



City of Grand Island

Tuesday, July 13, 2004

Council Session

Item I1

**#2004-170 - Approving Economic Development Incentive
Agreement with Standard Iron**

Staff Contact: Doug Walker

Council Agenda Memo

From: Douglas R. Walker, City Attorney

Meeting: July 13, 2004

Subject: Authorizing the City to Enter Into an Incentive Agreement for Inducement Grants and Benefits to Standard Iron and Wire Works, Inc.

Item #'s: I-1

Presenter(s): Douglas R. Walker, City Attorney

Background

The voters of the City of Grand Island approved an economic development plan at the May 6, 2003 election. Subsequent to the election, the city has adopted an ordinance that establishes the economic development plan and a Citizens Advisory Review Committee to oversee the process of approving applications for economic development incentives. Standard Iron and Wireworks, Inc. has applied for a forgivable loan from the Grand Island Area Economic Development Corporation pursuant to the Economic Development Plan. This application has been reviewed and approved by the executive committee of the Economic Development Corporation and by the Citizens Advisory Review Committee. The Standard Iron application is now being forwarded to the City Council for its approval pursuant to the city's economic development plan.

Discussion

The Economic Development Corporation has taken the application of Standard Iron and Wireworks, Inc., for a \$200,000 forgivable loan as an incentive to assist with the location of a Standard Iron Plant in the City of Grand Island. An incentive agreement for inducement grants and benefits has been prepared by the Economic Development Corporation which sets forth the terms under which Standard Iron would receive these benefits. Standard Iron would receive a \$200,000 forgivable loan which would not have to be repaid if Standard Iron meets all of the employment targets during the five year period for which the agreement would be in effect. The Incentive Agreement spells out in detail how the employment targets would be calculated and what amount of funds would be paid back if these targets are not met. The application of Standard Iron and Wireworks meets all of the criteria for extending economic incentives and the Economic Development Corporation's executive board as well as the Citizens Advisory Review

Committee have both unanimously recommended approval of the incentive agreement by the Grand Island City Council. For the above mentioned reasons, city administration is seeking City Council approval of the resolution authorizing the city to enter into the incentive agreement for inducement grants and benefits with Standard Iron and Wireworks, Inc.

Alternatives

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

1. Approve the resolution authorizing the city to enter into the incentive agreement for inducement grants and benefits.
2. Disapprove or /Deny the agreement for inducement grants and benefits.
3. Modify the agreement to meet the wishes of the Council
4. Table the issue

Recommendation

City Administration recommends that the Council approve the resolution authorizing the city to enter into the incentive agreement for inducement grants and benefits with Standard Iron and Wireworks, Inc.

Sample Motion

Approve the resolution authorizing the city to enter into the incentive agreement for inducement grants and benefits with Standard Iron and Wireworks, Inc.

INCENTIVE AGREEMENT FOR INDUCEMENT GRANTS AND BENEFITS

1. Grand Island Area Economic Development Corporation (Development Corporation), a Nebraska non-profit corporation, and the City of Grand Island (the City), hereby agrees to provide economic assistance to Standard Iron, Inc. (a Nebraska Corporation), (Employer) to be used for the purposes of Employer's locating Employer's business within Grand Island, Nebraska, and bringing a number of higher paying jobs to the Grand Island community.
2. Employer hereby accepts the economic assistance expressly set forth in paragraph 3, below, and agrees to the terms and conditions hereby, including, without limitation, the terms and conditions of repayment.
3. After Employer completes its move to and opens for business at 3554 W. Stolley Park Road, Grand Island, Nebraska, and Incentive Funds are approved thru the City of Grand Island, Nebraska, Economic Development (Local LB840) Program, the City will advance Employer Two Hundred Thousand and No/100 Dollars (\$200,000), the repayment of which will not be required if Employer meets each of the following requirements.
 - (a) During the entire term of this Agreement, Employer must continue to employ in Grand Island, Nebraska, the Targeted employee numbers at the Targeted Average Salaries (or higher) for each year as shown upon the Schedule of Estimated Employment for the Grand Island Plant (The Schedule) which is marked Exhibit A, attached hereto and made in part hereof by this reference.
 - (b) By the end of the twenty-fourth (24th) month after the month in which it receives the advance, Employer must (i) add not less than ten (10) new positions to the base 34 full time positions in the Grand Island Plant, and meet the Targeted Average Salaries for all of its employees in Grand Island.
4. If Employer does not meet each of the requirements set forth in subparagraphs 3(a) and 3(b), above, then Employer shall repay to the City the advance of Two Hundred Thousand and No/100 Dollars (\$200,000) less any reductions allowable under paragraph 5 thru 11, below.
5. If Employer does meet each of the requirements set forth in subparagraphs 3(a) and 3(b), above, the repayable amount of the advance shall be tentatively reduced by Fifty Thousand and No/100 Dollars (\$50,000) at the end of the twenty-fourth (24th) month after the advance is received.
6. If Employer continuously maintains its Grand Island employment at not less than the Targeted employee numbers and Targeted Average Salaries shown upon The Schedule through the thirty-sixth (36th) month after the advance is received then the repayable amount of the advance shall be tentatively reduced by an additional Fifty Thousand and No/100 Dollars (\$50,000).
7. If Employer continuously maintains its Grand Island employment at not less than the Targeted employee numbers and Targeted Average Salaries shown upon The Schedule through the forty-eighth (48th) month after the advance is received then the repayable amount of the advance shall be tentatively reduced by an additional Fifty Thousand and No/100 Dollars (\$50,000).

