



City of Grand Island

Tuesday, March 28, 2006

Council Session

Item F6

**#9039 - Consideration of Creating Chapter 38 to the Grand Island
City Code Relative to Economic Development**

Staff Contact: Doug Walker

Council Agenda Memo

From: Douglas R. Walker, City Attorney

Meeting: March 28, 2006

Subject: Creating Chapter 38 of the Grand Island City Code
Relative to Economic Development

Item #'s: F-6

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

Background

One of the goals set this year by city administration, the Mayor and City Council, was to make revisions to the Grand Island City Code to update it to reflect current state law, clarify ambiguity, delete obsolete code sections and reorganize the City Code to make it more usable.

Discussion

The proposed ordinance would reorganize Chapter 2 of the current City Code to move the Economic Development Program in Article IX to a new Chapter 38. This chapter will now have all of the City Code sections relating to the LB840 Economic Development Program for the City of Grand Island. The major points regarding this reorganization are as follows:

- All of the code sections currently in Article IX of Chapter 2 will be in Chapter 38.
- Proposed Section 38-5 has been revised from the current code section 2-110 to reflect that the Citizens Advisory Review Committee would meet semi-annually rather than quarterly.
- Chapter 38 will contain the City of Grand Island Economic Development Program.

Alternatives

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

1. Move to approve the revisions to the City Code as drafted by city staff.
2. Disapprove or deny the ordinance which would revise the City Code in which event the current provisions of the code would remain in effect.
3. Modify the recommendations of city staff for changing the City Code.
4. Take no action on the issue.

Recommendation

City Administration recommends that the Council approve the changes recommended by city staff to create Chapter 38 of the City Code.

Sample Motion

Motion to approve the ordinance creating Chapter 38 of the Grand Island City Code.

CHAPTER 38

ECONOMIC DEVELOPMENT PROGRAM

§38-1. Economic Development Program Adopted

The mayor and city council have by ordinance adopted an economic development program for the City of Grand Island as authorized by the Local Option Municipal Economic Development Act, R.R.S. 1943, §18-2701, et seq. The Economic Development Program of the City of Grand Island is marked as Exhibit "A" attached hereto and incorporated herein by reference.

§38-2. Citizen Advisory Review Committee; Creation and Composition

There is hereby created in and for the city, a Citizen Advisory Review Committee as authorized by the Municipal Economic Development Act, Neb. Rev. Stat. §18-2715. This Committee shall be composed of seven (7) members who shall be registered voters of the city of Grand Island. Four (4) members shall constitute a quorum. The members shall be appointed by the Mayor subject to the approval of the City Council. Three (3) at-large members will be recommended by the Economic Development Corporation to the Mayor. At least one member of the committee shall have expertise or experience in the field of business, finance or accounting.

§38-3. Terms of Citizen Advisory Review Committee Members

The term of office for the members shall be for the ten (10) year life of the economic development plan.

§38-4. Individuals Ineligible for Membership on the Citizen Advisory Review Committee

No member of the citizen advisory review committee shall be an elected or appointed city official, an employee of the city, a participant in a decision-making position regarding expenditures of program funds, or an official or employee of any qualifying business receiving financial assistance under the economic development program or of any financial institution participating directly in the economic development program.

§38-5. Citizen Advisory Review Committee Meetings

The citizen advisory review committee shall hold regular meetings at least ~~semiannually quarterly~~ ~~in January, April, July and October~~ and on other occasions as necessary to review the functioning and progress of the economic development program and to advise the governing body of the city with regard to the program. Special meetings of the citizen advisory review committee shall be held whenever called by the mayor or chairperson of the committee. At least once in every six-month period after the effective date of the ordinance, the committee shall report to the governing body on its findings and suggestions at a public hearing called for that purpose.

§38-6. Citizen Advisory Review Committee Officers

The citizen advisory review committee shall elect its chairperson from its members and shall create and fill such other offices as it may determine. The term of the chairperson shall be two (2) years, with eligibility for reelection.

§38-7. Citizen Advisory Review Committee Vacancies; Removal

Vacancies occurring in the membership of the Citizen Advisory Review Committee, shall be filled by the mayor, by and with the approval of the council for the remainder of the term. Any member of the citizen advisory review committee may be removed from office by the mayor, by and with the approval of the council.

