



City of Grand Island

Tuesday, December 15, 2009

Council Session

Item I2

#2009-327 - Consideration of Economic Development Incentive Agreement with Structured Solutions, Inc.

Staff Contact: Jeff Pederson

Council Agenda Memo

From: Jeff Pederson, City Administrator

Meeting: December 15, 2009

Subject: Approving Economic Development Incentive Agreement with Structured Solutions, Inc.

Item #'s: I-2

Presenter(s): Jeff Pederson, City Administrator

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 Structured Solutions, Inc. to locate an expansion business. On November 12, the Executive Board of the GIEDC approved submission of the attached Economic Development Agreement to the Citizens Review Committee for consideration and recommendation. The CRC met on December 8 and approved the request and Agreement for recommendation to the City Council for final action and approval.

Discussion

Structured Solutions, Inc., a highly technical computer database business that intends to provide an integrated loan management system, submitted the required application (see attached) for the amount of \$600,000. Proposed is the creation of 200 new jobs over the next three years with an average hourly wage of \$17.50 to \$28.65.

Structure Solutions, Inc., is a California company with a business plan to market and support a leading next-generation integrated loan management system that integrates best practice origination, services, collection, recovery management, asset management, document management and accounting in one on-demand web-based platform. At the core of the platform is a centralized notes system, role based workflow, and analysis engine. Structured Solutions, Inc. allows businesses to run more efficiently and profitably by eliminating errors, improving communications, and providing a single-source for

operational, financial, and risk-management information. Initial operations in Grand Island would take place in an existing facility that will be leased by the company.

Details of the forgivable loan can be found in the attached Economic Development Agreement. Due to capital needs of the company, the entire incentive package of \$600,000 would be provided up front rather than distributed over the course of the three-year job creation period as has been customary in previous loans.

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 Structured Solutions, Inc.
2. Do not approve the Economic Development Agreement with Structured Solutions, Inc.
3. Postpone the issue to future date.
4. Take no action on the issue.

Recommendation

City Administration recommends that the Council consider the resolution authorizing the City to enter into the Economic Development Agreement with Structured Solutions, Inc.

Sample Motion

Move to approve the resolution authorizing the City to enter into the Economic Development Agreement with Structured Solutions, Inc.



PROJECT APPLICATION FOR ECONOMIC DEVELOPMENT PROGRAMS

1. Applicant Business Name Structured Solutions, Inc.

Address c/o Grand Island Area Economic Development Corp.

Telephone () 381-7500

Email Address _____

Business Contact Person Robert Yuan, President/CEO

Telephone () TBD

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: Leading next-generation integrated loan management (ILM) system that integrates best practice origination, servicing, collections, recovery management, asset management, document management, and accounting in one on-demand web-based platform.

6. Project Description: At the core of the platform is a centralized notes system, role based workflow, and analysis engine. Structured Solutions, Inc. allows your business to run more efficiently and profitably by eliminating errors, improving communications, and providing a single-source for operational, financial, and risk-management information.

7. Project Timetable: Expanding company. G.I. operations to start First Quarter 2010. Over the next three years, will hire 200 employees.

8. Employment Information:

| | | |
|---|----------------------------|------------------------|
| Current number of employees | <u>0</u> | (full-time equivalent) |
| Proposed number of employees | <u>200</u> | (full-time equivalent) |
| What is the average hourly wage for all employees? | <u>\$17.50-\$28.65/hr.</u> | |
| Number of new jobs to be created | <u>200</u> | (full-time equivalent) |
| What would be the average hourly wage for new jobs? | <u>\$17.50-\$28.85/hr.</u> | |
| Number of jobs to be retained, if any | <u>200</u> | (full-time equivalent) |

Please describe all benefits which the business provides to employees:

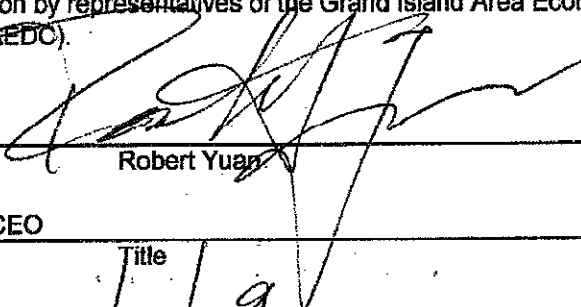
benefits will compete with the area.

