution, delivery and performance of this Agreement by Company will not result in a breach or violation of, or constitute a default under any agreement to which Company is bound, and will not be in violation of any statute, judgment, order, rule or regulation of any court, or any federal, state or other regulatory authority or governmental body having jurisdiction over Company in effect as of the Effective Date.

(e) No Brokers. Company has not retained or agreed to compensate any broker or finder in connection with the transactions contemplated by this Agreement.

(f) Operations. During the term of this Agreement, Company shall maintain operations in Grand Island, Nebraska.

In the event that Company breaches any of the foregoing representations and warranties, all amounts distributed by City to Company pursuant to this Agreement shall immediately become due and owing by Company to City and if unpaid shall accrue interest at the rate of eight percent (8%) per annum until such amounts are repaid in full.

8. Company's Obligation to Repay Funds. The Parties acknowledge and agree that the funds to be provided by City to Company pursuant to this Agreement are being provided in the form of an economic development loan and are subject to repayment in accordance with the terms and conditions of this Agreement if Company fails to perform its obligations under this Agreement. The Parties further acknowledge and agree that City shall forgive the entire economic development loan disbursed to Company representing a total of One Hundred Seventeen Thousand and No/100 Dollars (\$117,000.00) upon Company meeting the following conditions:

(a) Company shall have complied with the terms and provisions of Sections 2 through 7 of this Agreement in all respects; and

(b) If Company remains in compliance with the terms and provisions of Sections 2 through 7 of this Agreement in all respects, the economic development loan will be forgiven pursuant to the following schedule:

(i) On the first anniversary of the Effective Date, one-third (1/3) or Thirty-Nine Thousand and No/100 Dollars (\$39,000.00) of the economic development loan shall be forgiven;



(ii) On the second anniversary of the Effective Date, one-third (1/3) or Thirty-Nine Thousand and No/100 Dollars (\$39,000.00) of the economic development loan shall be forgiven; and

(iii) On the third anniversary of the Effective Date, one-third (1/3) or Thirty-Nine Thousand and No/100 Dollars (\$39,000.00) of the economic development loan shall be forgiven.

9. Default. In the event that Company fails to comply with any of the terms of this Agreement, City may declare Company to be in breach. Any such declaration shall be in writing and sent by US Mail or courier to Company at its last known address. In the event that City declares Company to be in breach, City may immediately terminate this Agreement by providing written notice of termination sent by US Mail or courier to Company at its last known address whereupon all amounts distributed by City to Company pursuant to this Agreement shall immediately become due and owing by Company to City and if unpaid shall accrue interest at the rate of eight percent (8%) per annum until such amounts are repaid in full.

10. Actions after Effective Date. From time to time after the Effective Date, without further consideration, each of the Parties will execute and deliver such documents and instruments as any other Party shall reasonably request to give full effect to the transactions contemplated by this Agreement.

11. Term. This Agreement (and all representations, covenants, agreements, obligations and warranties of Company, City and CIAEDC contained in this Agreement), shall remain in full force and effect until the earlier of the date that (a) the entire economic development loan has been forgiven pursuant to Section 8, or (b) Company has repaid all amounts provided to Company pursuant to this Agreement (in the event Company breaches its obligations under this Agreement) (such date, the "Termination Date"). From and after the Termination Date, this Agreement shall be of no further force or effect and no Party shall have any further obligations pursuant to this Agreement.

12. Amendment. No amendment or modification of this Agreement shall be binding on any Party unless the same shall be in writing and signed by all Parties.

