



# City of Grand Island

Tuesday, May 22, 2007

Council Session

## Item I2

**#2007-130 - Consideration of Economic Development Incentive Agreement with Hornady Manufacturing, Inc.**

Staff Contact: Marlan Ferguson, EDC President

# **Council Agenda Memo**

**From:** Dale M. Shotkoski, City Attorney

**Meeting:** May 22, 2007

**Subject:** Approving Economic Development Incentive Agreement with Hornady Manufacturing, Inc.

**Item #'s:** I-2

**Presenter(s):** Dale M. Shotkoski, City Attorney

## **Background**

At the May 2003 special election, the voters of the City of Grand Island approved LB840 funding to enable the city to extend economic development incentives through the Grand Island Economic Development Corporation. The Economic Development Corporation has received an application from Hornady Manufacturing, Inc. for job incentives towards training new employees at their facility located in Grand Island, Nebraska.

## **Discussion**

Hornady Manufacturing, Inc. has submitted an application (attached) for economic development incentives, which would include \$2,000 per employee for job creation, for a total of \$154,000. Hornady Manufacturing, Inc. states in its application that it intends to hire 77 additional employees by May 1, 2009.

The application of Hornady Manufacturing, Inc. meets all the criteria for extending economic incentives and has been approved by the Executive Board of the Economic Development Corporation and by the Citizens Review Committee. Both the Economic Development Corporation Executive Board and the Citizens Review Committee have approved this application and is now being forwarded to the City Council for final consideration.

## **Alternatives**

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

1. Move to approve the Economic Development Agreement with Hornady Manufacturing, Inc.
2. Do not approve the Economic Development Agreement with Hornady Manufacturing, Inc.
3. Postpone the issue to future date.
4. Take no action on the issue.

### **Recommendation**

City Administration recommends that the Council approve the resolution authorizing the city to enter into the Economic Development Agreement with Hornady Manufacturing, Inc.

### **Sample Motion**

Motion to approve the resolution authorizing the city to enter into the Economic Development Agreement with Hornady Manufacturing, Inc.



## PROJECT APPLICATION FOR ECONOMIC DEVELOPMENT PROGRAMS

1. Applicant Business Name Hornady Manufacturing, Inc.

Address 3625 Old Potash Highway, Grand Island, NE 68803

Telephone ( 308 ) 382-1390

Email Address mkroeker@hornady.com

Business Contact Person Mark Kroeker

Telephone ( 308 ) 382-1390 Ext 227

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: Like so many successful companies, Hornady Mfg. was born out of one man's vision of a better product for his own use. The first year yielded total sales of only \$10,000 - a figure that increased three-fold over the first decade. By 1958, the company had moved from the rented garage, to our present location. The number of full-time employees increased to 40. Today Hornady Mfg. has over 180 employees, and occupies over 70,000 sq. ft. of a plant that in a single day produces more bullets than the entire first year's production. Our market includes not only the United States, but much of Canada, Europe, Australia, Iceland, New Zealand, and parts of Africa.

6. Project Description: largest independent producer of bullets and home reloading presses.

7. Project Timetable: By the end of 2008, Hornady Mfg. is expected to complete its building expansion with several new machines and presses. By May 1, 2009, an additional 77 new employees will be hired to staff a newly created second shift.

8. Employment Information:

Current number of employees	<u>182</u>	(full-time equivalent)
Proposed number of employees	<u>259</u>	(full-time equivalent)
What is the average hourly wage for all employees?	<u>\$20.40</u>	
Number of new jobs to be created	<u>77</u>	(full-time equivalent)
What would be the average hourly wage for new jobs?	<u>\$13.70</u>	
Number of jobs to be retained, if any	<u>259</u>	(full-time equivalent)

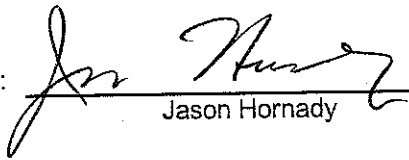
Please describe all benefits which the business provides to employees:

Hornady Mfg. offers its employees company paid personal days, profit sharing, education reimbursement, and Short Term Disability Ins. In addition, we offer health, life, dental, long term disability, and retirement plan. As other fringe benefits, a flexible spending account and optional life insurance for spouse/dependents.

9. Financing/Incentives Requested: The addition of a second shift and adding onto our  
existing location is a major investement. It is at this time we are requesting \$2,000/new  
hire, not to exceed 77 new hires for a total incentive of \$154,000.00.