§38-8. Citizen Advisory Review Committee Administration

The City Administrator or his/her designated representative shall be the Program Administrator and shall be responsible for the administration of the Economic Development Program of the City, shall be an ex-officio member of the committee, and shall be responsible for assisting the committee and providing it with necessary information and advice on the economic development program. The City Finance Director will be responsible for providing financial information to the committee and to the auditing firm that does the annual audit.

§38-9. Citizen Advisory Review Committee Audit

The city shall provide for an annual, outside, independent audit of its economic development program by a qualified private auditing business. The auditing business shall not, at the time of the audit or for any period during the term subject to the audit, have any contractual or business relationship with any qualifying business receiving funds or assistance under the economic development program or any financial institution directly involved with a qualifying business receiving funds or assistance under the economic development program. The results of such audit shall be filed with the city clerk and made available for public review during normal business hours.

§38-10. Disclosure of Confidential Information

All trade secrets, academic and scientific research work which is in progress and unpublished or other proprietary or commercial information of a qualifying business participating in the Economic Development Program of the city which if released would give advantage to business competitors and serve no public purpose shall be confidential. Members of the citizen advisory review committee, in their capacity as members and consistent with their responsibilities as members, may be permitted access to business information received by the city in the course of its administration of the economic development program, which information would otherwise be confidential under Section 84-712.05 or by agreement with a qualifying business participating in the economic development program. The mayor and city council shall designate by resolution other persons who are authorized to have access to such confidential business information.

The unauthorized disclosure of any business information which is confidential under Neb. Rev. Stat. 84-712.05 by any person who knowingly releases such confidential information other than to persons who are authorized to have access to such information in accordance with the provisions of this section shall be guilty of a Class III misdemeanor and upon conviction or being found guilty, shall be subject to a maximum imprisonment of three months in the county jail or a fine of five hundred dollars (\$500.00), or both.

ORDINANCE NO. 9039

An ordinance to establish Chapter 38 of the Grand Island City Code; to move the city code article pertaining to the Economic Development Program from Chapter 2 of the Grand Island City Code into Chapter 38 of the Grand Island City Code; to repeal any ordinance or parts of ordinances in conflict herewith; and to provide for publication and the effective date of this ordinance.

WHEREAS, it has been recommended that the city code article contained in Chapter 2 of the Grand Island City Code pertaining to the Economic Development Program be moved into a newly created Chapter 38 of the Grand Island City Code.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA:

SECTION 1. Chapter 38 of the Grand Island City Code is hereby established and approved as set forth in Exhibit "A" attached hereto.

SECTION 2. Any ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 3. The validity of any section, subsection, sentence, clause, or phrase of this ordinance shall not affect the validity or enforceability of any other section, subsection, sentence, clause, or phrase thereof.

SECTION 4. That this ordinance shall be in force and take effect from and after its passage and publication in pamphlet form, within fifteen days in one issue of the Grand Island Independent as provided by law.

ORDINANCE NO. 9039 (Cont.)

Enacted: March 28, 2006.

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

**CITY OF GRAND ISLAND, NEBRASKA
ECONOMIC DEVELOPMENT PROGRAM
General Community and Economic Development Strategy**

In order for Grand Island to continue to grow and prosper, we need to broaden our wealth producing economic base by bringing to our community new employers and helping our existing companies to grow. Unfortunately, communities all across the nation are faced with potential loss of jobs due to mergers, corporate takeovers, and changing economic events. It is becoming increasingly difficult for our community to absorb the loss of this type of employment.

Faced with this challenge, it is the intent of the City to save the existing job opportunities within the community and secure future additional jobs for Grand Island's residents. The formation of an economic development program will provide a mechanism for assisting businesses interested in locating in Grand Island or those interested in expanding their existing businesses. It will take local participation in a financial partnership to develop this new program. Our only means for acquiring the needed funds to carry on an economic development program is through an affirmative vote of the citizens of Grand Island to support this project.

