



City of Grand Island

Tuesday, August 08, 2006

Council Session

Item I2

#2006-227 - Consideration of Economic Development Incentive Agreement with J.C. Doyle, Ltd.

Staff Contact: Marlan Ferguson, EDC President

Council Agenda Memo

From: Dale M. Shotkoski, Interim City Attorney

Meeting: August 8, 2006

Subject: Authorizing the City to Enter Into an Incentive Agreement for Inducement Grants and Benefits to J.C. Doyle, Ltd.

Item #'s: I-2

Presenter(s): Dale M. Shotkoski, Interim 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. J.C. Doyle, Ltd. 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 J.C. Doyle, Ltd. 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 J.C. Doyle, Ltd., for a \$20,000 forgivable loan as an incentive to assist with the production of computer software 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 J.C. Doyle, Ltd. would receive these benefits. J.C. Doyle, Ltd. would receive a \$20,000 forgivable loan which would not have to be repaid if J.C. Doyle, Ltd. 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 J.C. Doyle, Ltd. 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 J.C. Doyle, Ltd..

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 J.C. Doyle, Ltd..

Sample Motion

Approve the resolution authorizing the city to enter into the incentive agreement for inducement grants and benefits with J.C. Doyle, Ltd.



GRAND ISLAND AREA
ECONOMIC
 DEVELOPMENT CORPORATION

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P.O. Box 1151

GRAND ISLAND, NE 68802-1151

PROJECT APPLICATION FOR ECONOMIC DEVELOPMENT PROGRAMS

1. Applicant Business Name J. C. Doyle, Inc./LTD

Address 2312 S. Locust, Grand Island, NE 68801

Telephone (308) 384-5380

Email Address jerry@jcdoyle.com

Business Contact Person Jerry Wissing

Telephone (308) 380-0743

2. Business Organization: Corporation Partnership
 Proprietor Other

3. Business Type: Startup Existing
 Business Buyout Spec Building
 Other

4. Project Location: Within the city limits of Grand Island, Nebraska
 Outside the city limits, but within the 2 mile zoning jurisdiction
 Outside the zoning jurisdiction of Grand Island in (county) _____

5. Product or Services Provided: J.C. Doyle offers software solutions for business applications. J.C. Doyle serves many cooperatives and grain companies throughout Nebraska with software and hardware support.

6. Project Description: J.C. Doyle is converting the 20 year old software product with the use of Java and a real time relational database.

7. Project Timetable: This project has been underway for sometime now - 3 years - completion is within one year.

8. Employment Information:

Current number of employees 11

Proposed number of employees 21

What is the average hourly wage for all employees? \$18.00

Number of new jobs to be created 10

What would be the average hourly wage for new jobs? \$12-13 per hour

Number of jobs to be retained, if any 21

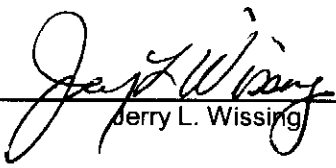
Please describe all benefits which the business provides to employees:

Health Insurance, Vacation, Sick Pay, Simple IRA, Flexible work schedules

9. Financing/Incentives Requested: We are currently working to obtain an SBA loan
through Five Points Bank. We are also considering making application to the State of
Nebraska utilizing the new Nebraska Advantage incentive package.
At this time would like to see assistance come from the Grand Island Area Economic
Development Corp. in the way of LB-840 funding. Any denomination of assistance would
greatly be appreciated.

NOTE: Additional Information may be required and made part of this application by attachment.

To the best of my knowledge, this application and supporting information is accurate, and may be relied upon by representatives of the Grand Island Area Economic Development Corporation (GIAEDC).