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:   
Jason Hornady  
Vice President  
Title

Date: 4-30-07

## Grand Island Area Economic Development LB-840 Project Application

Project Name: Hornady Manufacturing, Inc.

Date Referred to Grand Island Area Economic Development Board: 30-Apr-07

Approved: x Disapproved: \_\_\_\_\_ Date: \_\_\_\_\_

Comments: It is amazing that a company which started out in a garage right here in Grand Island now  
will have over 250 employees. We are pleased that Hornady Mfg. chose to remain and  
grow here in Grand Island.

Signature of President: Marlan Ferguson  
Marlan Ferguson

Date Referred to Citizen's Review Committee: May 15, 2007

Approved: X Disapproved: \_\_\_\_\_ Date: 5/15/07

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Signature of Chairman: Tim White  
Tim White

Date Referred to City Council: \_\_\_\_\_

Approved: \_\_\_\_\_ Disapproved: \_\_\_\_\_ Date: \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature of Mayor: \_\_\_\_\_

Margaret Hornady

Robert Meyer, Council President

## ECONOMIC DEVELOPMENT AGREEMENT

In reliance upon the business plan of Hornady Manufacturing, Inc. (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 manufacturer's bullets and ammunition reloading presses. Its products are sold throughout the United States and in many foreign countries.

Employer represents that it is in the process of completing the expansion of its manufacturing building and the installation of new machines and presses. Upon the completion of this project Employer will add a second shift or workers to its fulltime employees. It expects to create seventy-seven (77) new local jobs at an average wage of \$13.70 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 first (1st) Measuring Year shall begin upon the first day of May, 2007 and end on April 30, 2008. 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 each Measuring Year. 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 at least one hundred eighty-two (182) Employees during the first Measuring Year.

2. During the second (2nd) Measuring Year Employer shall (i) maintain a minimum of one hundred eighty-two (182) employees at all times and (ii) increase the number of its employees to two hundred fifty-nine (259) by the end of that second (2nd) Measuring Year.

3. During each of the third (3rd), fourth (4th) and fifth (5th) Measuring Years Employer shall maintain a minimum of two hundred fifty-nine (259) employees at all times.

### Section 4

#### MONETARY ADVANCES

1. Within thirty (30) days after Employer submits its Employment Certificate showing that it employed not less than one hundred eighty-two (182) employees on May 1, 2007, and funds are approved under The City's Economic Development Program, The City will advance Employer One Hundred Fifty-four Thousand and No/100 Dollars (\$154,000.00) (The Advance).

2. If Employer meets the required employment of two hundred fifty-nine (259) employees by April 30, 2009, and

continuously maintains its employees at or about that level through April 30 in each of the years 2010, 2011 and 2012 then not later than thirty (30) days after the Development Corporation receives the required Employment Certificate for each year, The City will notify Employer that Fifty-three Thousand Three Hundred Thirty-three and 33/100 Dollars (\$53,333.33) of The Advance is then forgiven and Employer shall thereafter have no obligation to repay that amount to The City.

3. If Employer fails to meet the Employment Requirements set forth in Section 3 for any Measuring Year, then the total of any amounts (in any) forgiven under the provisions of paragraph 2 of this Section 4 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 six (6%) 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 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. 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 7<sup>th</sup> day of May, 2007.

GRAND ISLAND AREA ECONOMIC  
DEVELOPMENT CORPORATION

By Marlan Ferguson  
Marlan Ferguson, President

HORNADY MANUFACTURING, INC.  
Employer

By Jason Hornady  
Jason Hornady,  
Vice President

THE CITY OF GRAND ISLAND

By \_\_\_\_\_  
Robert Meyer, President  
Grand Island City Council

RESOLUTION 2007-130

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, Hornady Manufacturing, Inc. has applied for a forgivable loan in the amount of \$154,000.00 towards the training of new employees 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 May 15, 2007 by the Citizens Advisory Review Committee; and

WHEREAS, Hornady Manufacturing, Inc. 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 Hornady Manufacturing, 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 Economic Development Agreement by and between the City, the Grand Island Area Economic Development Corporation and Hornady Manufacturing, Inc., to provide \$154,000.00 in economic assistance to Hornady Manufacturing, Inc., to be used for expanding its business at 3625 West Old Potash Highway in Grand Island is hereby approved.

BE IT FURTHER RESOLVED, that the President of the City Council 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, May 22, 2007.

Attest:

\_\_\_\_\_  
Robert Meyer, President  
City Council

\_\_\_\_\_  
RaNae Edwards, City Clerk

Approved as to Form	<input type="checkbox"/>	_____
May 17, 2007	<input type="checkbox"/>	City Attorney