Need and Purpose

An economic development program is a community tool that encourages and stimulates the growth of quality jobs, attracts permanent investment, broadens the tax base, and diversifies the region's economic base that will lead to new opportunities and options for all citizens, ultimately improving the quality of life for all taxpayers in Grand Island and the surrounding region.

Grand Island's best chance of long term growth and prosperity will come with increased diversification with an overall goal of increasing per capita and median household incomes throughout Grand Island and Hall County. Taking into consideration the very low unemployment rates that Hall County has experienced in the 1990's, our focus will be on attracting capital intensive instead of labor intensive businesses – businesses that hire skilled laborers to complement million-dollar production equipment and machinery. In addition, we will be targeting businesses that will provide employment opportunities for those who are underemployed in Hall County and those seeking professional positions.

SECTION I. GENERAL COMMUNITY AND ECONOMIC DEVELOPMENT STRATEGY

The Nebraska Legislature, in the Local Option Municipal Economic Development Act Neb. Rev. Statutes 18-2701, et seq., has made the following legislative findings: (1) there is a high degree of competition among states and municipalities in our nation in their efforts to provide incentives for businesses to expand or locate in their respective jurisdictions; (2) municipalities in Nebraska are hampered in their efforts to effectively compete because of their inability under Nebraska law to respond quickly to opportunities or to raise sufficient capital from local sources to provide incentives for business location and expansion decisions which are tailored to meet the needs of

the local community; (3) the ability of a municipality to encourage business location and expansion has a direct impact not only upon the economic well-being of the community and its residents but upon the whole State as well; and (4) there is a need to provide Nebraska municipalities with the opportunity of providing assistance to business enterprises in their communities, whether for expansion of existing operations or creation of new businesses, by the use of funds raised by local taxation when the voters of the municipality determine that it is in the best interests of their community to do so.

The City of Grand Island faces stiff competition to recruit businesses to the community and to retain businesses that not only are presently operating in the community but also are considered anchors of the economic vitality of the City.

The City, through the Economic Development Corporation, has competed as best it could to bring new business and new well paying jobs to the community, but frankly has less ability to compete by not having available the tools granted by the Local Option Municipal Economic Development Act. The City believes that not having the ability to directly fund economic development activities in the past may have cost jobs and capital investment which otherwise would have been realized. The effect is to hamper growth of the tax base of the City.

Only by adoption of an economic development program can the City of Grand Island directly contribute to economic development projects and thereby compete successfully for location of manufacturing facilities and other businesses to our community and retain those excellent employers currently within our community. The well paying jobs and talented employees employed in these fields are critical to Grand Island. Those jobs are among the highest paying in the community and they attract the most capable and talented people in the work force. Absent approval of the program by the voters, other communities and states could become more attractive as the potential site for business and industry. Grand Island becomes less competitive. The foregoing is a practical example of the underlying basis for the legislative findings set out in the Local Option Municipal Economic Development Act.

The Local Option Municipal Economic Development Act became effective June 3, 1991, and authorizes cities and villages to appropriate and spend local sales tax and property tax revenues for certain economic development purposes. An economic development program formulated by the City to implement this legislation is subject to the vote of the people.

The core of the process involves the formulation of a proposed plan for a local economic development program. The program forms the foundation for the expenditure of local tax revenues for economic development. Because the development and utilization of an economic development program is truly a plan for the community, the Economic Development Fund will be administered by a Citizens' Review Committee appointed by the Mayor and approved by the City Council. The Committee would be comprised of seven members from the community. Three at large members would be recommended for appointment by the Grand Island Area Economic Development Corporation. All members must be registered voters in the city of Grand Island. It is recommended that professionals in the fields of accounting and banking and finance, small business owners, and business professionals be included on the Citizens' Review Committee. At least one member of the Committee shall have expertise or experience in

business finance and accounting as a banker or accountant, at least one member of the Committee shall be a business owner. No member shall be an elected or appointed City Official, an employee of the City, an official or employee of any qualifying business receiving financial assistance under the Program or an official or employee of any financial institution participating directly in the Program. The City Administrator or designee will serve as Liaison to the Economic Development Corporation.

