



# City of Grand Island

Tuesday, October 12, 2004

Council Session

## Item I1

**#2004-265 - Approving Economic Development Incentive  
Agreement with Heritage Disposal and Storage LLC**

Staff Contact: Doug Walker

# **Council Agenda Memo**

**From:** Douglas R. Walker, City Attorney

**Meeting:** October 12, 2004

**Subject:** Authorizing the City to Enter Into a Facility Incentive Agreement with Heritage Disposal and Storage

**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. Heritage Disposal and Storage 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 Heritage Disposal and Storage 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 Heritage Disposal and Storage Corporation for a \$100,000 forgivable loan as an incentive to assist with the location of an ammunition disposal facility in the City of Grand Island. A Facility Incentive Agreement has been prepared by the Economic Development Corporation which sets forth the terms under which Heritage Disposal and Storage would receive these benefits. Heritage would receive a \$100,000 forgivable loan which would not have to be repaid if it meets all of the employment targets during the five year period for which the agreement would be in effect. The Facility 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 Heritage Disposal and Storage Corporation 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 Facility Incentive Agreement with Heritage Disposal and Storage.

### **Alternatives**

It appears that 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 Facility Incentive Agreement for inducement grants and benefits.
2. Disapprove or /Deny the Facility Incentive Agreement.
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 Facility Incentive Agreement with Heritage Disposal and Storage.

### **Sample Motion**

Approve the resolution authorizing the city to enter into the Facility Incentive Agreement with Heritage Disposal and Storage.

## FACILITY INCENTIVE AGREEMENT

1. Grand Island Area Economic Development Corporation (Development Corporation), a Nebraska non-profit corporation, and the City of Grand Island, Nebraska (City), hereby agree to provide economic assistance to Heritage Storage and Disposal (Employer) to be used for the purposes of Employer's locating Employer's business within Grand Island, and Hall County, Nebraska, and increasing the number of higher paying jobs to the 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 secures funding necessary to complete the construction and secures a storage contract, and incentive funds are approved through the City of Grand Island, Nebraska Economic Development Fund (Local LB840) program, the City will advance Employer One Hundred Thousand and No/100 Dollars (\$100,000.00). That amount shall be repaid, without interest, by Employer in five (5) equal annual payments of Twenty Thousand and No/100 Dollars (\$20,000.00) each beginning on the first day of the twenty-fourth (24<sup>th</sup>) month after the employer opens for business and continuing on the anniversaries of the first payment due date in each of the following four (4) years, unless repayment is accelerated as hereinafter provided.

However, if for the twelve (12) consecutive months prior to the date each repayment is due under this paragraph 3, Employer maintains eighteen (18) or more full-time equivalent employees the payment which would otherwise become due on that date will be waived by the City and the Development Corporation, subject to the provisions of paragraph 4 below.

4. Notwithstanding any other provisions of this Agreement, Employer agrees as follows: if for any of the five (5) consecutive twelve (12) month periods commencing on the first day of the twelfth (12<sup>th</sup>) month after the execution of this Agreement, Employer fails to continue to employ eighteen (18) full-time equivalent employees, then Development Corporation may declare the unrepaid portion of the advance made under paragraph 3 of this Agreement to be immediately due and repayable to the City together with interest upon the unrepaid balance at the rate of eight percent (8%) per annum from the date that Development Corporation gives notice to the declaration of Employer and continuing until the entire principal and interest is repaid. The number of full-time employees shall be determined as of each anniversary by dividing the total hours employees worked for Employer at Grand Island in the immediately prior twelve (12) month period by 2080 hours.

5. 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.

6. If prior to the seventh (7) anniversary of the execution of this Agreement Employer or its successor discontinues the operation of its business in Grand Island, Hall County, 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 monies theretofore paid by the City to Employer under the provisions of this Agreement less any amounts that have theretofore been repaid by Employer shall immediately be repaid by Employer and the unpaid balance thereof shall bear interest at the rate of eight percent (8%) per annum; provided, however, that the Development Corporation may waive the provisions of this paragraph 6 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.

7. Within two (2) weeks after each anniversary of this Agreement Employer shall furnish Development Corporation with a written annual report certified by Employer and showing the following as of the anniversary date (1) The number of full-time employees employed in Hall County, (2) The number of part-time employees employed in Hall County, (3) The total number of hours employees worked for Employer in Hall County in the twelve (12) month period ending on the anniversary date, (4) The total wages paid to all of Employer's Hall County employees during that same twelve (12) month period and (5) A brief summary of Employer's business activity in Hall County during the year ending on the anniversary date. Furthermore the Development Corporation reserves the right to Audit the Employer's payroll records at anytime throughout the duration of the Agreement.

8. 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 supersede any and all prior agreements and understandings whether written or oral.

9. 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

HERITAGE STORAGE AND DISPOSAL

By \_\_\_\_\_  
Marlan Ferguson, President

By \_\_\_\_\_  
Bonnie Bilderback-Vess, President

CITY OF GRAND ISLAND

By \_\_\_\_\_  
Mayor Jay Vavricek

RESOLUTION 2004-265

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, Heritage Disposal and Storage LLC has applied for a forgivable loan in the amount of \$100,000 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 October 5, 2004 by the Citizens Advisory Review Committee; and

WHEREAS, Heritage Disposal and Storage LLC 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 Heritage Disposal and Storage LLC 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 \$100,000 in economic assistance through a forgivable loan to Heritage Disposal and Storage LLC, a limited liability corporation, to be used for establishing its business at the former Cornhusker Army Ammunition Plant site 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, October 12, 2004.

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RaNae Edwards, City Clerk

Approved as to Form	☐ _____
October 7, 2004	☐ City Attorney