By: 
Jerry L. Wissing
Vice President
Title

Date: 06/21/2006

Grand Island Area Economic Development LB-840 Project Application

Project Name: J.C. Doyle

Date Referred to Grand Island Area Economic Development Board: 7-13-06

Approved: X Disapproved: _____ Date: 7-13-06

Comments: _____

Signature of President: Marian Ferguson
Marian Ferguson

Date Referred to Citizen's Review Committee: 7-26-06

Approved: ✓ Disapproved: _____ Date: 7/26/06

Comments: _____

Signature of Chairman: [Signature]
Tim White

Date Referred to City Council: _____

Approved: _____ Disapproved: _____ Date: _____

Comments: _____

Signature of Mayor: _____
Jay Vavricek

ECONOMIC DEVELOPMENT AGREEMENT

In reliance upon the business plan of J.C. Doyle, Ltd. (Employer) which will have a beneficial economic impact upon the Grand Island area by increasing employment opportunities, the City of Grand Island (The City) and the Grand Island Area Economic Development Corporation (the Development Corporation) hereby agree to provide Employer with the assistance described in this Economic Development Agreement. Employer hereby accepts the economic assistance expressly set forth below and agrees to the terms and conditions hereof, including, without limitation, the terms and conditions of repayment.

Section 1

BUSINESS PLAN

Employer is an existing company located in Grand Island which provides computer software and maintenance thereof to businesses. Employer's software applications provide operations for all business accounting, including grain accounting, equity and patronage accounting for co-operatives.

Employer represents that it is in the process of completing and refining a new software system. When the new system is complete Employer will need to increase its staff. Employer intends to hire not less than five (5) new employees in the first twelve (12) months after it receives the forgivable loan contemplated by this Economic Development Agreement and an additional five (5) new employees in the next consecutive twelve (12) months. The beginning wage ratio for the new employees will be in the \$12.00 to \$13.00 per hour range. Employer's present eleven (11) employees' average wage is \$18.00 per hour.

Section 2

TERMS USED HEREIN

As used in this Economic Development Agreement the following words and phrases shall mean the following:

1. Employees means the number of fulltime equivalent persons employed by Employer in Grand Island, Nebraska, as of the end of the Measuring Year and determined as follows: divide (i) the total number of regular time hours that Employer paid

Employees to work during the Measuring Year [including forty (40) hours per week for each week worked by each salaried Employees] by (ii) 2080.

2. The Base Year means the twelve (12) calendar months ending upon the last day before the beginning of the first Measuring Year.

3. The first (1st) Measuring Year shall begin upon the first day of the next month after Employer receives The Advance under the provisions of Section 4, paragraph 1, below, and end on the last day of the twelfth (12th) consecutive calendar month thereafter. The subsequent Measuring Years shall have the same fiscal year as the first Measuring Year.

4. Employment Certificate means a written statement certified to be true and correct by the President of Employer and attested by its chief accountant. It shall be delivered to the Development Corporation within fifteen (15) days after the close of the Base Year and within fifteen (15) days after the close of each Measuring Year thereafter. It shall state (i) the total number of hours for which Employer paid hourly Employees and (ii) the number of salaried Employees and the number of weeks each were employed by Employer at Grand Island, Nebraska, during the applicable Base or Measuring Year.

Section 3

EMPLOYMENT REQUIREMENTS

Employer shall meet each of the following requirements:

1. Employer shall have had eleven (11) Employees during the Base Year.

2. During the first (1st) Measuring Year Employer shall increase the number of its employees to sixteen (16).

3. During the second (2nd) Measuring Year Employer shall (i) maintain a minimum of sixteen (16) employees at all times and (ii) increase the number of its employees to twenty-one (21) by the end of that Measuring Year.

4. During the third (3rd) Measuring Year Employer shall maintain a minimum of twenty-one (21) employees at all times.

5. For each of Measuring Years four (4) and five (5) Employer shall maintain a minimum of twenty-one (21) employees at all times.

Section 4

MONETARY ADVANCES

1. Not later than the last day of the month in which Employer (i) notifies the Development Corporation in writing that Employer is implementing the Business Plan at Grand Island, Nebraska and (ii) submits its Employment Certificate for the Base Year and funds are approved under The City's Economic Development Program, The City will advance Employer Twenty Thousand and No/100 Dollars (\$20,000.00) (The Advance).