The City has prepared the Program for submission, first to the City Council and, upon Council approval, to the voters of Grand Island. The Legislature of the State of Nebraska has made available through the Act an invaluable tool to recruit new businesses and to retain and expand businesses presently located in a community. The City intends to use this tool to spur further economic development within the City. The City seeks, through the Economic Development Program, to be more competitive or at least as competitive in the economic development area as any other community in this or any other State of comparative size. With voter approval, the provisions of the Program become the basis for funding the economic development program and thereby expanding job opportunities and the tax base in our community.

Through voter approval of the Economic Development Program, the City would be in a position to operate a low-interest, performance based revolving loan fund, provide job creation incentives, equity participation, interest buy downs, acquire commercial and industrial sites, promote their development, and bond the costs of economic development pending sufficient general fund revenues. The City proposes that funding from the City's general fund be dedicated for the economic development program.

SECTION II. STATEMENT OF PURPOSE DESCRIBING GENERAL INTENT AND PROPOSED GOALS

The general intent and goal of the Grand Island Economic Development Program is to provide well paying jobs to the citizens of Grand Island, Nebraska, by encouraging and assisting local businesses to expand as regards job creation and capital investment and to recruit new qualified businesses which results in creation of jobs and expansion of the tax base. The success of the Program will be measured by the number of jobs created and retained for the length of the Program, the total dollars invested in fixed assets, i.e., buildings, new commercial real estate and business equipment and finally, the growth in total valuation in the City. Each project will be considered on its merits, but priority will be given to jobs created and/or retained at or above average wage and benefits for the community.

SECTION III. TYPES OF ECONOMIC ACTIVITIES THAT WILL BE ELIGIBLE FOR ASSISTANCE

A. Definition of Program

Economic Development shall mean any project or program utilizing funds derived from the City's General Fund, which funds will be expended primarily for the purpose of providing direct

or indirect financial assistance to a qualifying non-retail business, the payment of related costs and expenses, and/or through a revolving loan fund. The purpose of the Program is to increase job opportunities and business investment within the community.

B. Eligible Activities

The Economic Development Program may include, but shall not be limited to, the following activities:

- 1) A revolving loan fund from which performance based loans will be made to non-retail qualifying businesses on a match basis from the grantee business and based upon job creation and/or retention, said jobs to be above the average wage scale for the community.
- 2) Public works improvements and/or purchase of fixed assets, including potential land grants or real estate options essential to the location or expansion of a qualifying business or for capital improvements when tied to job creation criteria or when critical to retention of jobs of a major employer within the community, which equity investment may be secured by a Deed of Trust, Promissory Note, UCC filing, personal and/or corporate guarantees or other financial instrument.
- 3) The provision of technical assistance to businesses, such as preparation of financial packages, survey, engineering, legal, architectural or other similar assistance and payment of relocation or initial location expenses.
- 4) The authority to issue bonds pursuant to the Act.
- 5) Grants or agreements for job training.
- 6) Interest buy down agreements or loan guarantees.
- 7) Other creative and flexible initiatives to stimulate the economic growth in the Grand Island area (activities which may be funded through the Economic Development Program or General Fund as authorized by Section 13-315 R.R.S.).
- 8) Commercial/industrial recruitment and promotional activities.
- 9) Payments for salaries and support of City staff or the contracting of an outside entity to implement any part of the Program.
- 10) End Destination Tourism Related Activities.
- 11) Reduction of real estate property taxes for City of Grand Island to stimulate local economy.
- 12) Development of low to moderate income housing.

SECTION IV. DESCRIPTION OF TYPES OF BUSINESSES THAT WILL BE ELIGIBLE

- A. A qualifying business shall mean any corporation, partnership, limited liability company or sole proprietorship that derives its principal source of income from any of the following:
 - 1. The manufacturer of articles of commerce;
 - 2. The conduct of research and development;
 - 3. The processing, storage, transport, or sale of goods or commodities which are sold or traded in interstate commerce as distinguished from goods offered for sale at retail locally;
 - 4. The sale of services in interstate commerce as distinguished from services offered on a local or area basis;
 - 5. Headquarters facilities relating to eligible activities as listed in this section;
 - 6. Telecommunications activities; or
 - 7. End Destination Tourism-Related Activities.
- B. A qualifying business must be located within the zoning jurisdiction of the city unless a variance is granted for special circumstances.
- C. Any other business deemed a qualifying business through future action of the Legislature.