8. If Employer meets the requirements of paragraph 7 and in addition by the end of the sixtieth (60th) month after the advance received has increased the number of its employees upon The Schedule to the Targeted employee numbers and has hired persons to fill those positions and meets the Targeted Average Salaries, the repayable amount of the advance shall be tentatively reduced by the remaining Fifty Thousand and No/100 Dollars (\$50,000).

9. On each anniversary of its receipt of the advance Employer shall provide Development Corporation with its then current Schedule of Estimated and Actual Employment and Salary information for the Grand Island Plant.

10. If on the third (3rd) anniversary of each tentative reduction of the repayable amount of the advance which is allowable under each of paragraphs 5, 6, 7 and 8 the Employer's Schedule shows that Employer has continuously met the requirements of that paragraph during the three (3) year period, then the tentative reduction allowed by that paragraph shall become permanent and Employer shall not be required to repay the amount of the allowed reduction.

11. If on the third (3rd) anniversary of each tentative reduction of the repayable amount of the advance which is allowable under each of paragraphs 5, 6, 7 and 8 the Employer's Schedule shows that the Employer has not continuously met the requirement for that paragraph during the three (3) year periods, then (i) the tentative reduction allowed by that paragraph and the tentative reduction or reductions allowed by any subsequent paragraph shall be void, (ii) the amount, if any, of the reductions in the advance which have become permanent on prior anniversaries shall be deducted from the amount of the advance and (iii) Employer shall repay the balance to the City. Balance payable shall bear interest at the rate of eight percent (8%) per annum until it is paid in full.

12. Notwithstanding any other provision of this Agreement Employer agrees as follows:

(a) If Employer is merged into or with any other corporation the provisions of this Agreement shall continue in full force and effect and shall be binding upon the surviving corporation; and

(b) If Employer or its successor discontinues the primary operation of its business in Grand Island, Nebraska, by reason of the sale of its assets to another person or company or for any other reason, then immediately and without any further notice being required the entire amount of the advance which is then repayable to the City or which would become repayable after a lapse of time as provided in this Agreement, shall become immediately due and payable; provided, however, that the Development Corporation may waive the provisions of this subparagraph (b) if a buyer of all of Employer's assets which is acceptable to Development Corporation agrees in writing to assume the obligations of Employer hereunder.

13. The contents of this Incentive Agreement contain all of the agreements and understandings between the Development Corporation, the City and Employer relative to the incentives and the repayment thereof and supercedes any and all prior agreements and understandings whether written or oral.

14. The provisions of this Agreement are fully binding upon the Development Corporation and upon Employer and upon their respective successors.

GRAND ISLAND AREA ECONOMIC
DEVELOPMENT CORPORATION

STANDARD IRON, INC.

By _____
Marlan Ferguson, President

By _____
Rich Demeules, CEO

THE CITY OF GRAND ISLAND

By _____
Mayor Jay Vavricek

RESOLUTION 2004-170

WHEREAS, on July 22, 2003, 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, Standard Iron and Wireworks, Inc. has applied for a forgivable loan in the amount of \$200,000 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 and was approved on June 21, 2004 by the Citizens Advisory Review Committee; and

WHEREAS, Standard Iron and Wireworks, Inc. will be required to meet or exceed employment numbers and employee salary levels as outlined in the Incentive Agreement for Inducement Grants and Benefits 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 Standard Iron and Wireworks, Inc. 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 Incentive Agreement for Inducement Grants and Benefits by and between the City and the Grand Island Area Economic Development Corporation to provide \$200,000 in economic assistance through a forgiveness loan to Standard Iron, Inc., a Nebraska corporation, to be used for relocating Standard Iron, Inc. to Grand Island, Nebraska, 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.

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Adopted by the City Council of the City of Grand Island, Nebraska, July 13, 2004.

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
July 8, 2004	☐ City Attorney