

LAVISTA
CONFERENCE CENTER

ECONOMIC DEVELOPMENT FUND



Economic Development Fund Summary

The Local Option Municipal Economic Development Act (LB840, 1991) authorizes incorporated cities and villages to collect and appropriate local tax dollars—including sales and/or property tax, if approved by the local voters—for economic development purposes. The Act calls for the formulation of a local economic development program plan, which forms the foundation for the collection and expenditure of local tax revenues for economic development and the provisions of the local plan becomes the basis under which the municipality's program operates.

On September 30, 2003, via special election, La Vista voters approved an Economic Development Program. As a result, the City Council adopted Ordinance No. 919 (as amended by Ordinance No. 921) establishing an economic development program. Under State Statute, the maximum that could be appropriated per year from local sources of revenue for all economic development programs in 2003 was \$2 million per year.

On February 20, 2007, by Ordinance No. 1023, the City Council approved the Economic Development program application of John Q. Hammons authorizing a grant of \$3 Million and a loan of \$18 Million to construct the JQH Embassy Suites/Conference Center/Marriott Courtyard, a full-service hotel and conference center

facility in Southport West. The agreements required JQH to provide quarterly interest payments on the construction loan and a balloon payment of the full amount of the loan after ten years.

This project was closed out in 2018 with the City being paid in full for the loan, including interest and attorney fees, totaling \$16,556,770. The outstanding bonds were called for redemption on June 20, 2018. An economic impact estimate indicates that the City's investment was approximately \$4.34 million, with a current cumulative direct economic impact of \$8.81 million.

FY18 FINANCIAL PERFORMANCE

Bond principal of \$780,000 and interest of \$1,431,476 was paid in FY18 prior to the project being closed out. A transfer of \$600,000 from the General Fund was made for the principal payment and interest was funded by quarterly interest payments from JQH. Because the bond redemption was slightly higher than the loan payoff and one month of interest was incurred prior to redemption during the investor notification period, \$500,000 is estimated to be transferred from the Debt Service Fund to the Economic Development Fund.

Fund Balance — The fund balance year-end cash total for FY18 is \$112,023.

ECONOMIC DEVELOPMENT FUND BUDGET SUMMARY

	FY17 Actuals	FY18 Budget	FY18 Estimated Year-End	FY19 Proposed Budget	FY20 Proposed Budget	FY21 Projected Budget	FY22 Projected Budget	FY23 Projected Budget
Beginning Fund Balance	319,071	309,424	309,424	112,023	178,182	32,802	41,600	45,652
Operating								
Revenue	1,186,594	30,060	16,554,575	3,000,718	517	174	205	222
Expenditures	1,996,241	16,425,000	17,851,976	3,134,559	345,897	341,376	346,153	347,083
Surplus/(deficit)	(809,647)	(16,394,940)	(1,297,401)	(133,841)	(345,380)	(341,202)	(345,948)	(346,861)
Non-Operating								
Transfers-In	800,000	600,000	1,100,000	200,000	200,000	350,000	350,000	350,000
Transfers-Out	-	-	-	-	-	-	-	-
Surplus/(deficit)	800,000	600,000	1,100,000	200,000	200,000	350,000	350,000	350,000
Net Revenue	(9,647)	(15,794,940)	(197,401)	66,159	(145,380)	8,798	4,052	3,139
ENDING FUND BALANCE	309,424	(15,485,516)	112,023	178,182	32,802	41,600	45,652	48,791

Economic Development Fund Summary

FY19 & FY20 BIENNIAL BUDGET

Expenditures — A preliminary statement of intent, approved by the City Council on June 19, 2018 identifies the potential for a \$3 million grant from the Economic Development Program in FY19.

Upon receipt and approval of an Economic Development Program application, the City would consider issuing Economic Development bonds to cover a \$3 million grant. Depending on the timing, there could be an interest payment due in FY19. A transfer from the Debt Service Fund would cover the bond payments.

Fund Balance — The estimated fund balance year-end cash total for FY19 is \$178,182 and for FY20 is \$32,802. Because this fund has no other source of revenue except the transfer from the Debt Service Fund to make debt service payments, it is not necessary to maintain a significant fund balance.