SECTION V. REVOLVING LOAN FUND

- A. The amount of funds available for any single project shall not exceed the amount of funds available under the Economic Development Program during the project term, nor shall it provide for more than fifty percent (50%) of total project costs. An applicant must provide participation and evidence of participation through private funding as distinguished from federal, state, or local funding in the minimum amount of fifteen percent (15%) equity investment. The right is reserved to negotiate the terms and conditions of the loan with each applicant, which terms and conditions may differ substantially from applicant to applicant.
- B. The interest rate shall be negotiated on an individual basis. The term shall not exceed fifteen (15) years for loans used for real estate and building assets and not to exceed seven (7) years for loans involving any other asset category such as furniture, fixtures, equipment or working capital. Security for loans will include, but will not be limited to, Promissory Notes, a Deed of Trust, UCC filings and personal and/or corporate guarantees as appropriate and may be in a subordinate position to the primary commercial or government lender.
- C. If the loan is approved as performance based, a qualifying business may be approved to recapture on a grant basis a portion of the loan amount to be determined by the Economic

Development Corporation based upon job creation or retention and economic impact of the project to the community.

- D. A loan repayment schedule providing for monthly, quarterly or annual payments will be approved in conjunction with project approval. Repayments will be held in a revolving reuse loan fund for future projects as approved.
- E. The City Administrator or his designee is responsible for auditing and verifying job creation and retention and determines grant credits toward any loans made. No grant credits are available unless pre-approved in the initial application and project approval and no grant credits are available beyond the level initially approved.
- F. The Revolving Loan Fund and its portfolio of loan funds will be audited annually by a selected firm of certified public accountants. The audits will be funded by the Economic Development Fund and the findings will be presented to the Citizens' Review Committee.
- G. The City Administrator or his/her designee will be the Program Administrator. The Finance Director will be responsible for the financial and auditing portions of the plan.

SECTION VI. SOURCE OF FUNDING

The Program will be funded from local sources of revenue, including property taxes and/or sales taxes, contained in the City's general fund. The City shall not appropriate from these funds for approved Economic Programs, in any year during which such programs are in existence, an amount in excess of four-tenths of one percent of actual valuation of the City of Grand Island in the year in which the funds are collected, and further, will be subject to the limitation that no city of the First Class shall appropriate more than two million dollars in any one year. The City of Grand Island shall appropriate \$750,000 annually for the Economic Development Program. The restrictions on the appropriation of funds from local sources of revenue shall not apply to the re-appropriation of funds that were appropriated but not expended during the previous fiscal years. If, after five full budget years following initiation of the approved Economic Development Program, less than fifty percent of the money collected from local sources of revenue is spent or committed by contract for the Economic Development Program, the governing body of the City shall place the question of the continuation of the City's Economic Development Program on the ballot at the next regular election.

A. Time Period for Collection of Funds

Annual funding for the program, \$750,000 per year, will come from the City's General Fund. These funds will be allocated commencing with the FY 2003-2004 budget year, beginning October 1, 2003 and will continue for 10 years.

B. Time Period for Existence of the Program

The Economic Development Program will be in effect beginning October 1, 2003 and will continue for 10 years.

C. Proposed Total Collections from Local Sources

<u>Fiscal Year</u>	<u>Estimated Collections</u>
2003-2004	\$750,000 (General Fund revenues)
Every year for 9 years thereafter	\$750,000 (General Fund revenues)

The total amount of City General Fund revenues to be committed to the Economic Development Fund Program for 10 years is \$7,500,000.

D. Basic Preliminary Proposed Budget

It is anticipated that the proposed annual total budget of \$750,000 will be allocated to the Economic Development Fund. Any funds not expended in the revolving loan category will be used to fund the other eligible activities as set out in Section III above.