9. Financing/Incentives Requested: Structured Solutions, Inc. is not a customer service
center, but rather a highly technical computer database business. ^{Structured Solution} VantageLLM will be
hiring approximately 30 engineers at a starting wage of \$45-90,000/yr.; 57 Customer
Operations employees with wages \$36-72,000/yr, 22 Management at a rate of pay between
\$68-96,000/yr.; and 20 Administrative employees at a rate of \$25-36,000/yr. Total annual
wages will exceed \$5 million.

Based on the number of positions being created, benefits, and wages, an incentive
package of \$3,000/job, the projected creation of 200 new jobs created over a three year
period, a total incentive package of \$600,000 is being requested at this time.

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: 
 Robert Yuan
 CEO
 Title
 Date: 12/1/09

ECONOMIC DEVELOPMENT AGREEMENT

In reliance upon the business plan of Structured Solutions, Inc., a Nevada corporation, herein referred to as "Structure Solutions" 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 Structure Solutions with the assistance described in this Economic Development Agreement (the "Agreement"). Structure Solutions 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

1.1. Structure Solutions, a California company is a leading next-generation integrated loan management system that integrates best practice origination, servicing, collection, recovery management, asset management, document management and accounting in one on-demand web-based platform. It proposes to open an operation within the City of Grand Island, Nebraska, originally to be located at _____, Grand Island, NE _____ (the "Grand Island Operation"). The Grand Island Operation is proposed to be operational in the first calendar quarter of 2010.

1.2. Structure Solutions proposes the Grand Island Operation to utilize facilities of a size that will ultimately include a minimum of two hundred (200) new Employees.

1.3. Structure Solutions' Grand Island Operation projects that by not later than December 31, 2011, it will grow its work force to a minimum of fifty (50) new Employees; by not later than December 31, 2012, Structure Solutions will employ not less than one hundred (100) additional new Employees and maintain a total of one hundred fifty(150) new Employees in its Grand Island Operation; and by not later than December 31, 2013, Structure Solutions will add an additional fifty (50) new Employees, for a total minimum new Employees of two hundred (200) by December 31, 2013. From and after December 31, 2013, Structure Solutions anticipates it will maintain employment at or above two hundred (200) Employees working in Grand Island at its Grand Island Operation at all times during the term of this Agreement. It is anticipated that the two hundred (200) new employees shall consist of approximately thirty (30) Engineers, fifty-seven (57) Customer Operations employees, twenty-two (22) Management employees and twenty (20) Administrative employees.

1.4 Average base compensation for new Employees is estimated to be a minimum combined average wage level between \$17.50and \$28.65 per hour. In addition to the base wage, all full time employees will be provided benefits comparable to the benefits provided to similarly compensated employees working in the Grand Island, Nebraska area, as reasonably determined by the Development Corporation from time to time.

Section 2

TERMS USED HEREIN

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

2.1. "Employee" means the number of fulltime equivalent persons employed by Structure Solutions at the Grand Island Operation, throughout a Measuring Period and determined as follows: divide (i) the total number of regular time hours that Structure Solutions paid Employees to work during the Measuring Period [including forty (40) hours per week for each week worked by each salaried Employees] by (ii) 2080. Overtime hours are not included in determining fulltime equivalent persons. The total hours worked necessary to equate to two hundred (200) fulltime equivalent employees is 416,000 per annum.

2.2. "Benefits" mean employer provided benefits to comparably paid full time employees in the Grand Island area as reasonably determined by the Development Corporation from time to time.

2.2. "First Measuring Period" shall be the period from January 1, 2012 through and including December 31, 2012. Subsequent "Measuring Periods" shall be a twelve month period commencing on January 1 and ending on December 31. By way of example, the "Second Measuring Period" shall commence on January 1, 2012 and end on December 31, 2012.

2.3. "Employment Certificate" means a written statement certified to be true and correct by the President or CEO of Structure Solutions. It shall be delivered to the Development Corporation within fifteen (15) days after the close of each Measuring Period. It shall state (i) the total number of regular time hours for which Structure Solutions paid hourly Employees, (ii) the number of salaried Employees and the number of weeks each were employed by Structure Solutions at the Grand Island Operation during the applicable Measuring Period; (iii) the calculation determining the average hourly wage of the Employees during each year; and (iv) a summary list of employee benefits provided to all full employees at the Grand Island Operation.

Section 3

EMPLOYMENT REQUIREMENTS

Structure Solutions shall meet each of the following requirements:

3.1. Structure Solutions shall have at least fifty (50) Employees continuously throughout the First Measuring Period, ending December 31, 2012 at an average wage of \$17.50 per hour plus Benefits for each full time employee.