13. Communication. Company agrees to inform City and GIAEDC of any changes in Company's address, telephone number, email address or leadership within three (3) business days of such changes. Company also agrees to fully respond within fifteen (15) calendar days to any request for information from City and/or GIAEDC related to Company's compliance with the terms of this Agreement. All responses to inquiries shall be in writing and provided to City and GIAEDC at the following addresses:

Grand Island City Administrator  
100 East First Street  
P.O. Box 1968  
Grand Island, NE 68802-1968  
[Cityadministrator@grand-island.com](mailto:Cityadministrator@grand-island.com)

Grand Island Area Economic Development Corporation  
123 North Locust Street, Suite 201B  
P.O. Box 1151  
Grand Island, NE 68802  
[mberlie@grandisland.org](mailto:mberlie@grandisland.org)

14. Indemnification. Company agrees to indemnify, defend and hold City, GIADEC and their employees, officers, directors, agents, attorneys, affiliates and their respective successors and assigns (collectively, the "Indemnified Parties") harmless from and against any and all loss, liability, obligation, damage, penalty, judgment, claim, deficiency and expense (including interest, penalties, attorneys' fees and amounts paid in settlement) to which the Indemnified Parties may become subject arising out of or based upon a breach or default by Company of this Agreement.

15. Expenses. The Parties shall all pay their respective expenses incident to the preparation, execution and consummation of this Agreement.

16. Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties and their respective successors and assigns (including, without limitation, any purchaser of, or successor to, Company whether by purchase, merger, consolidation, reorganization, liquidation or any other type of transaction).

17. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

18. Non-Waiver. Waiver of or acquiescence by City and/or GIAEDC in any default by Company, or any failure of City and/or GIAEDC to insist upon strict performance by Company of any warranties, agreements or other obligations contained in this Agreement shall not constitute a waiver of any subsequent or other default, failure or waiver of strict performance, whether similar or dissimilar.

19. Relationship of Parties. The Parties have entered into this Agreement solely for the purposes set forth in this Agreement. Nothing contained in this Agreement shall be construed to create or imply any (a) partnership or joint venture by or among of the Parties, or (b) any principal and agency relationship by or among the Parties.

20. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Nebraska, without giving effect to its conflict of laws principles.

21. Entire Agreement. This Agreement and the documents referred to in this Agreement constitute the entire agreement of the Parties respecting the subject matter contained in this Agreement and supersede any prior offers, understandings, agreements or representations by and between the Parties, written or oral, which may have related to the subject matter of this Agreement in any way.

22. Counterparts. This Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original, but which together shall constitute the same instrument.



IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first above written.

JMBorer Companies, Inc., a Nebraska corporation

By: Michael M Borer  
Its: President

City of Grand Island, Nebraska

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Grand Island Area Economic Development  
Corporation

By: Dan T B  
Its: President

RESOLUTION 2016-222

WHEREAS, on November 6, 2012, the City of Grand Island adopted an Economic Development Program and a Citizens Advisory Review Committee to oversee the process of approving applications for economic development incentives; and

WHEREAS, Borer Wholesale has applied for a forgivable loan for job creation and training in the amount of \$117,000.00 from the Grand Island Area Economic Development Corporation in accordance with the Economic Development Program; and

WHEREAS, such application has been approved by the executive committee of the Economic Development Corporation on July 28, 2016 and was approved on September 1, 2016 by the Citizens Advisory Review Committee; and

WHEREAS, Borer Wholesale will be required to meet or exceed employment numbers and employee salary levels as outlined in the Economic Development Agreement to retain all of the economic incentives granted under the agreement; and

WHEREAS, it is in the best interests of the City to provide economic development funding to Borer Wholesale as provided by the Grand Island Economic Development Program.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Economic Development Agreement by and between the City, the Grand Island Area Economic Development Corporation and Borer Wholesale, to provide \$117,000.00 in economic assistance to Borer Wholesale to be used for expanding its business in Grand Island, is hereby approved.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized and directed to execute such agreement on behalf of the City of Grand Island.

- - -

Adopted by the City Council of the City of Grand Island, Nebraska, September 13, 2016.

\_\_\_\_\_  
Jeremy L. Jensen, Mayor

Attest:

\_\_\_\_\_  
RaNae Edwards, City Clerk

Approved as to Form	☐ _____
September 12, 2016	☐ City Attorney