SECTION VII. APPLICATION PROCESS FOR FINANCIAL ASSISTANCE TO BUSINESSES

A. Application Process and Selection of Participants:

Businesses seeking assistance will be required to:

1. Complete an application which may be obtained from the Grand Island Area Economic Development Corporation or the City of Grand Island.
2. Submit the completed application together with all information as set out below to the Grand Island Area Economic Development Corporation or the City of Grand Island. Following review by the Economic Development Corporation Executive Board and Citizens' Advisory Review Committee, an overview of the proposed application for assistance will be forwarded by the Citizens' Advisory Review Committee to the Mayor and City Council. The overview shall contain sufficient information in order for the elected officials to make an informed decision yet maintain confidentiality of information that, if released, could cause harm to such business or give unfair advantage to competitors. The City Council will approve or deny the application.
3. The Program Administrator will coordinate with the Economic Development President to notify any applicant whose application is not approved. Such applicant may request in writing that the application, with the recommendation not to approve, be forwarded to the City Council for re-consideration.

B. Information Required:

The qualifying business shall provide the following information before any application is considered by the Economic Development Executive Board and the Citizens' Advisory Review Committee:

Sole Proprietorship:

- 1). Submit a Grand Island Economic Development Loan Fund Application
- 2). Business Plan
- 3). Two years complete Individual Federal Tax Returns (signed)
- 4). Current Year to Date Profit and Loss Statement
- 5). Recent Balance Sheet (signed)
- 6). Other information as requested

"S" Corporation:

- 1). Submit a Grand Island Economic Development Loan Fund Application
- 2). Business Plan
- 3). Two years complete Individual Federal Tax Returns, if over 25% ownership (signed)
- 4). Two years complete Corporate Tax Returns (signed)
- 5). Current year to Date Profit and Loss Statement (signed)
- 6). Recent Balance Sheet (signed)
- 7). Other information as requested

"C" Corporation:

- 1). Submit a Grand Island Economic Development Loan Fund Application
- 2). Business Plan
- 3). Two years complete Individual Federal Tax Returns (signed), if over 25% ownership
- 4). Two years complete Corporate Tax Returns (signed)
- 5). Current year to Date Profit and Loss Statement (signed)
- 6). Recent Balance Sheet (signed)
- 7). Other information as requested

General Partnership:

- 1). Submit a Grand Island Economic Development Loan Fund Application
- 2). Business Plan
- 3). Two years complete Individual Federal Tax Returns, if over 25% partnership (signed)
- 4). Two years complete Partnership Tax Returns (signed) and K-1s for all partners
- 5). Current year to Date Profit and Loss Statement (signed)
- 6). Recent Balance Sheet (signed)
- 7). Other information as requested

Limited Partnerships:

- 1). Submit a Grand Island Economic Development Loan Fund Application
- 2). Business Plan
- 3). Two years complete Individual Federal Tax Returns (signed) and K-1s for all partners
- 4). Complete copy of Partnership Agreement for Partnership
- 5). Other information as requested

Limited Liability Companies:

- 1). Submit a Grand Island Economic Development Loan Fund Application
- 2). Business Plan
- 3). Two years complete Individual Federal Tax Returns (signed)
- 4). Two years complete Entity Tax Returns (signed) and K-1s for all partners
- 5). Current Year to Date Profit and Loss Statement
- 6). Recent Balance Sheet (signed)
- 7). Other information as requested

C. Verification Process:

- 1). Credit check
- 2). Dun and Bradstreet Credit Report
- 3). Examine information required
- 4). Examine internal records
- 5). Obtain oral and written verification of application information
- 6). Other investigations as may be deemed necessary

SECTION VIII. PROCESS TO ENSURE CONFIDENTIALITY OF BUSINESS INFORMATION RECEIVED

In the process of gathering information about a qualifying business, the Economic Development Corporation and City may receive information about the business that is confidential and, if released, could cause harm to such business or give unfair advantage to competitors. The Economic Development Corporation and City shall endeavor to maintain the confidentiality of business records that come into its possession.

To protect businesses applying for assistance and to encourage them to make full and frank disclosure of business information relevant to their application, the Economic Development Corporation and City will take the following steps to ensure confidentiality of the information it receives:

- 1) The adoption of a City ordinance that makes such information confidential and punishes disclosure.

- 2) A restriction of the number of people with access to the files which files will be maintained in the Economic Development Corporation Office, who shall be primarily responsible for their safekeeping and any distribution of information contained therein, and
- 3) Require personnel involved in the Program Review, including Economic Development President, secretarial staff assisting the President, Citizens' Advisory Committee, and City staff, to sign statements of confidentiality regarding all personal and private submittals by qualified businesses.