3.2. Structure Solutions shall have had at least one hundred fifty (150) Employees continuously throughout the Second Measuring Period, ending December 31, 2013, at an average wage of not less than \$17.50 per hour plus Benefits plus Benefits for each full time employee.

3.3. Structure Solutions shall have had at least two hundred (200) Employees continuously throughout the Third Measuring Period, ending December 31, 2014, at an average wage of not less than \$17.50 per hour plus Benefits for each full time employee.

3.4. Structure Solutions shall have had at least two hundred (200) Employees continuously throughout each successive Measuring Period at an average wage of not less than \$17.50 per hour plus Benefits for each full time employee.

Section 4

MONETARY ADVANCES

4.1. Within ten (10) days after (a) Structure Solutions submits a sworn statement of its President or CEO certifying that (i) it is qualified to do business in the state of Nebraska and (b) funds are approved under the City's Economic Development Program, The City will advance Structure Solutions Six Hundred Thousand and No/100 Dollars (\$600,000.00) (the "Advance"). Structure Solutions will open an office and begin operations in Grand Island within thirty (30) days of the execution of this agreement.

4.2. Provided Structure Solutions meets the requirements of each Measuring Period as set forth in Section 3 and otherwise remains in full compliance with this Agreement, as determined by the Development Corporation based on its review of each annual Employment Certificate and its Benefits determination, forgiveness of the Advance will occur as follows:

- (a) Two Hundred Thousand Dollars (\$200,000.00) shall be forgiven as of January 1, 2013;
- (b) Two Hundred Thousand Dollars (\$200,000.00) shall be forgiven as of January 1, 2014; and
- (c) Two Hundred Thousand Dollars (\$200,000.00) shall be forgiven as of January 1, 2015.

The Development Corporation will notify Structure Solutions of the forgiveness of a portion of the Advance in writing on or before January 31 of each applicable year and Structure Solutions shall thereafter have no obligation to repay that amount to the City.

4.3. If Structure Solutions fails to meet the Employment Requirements set forth in Section 3, including number, wages and Benefits, for any Measuring Period, then the total of any amounts forgiven under the provisions of Section 4.2 for prior years performances shall be deducted from the Advance and Structure Solutions 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 Period or any prior Measuring Period were not attained or became unattainable

and shall be paid together with interest on the unpaid balance due at the rate of eight per cent (8%) per annum from the date of the Advance until paid in full.

Section 5

LEGAL EFFECT

5.1. Notwithstanding any other provision of this agreement Structure Solutions agrees as follows:

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

(b) If Structure Solutions or its successor discontinues the primary operation of its Grand Island Operation, 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 Structure Solutions' assets which is acceptable to Development Corporation agrees in writing to assume the obligations of Structure Solutions hereunder.

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

5.3. The contents of this Economic Development Agreement contain all of the agreements and understandings between the Development Corporation, the City and Structure Solutions 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.

5.4. Time is of the essence for the performance of each of the provisions of this agreement.

5.5. This Agreement may be exercised in any one or number of counterparts, each of which shall be deemed an original and which together shall constitute one and the same instrument. The to be named principal of Structure Solutions, upon public disclosure of the same, shall execute a duplicate original of this Agreement and shall be deemed to be a party hereto as if executing this Agreement as of the date and year set forth below.

5.5. The provisions of this agreement are fully binding upon the Development Corporation, the City and upon Structure Solutions and upon its successors and authorized assigns.

Dated this 24 day of November, 2009.

GRAND ISLAND AREA ECONOMIC
DEVELOPMENT CORPORATION

By Marlan Ferguson
Marlan Ferguson, President

THE CITY OF GRAND ISLAND

By _____
Margaret Hornady, Mayor

STRUCTURE SOLUTIONS

By Robert Yuan
Robert Yuan, CEO

RESOLUTION 2009-327

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, Structured Solutions, Inc. has applied for a forgivable loan in the amount of \$600,000.00 towards job incentives 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 December 8, 2009 by the Citizens Advisory Review Committee; and

WHEREAS, Structured Solutions, 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 Structured Solutions, 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 Structured Solutions, Inc., to provide \$600,000.00 in economic assistance to Structured Solutions, Inc., to be used for developing its business in Grand Island 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, December 15, 2009.

Margaret Hornady, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form ☐ _____
December 11, 2009 ☐ City Attorney