2. If Employer meets the requirement of paragraph 3(i) of Section 3, above, Development Corporation will forgive repayment by Employer of Five Thousand and No/100 Dollars (\$5,000.00) of the Advance.

3. If during the third (3rd) Measuring Year Employer meets the requirement of paragraph 4 of Section 3, above, Development Corporation will forgive repayment by Employer of Five Thousand and No/100 Dollars (\$5,000.00) of the Advance.

4. If during the fourth (4th) Measuring Year Employer meets the requirement of paragraph 4 of Section 3, above, Development Corporation will forgive repayment by Employer of Five Thousand and No/100 Dollars (\$5,000.00) of the Advance.

5. If during the fifth (5th) Measuring Year Employer meets the requirement of paragraph 4 of Section 3, above, Development Corporation will forgive repayment by Employer of Five Thousand and No/100 Dollars (\$5,000.00) of the Advance.

6. If Employer fails to meet the Employee requirements set forth in Section 3 for any Measuring Year, then the total of any amounts forgiven under the provisions of this Section for prior years performance shall be deducted from The Advance and Employer shall repay the balance to The City. The balance shall become due on the last day of any Measuring Year for which the requirements of that Measuring Year or any prior Measuring Year were not attained or became unattainable and shall be paid with interest on the unpaid balance at the rate of eight (8%) per annum until paid in full.

Section 5

LEGAL EFFECT

1. Notwithstanding any other provision of this agreement Employer agrees as follows:

(a) If Employer is merged into or with any other corporation, limited liability company or partnership, the provisions of this agreement shall continue in full force and effect and shall be binding upon the surviving organization.

(b) If Employer or its successor discontinues the primary operation of its business in Grand Island, Nebraska, by reason of the transfer 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 and the City may waive the provisions of this subparagraph (b) if a transferee of all of Employer's assets which is acceptable to Development Corporation agrees in writing to assume the obligations of Employer hereunder.

2. Upon request of Development Corporation, Employer, and its successors, shall furnish any additional documentation Development Corporation deems necessary to confirm that Employer has met its obligations under this Economic Development Agreement.

3. Notwithstanding any other provisions of this document, this Economic Development Agreement will expire on November 30, 2006, and be of no further force or effect if Employer has not taken the action required by paragraph 1 of Section 4 prior to that date.

4. The contents of this Economic Development Agreement contain all of the agreements and understandings between the Development Corporation, The City and Employer relative to the provisions hereof and the specified repayment and supersedes any and all prior agreements and understandings whether written or oral concerning economic development grants or incentives.

5. The provisions of this agreement are fully binding upon the Development Corporation, The City and upon Employer and upon their respective successors.

Dated this _____ day of July, 2006.

GRAND ISLAND AREA ECONOMIC
DEVELOPMENT CORPORATION

By Marlan Ferguson
Marlan Ferguson, President

J.C. DOYLE, LTD,
Employer

By Jerry Wissing
Jerry Wissing
Title Vice President

THE CITY OF GRAND ISLAND

By _____
Jay Vavricek, Mayor

RESOLUTION 2006-227

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, J.C. Doyle, Ltd. has applied for a forgivable loan in the amount of \$20,000 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 July 26, 2006 by the Citizens Advisory Review Committee; and

WHEREAS, J.C. Doyle, Ltd. 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 J.C. Doyle, Ltd. 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 J.C. Doyle, Ltd. to provide \$20,000 in economic assistance through a forgivable loan to J.C. Doyle, Ltd. to be used to expand its existing computer software and maintenance operations.

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, August 8, 2006.

Jay Vavricek, Mayor

Attest:

Approved as to Form	☐ _____
August 3, 2006	☐ City Attorney

RaNae Edwards, City Clerk