SECTION IX. ADMINISTRATION SYSTEM FOR ECONOMIC DEVELOPMENT PROGRAM

A. Program Administration

- 1). The Program Administrator will serve as ex-officio member of the Citizens' Advisory Review Committee hereinafter established, which Committee will hold regular meetings to review the functioning and process of the Economic Development Program and advise the governing body of the City with regard to the Program.
- 2). The Program Administrator, in cooperation with the Economic Development President, will review on a regular basis the progress of ongoing projects to ensure the qualifying businesses are complying with the terms of any approved project.
- 3). The Economic Development President and the Program Administrator will advise the Mayor and City Council as regards the status of ongoing projects in the Economic Development Program.
- 4). A 3% fee will be retained by the City of Grand Island for program administration. The 3% fee will be retained in the City's general fund.

SECTION X. PROCESS TO ASSURE LAWS, REGULATIONS AND REQUIREMENTS ARE MET BY THE CITY AND QUALIFYING BUSINESSES

The City will assure that all applicable laws, regulations, and requirements are met by the City and the qualifying businesses that will receive assistance as follows:

A. Program Review

The Ordinance establishing the Program shall provide for the creation of a Citizens' Advisory Committee to:

- 1). Review the functioning and progress of the Economic Development Program at regular meetings as set forth by ordinance and to advise the governing body of the City with regard to the Program, and

- 2). Report to the City Council on its findings and suggestions at a public hearing called for that purpose at least once in every six-month period after the effective date of the ordinance.

B. Monitor Participating Businesses

The Program Administrator in cooperation with the Economic Development President or appointed contract loan administrator will conduct reviews on a regular basis to ensure that qualifying businesses are following the appropriate laws and regulations and meeting the terms and conditions of assistance.

C. Monitor Regulatory Changes

The City Attorney will be responsible for keeping the City informed of relevant changes in the law that could affect the Economic Development Program and will review Agreements, Deeds, Leases, Deeds of Trust, Promissory notes, security documents, personal and/or corporate guarantees and other documents relating to specific projects or to the Program as a whole.

- D. The City shall provide for an annual, outside, independent audit of its Economic Development Program by a qualified private auditing business.

SECTION XI. PURCHASE OF REAL ESTATE OR OPTION TO PURCHASE

If and when real estate is to be purchased or optioned by the City under the Program, it should meet the following general criteria:

- 1). Be properly zoned with no excessive easements, covenants, or other encumbrances, and
- 2). Should conform and be able to be re-zoned to comply with the City's or County's Comprehensive Plan.
- 3). Can be located either within or outside of the City limits.

The proceeds from the future sale of such land would be returned to the Economic Development Program Fund for reuse for any activities eligible in the Program or for additional land purchases.

SECTION XII. INVESTMENT OF ECONOMIC DEVELOPMENT FUND

The City will establish a separate Economic Development Program Fund. All funds derived from local sources of revenue for the Economic Development Program, any earnings from the investment of such funds, any loan payments, any proceeds from the sale by the City of assets purchased by the City under its Economic Development Program, or other money received by the City by reason of the Economic Development Program shall be deposited into the Economic

Exhibit "A"

Development Fund. No money in the Economic Development Program Fund shall be deposited in the General Fund of the City except as provided by statute. A 3% administrative fee will be retained by the City for program administration. This fee will be retained in the General Fund. The City shall not transfer or remove funds from the Economic Development Fund other than for the purposes prescribed in the Act and this Program, and the money in the Economic Development Fund shall not be co-mingled with any other City funds. Any money in the Economic Development Fund not currently required or committed for the purposes of Economic Development shall be invested as provided in Section 77-2341 R.R.S. Nebraska. In the event the Economic Development Program is terminated, any funds remaining will be transferred as provided by statute to the General Fund of the City and will be used on an installment basis to reduce the property tax levy of the City as provided by the Act.

Adopted by Ordinance No. 8830 on July 22, 2003
Amended by Ordinance No. 8832 on August 12, 2003