



City of Grand Island

Tuesday, January 10, 2006

Council Session

Item G17

#2006-13 - Approving Addendum to the Memorandum of Understanding with Case New Holland

Staff Contact: Doug Walker

Council Agenda Memo

From: Douglas R. Walker, City Attorney

Meeting: January 10, 2006

Subject: Addendum to Memorandum of Understanding to CNH Agreement

Item #'s: G-17

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

Background

On December 17, 2002, a Memorandum of Understanding (MOU), which was a mutual agreement for inducement loans and benefits to encourage CNH to upgrade and expand their manufacturing facility in Grand Island was approved and executed by the City and Case New Holland North America, Inc. (CNH). Paragraph 17 of the original agreement was subsequently amended by an Addendum to the Memorandum of Understanding executed on April 14, 2005. CNH has now requested that Paragraph 13 of the MOU be amended so that CNH is not required to access the Grand Island Partners Loan (1 (GIPL #1) prior to or simultaneously to seeking the forgivable loan from the City of Grand Island.

Discussion

Since the original MOU was prepared providing incentives for the expansion of the CNH facility south of Stolley Park Road, it has not been necessary for the company to access the funds available through the GIPL loans made available in the MOU and referred to as GIPL #1 and GIPL #2. CNH has requested that the forgivable loan as set forth in paragraphs 9 through 15 of the MOU be made available for an equipment purchase. The MOU requires that the funds available through GIPL #1 be accessed prior to or simultaneously to disbursements of the forgivable loan. The Second Addendum would remove the requirement that the forgivable loan be accessed prior to or simultaneously to obtaining the forgivable loan by revising 13(a) and 13(f) of the MOU. The other requirements for the forgivable loan would remain the same since the loans are from CDBG funds which must meet Nebraska Department of Economic Development requirements as well as some federal requirements.

Alternatives

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

1. Move to approve the Second Addendum to the original MOU with CNH.
2. Refer the issue to a Committee or study session for further discussion.
3. Postpone the issue to future date.
4. Reject the Second Addendum, in which case the requirements of the original MOU would remain in effect.

Recommendation

City Administration recommends that the Council approve the Second Addendum to the Memorandum of Understanding. It appears that the changes requested by CNH are reasonable and will be of greater benefit to the company and the community without having an adverse budgetary impact.

Sample Motion

Motion to approve the Second Addendum to the Memorandum of Understanding (Mutual Agreement for Inducement Loans and Benefits) with Case New Holland North America, Inc., a corporation (CNH).

**SECOND
ADDENDUM
TO
MEMORANDUM OF UNDERSTANDING**

Mutual Agreement for Inducement Loans and Benefits

THIS SECOND ADDENDUM TO AGREEMENT is executed and delivered on _____, 2005, by the CITY OF GRAND ISLAND, NEBRASKA, a Municipal Corporation (City), NEW HOLLAND NORTH AMERICA, INC., a Corporation (CNH), GRAND ISLAND AREA ECONOMIC DEVELOPMENT CORPORATION, a Corporation (EDC), and WELLS FARGO BANK NEBRASKA, a Corporation, as lender of GRAND ISLAND PARTNERS (GIP).

RECITALS

WHEREAS, the above referenced parties entered into a Memorandum of Understanding dated December 17, 2002, (hereinafter referred to as MOU), a copy of which is attached hereto as Exhibit "A" and made a part hereof by reference, for a mutual agreement for inducement loans and benefits for the improvement and development of the CNH facility in Grand Island, Nebraska; and,

WHEREAS, the above referenced parties have also entered into an addendum to the Memorandum of Understanding, Mutual Agreement for Inducement Loans and Benefits on April 14, 2005; and

WHEREAS, the parties hereto are in agreement with the need for a Second Amendment to the MOU.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties do hereby agree and contract as follows:

1. The parties hereto agree that paragraph thirteen of the MOU shall be amended as of the date of this Addendum to the MOU as follows:

13(a). Forgivable Loan funds may be disbursed prior to accepting any disbursements under the GIPL #1.

13(f). The City shall receive written funding commitments from CNH for matching funds for their share of the project.

2. Except as specifically modified by this Addendum to the MOU, all other terms and provisions of the MOU, Mutual Agreement for Inducement Loans and Benefits and the Addendum to Memorandum of Understanding previously executed by and between the parties to the agreement shall remain in full force and effect.

**CITY OF GRAND ISLAND, NEBRASKA,
A Municipal Corporation,**

**NEW HOLLAND NORTH AMERICA, A
INC., A Corporation**

By: _____
Jay Vavricek, Mayor

By: _____
Steven G. Lee, General Manager
New Holland North America, Inc.
Grand Island Plant

ATTEST:

RaNae Edwards, City Clerk

**WELLS FARGO BANK NEBRASKA,
A Corporation, as Lead Lender for
ISLAND PARTNERS,**

**GRAND ISLAND AREA ECONOMIC
DEVELOPMENT CORPORATION,
A Corporation,**

By: _____
Kurt A. Haecker
Community Banking President

By: _____
Kurt A. Haecker, Chairman

RESOLUTION 2006-13

WHEREAS, on December 17, 2002, by Resolution 2002-394, the City of Grand Island approved a Memorandum of Understanding (MOU) with New Holland North America, Inc. (CNH) to lend funds and provide inducements in support of the operation of the Grand Island manufacturing facility; and

WHEREAS, on January 25, 2005, the City Council passed Resolution 2005-25 authorizing an Addendum to the MOU amending Paragraph 17 of the agreement and said addendum was executed on April 14, 2005; and

WHEREAS, CNH has requested that it be given access to the forgivable loan proceeds without borrowing the money made available in the Grand Island Partners Loan No. 1; and

WHEREAS, amending the MOU will enhance the ability of CNH to retain jobs at its Grand Island facility; and

WHEREAS, the Addendum to the Memorandum of Understanding has been reviewed and approved by the City Attorney.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Second Addendum to the Memorandum of Understanding with New Holland North America, Inc. to modify Paragraph 13(a) and 13(f) of the Memorandum of Understanding to remove the requirement that CNH borrow the money made available through GIPL#1 prior to or simultaneous to taking funds of the forgivable loan is hereby approved.

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

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Adopted by the City Council of the City of Grand Island, Nebraska, January 10, 2006.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
January 4, 2006	☐ City Attorney