

Economic Development Fund

Under the City's Local Option Economic Development Program, a \$600,000 sales tax transfer from the General Fund is required to make the debt service payment on the \$3 million grant and \$18 million loan made to John Q. Hammons (JQH) to facilitate construction of the JQH Embassy Suites/Conference Center/Marriott Courtyard. Also included in the revenue projections are the quarterly interest payments to be paid by JQH on the \$15.8 million construction loan which will be repaid in FY17. Since its inception, including the budgeted \$600,000 in the current fiscal year (FY14), the City will have transferred \$2,880,000 of sales tax revenue into the Economic Development fund.

About the Economic Development Program

- The Mayor and Council adopted Ordinance No. 919 (as amended by Ordinance No. 921) in accordance with Neb. Rev. Stat. Sections 18-2701 ("Local Option Municipal Economic Development Act") and thereby established an economic development program.
- Economic Development Program was previously approved by a majority of affirmative votes of registered voters at a special election held on September 30, 2003.
- In accordance with the "Local Option Municipal Economic Development Act" the City is authorized to issue bonds for purposes of the Act.
- Proprietary or commercial information that the applicant or JQH in this case provides to the City and desires to remain confidential shall remain confidential and not be publicly disclosed.
- There was a \$2M per year maximum under State Statute at the time the City's program was approved by voters that could be appropriated from funds derived directly from local sources of revenue for all economic development programs.
- On February 20, 2007, by Ordinance No. 1023, the City Council approved the Economic Development program application of John Q. Hammons along with a Development Agreement, Loan Classification, Loan Application and grant of \$3 million and loan of \$18 million to construct a full service hotel and conference center facility in Southport West.

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Economic Development Program Fund Summary

	FY12 Actual	FY13 Actual	FY14 Budget	FY15 Adopted
Total Brought Forward	1,093,984	883,395	670,306	456,925
Revenues				
Interest Income	1,010	-	-	-
CC Loan Payment	1,186,573	1,186,573	1,186,573	1,186,573
Total Revenues	1,187,583	1,186,573	1,186,573	1,186,573
Transfers In				
Sales Tax - General Fund	600,000	600,000	300,000	600,000
Sales Tax - Debt Service Fund	-	-	300,000	-
Total Transfers	600,000	600,000	600,000	600,000
Total Available	2,881,567	2,669,968	2,456,880	2,243,498
Expenditures				
Debt Service - Bond Principal	535,000	570,000	605,000	645,000
Debt Service - Bond Interest	1,463,172	1,429,662	1,393,396	1,353,854
Total Expenditures	1,998,172	1,999,662	1,998,396	1,998,854
Ending Balance	883,395	670,306	458,484	244,645

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**\$21.245M Economic Development
Dated July 2007**

Date	PRINCIPAL	COUPON	INTEREST
FY 2015	645,000	6.38000	1,353,854
FY 2016	685,000	6.38000	1,311,427
FY 2017	730,000	6.53000	1,265,741
FY 2018	780,000	6.53000	1,216,439
FY 2019	835,000	6.83000	1,162,457
FY 2020	890,000	6.83000	1,103,548
FY 2021	960,000	7.73000	1,037,288
FY 2022	1,035,000	7.73000	961,419
FY 2023	1,120,000	7.73000	878,128
FY 2024	1,210,000	7.73000	788,074
FY 2025	1,305,000	7.73000	690,869
FY 2026	1,410,000	7.73000	585,934
FY 2027	1,525,000	7.73000	472,496
FY 2028	1,645,000	7.73000	349,976
FY 2029	1,780,000	7.73000	217,600
FY 2030	1,925,000	7.73000	74,401
	<u>18,480,000</u>		<u>13,177,647</u>