

SUBSTITUTE

Resolution No. A-_____

1 Whereas, The New Markets Tax Credit (NMTC) Program permits
2 taxpayers to receive a credit against Federal income taxes for making qualified equity
3 investments in designated Community Development Entities (CDEs).

4 Whereas, substantially all of the qualified equity investment must in turn
5 be used by the CDE to provide investments in low-income communities or for the
6 benefit of low income persons.

7 Whereas, The credit provided to the investor totals 39% of the cost of the
8 investment and is claimed over a seven-year credit allowance period. In each of the first
9 three years, the investor receives a credit equal to five percent of the total amount paid
10 for the stock or capital interest at the time of purchase. For the final four years, the
11 value of the credit is six percent annually. Investors may not redeem their investments
12 in CDEs prior to the conclusion of the seven-year period.

13 Whereas, the City of Phoenix, Arizona and other municipalities in the
14 United States have formed non-profit corporations to serve as local Community
15 Development Entities to facilitate the local allocation and use of NMTC.

16 Whereas, the City Council has, in forming the membership of the board,
17 considered that the CDE shall be accountable to the low income community and low
18 income persons in the City of Lincoln by providing in the bylaws of the CDE that one of
19 the three directors be a representative of the low income community as a resident,

1 small business owner or community volunteer and further directs that at all times at
2 least 20% of the Board of Directors of the CDE be a resident, small business owner or
3 community volunteer of the low income community within the City of Lincoln.

4 Whereas, the City Council has directed and hereby finds that the CDE has
5 a primary mission of servicing or providing investment capital for the low income
6 persons and that the Bylaws of the CDE provide that at least 60 percent of its activities
7 are targeted to the low income community or low income persons in the City of Lincoln.

8 Whereas, assuming the application for NMTC allocation is successful, the
9 CDE will function through the use and formation of a "project specific" limited liability
10 subsidiary company and the Articles of Incorporation and Bylaws permit the CDE to
11 form one or more project specific subsidiaries and enter into allocation sharing or other
12 legal agreements to facilitate the use and application of the NMTC all without further
13 action required by the City.

14 Whereas, the City has determined that a qualified not-for-profit corporation
15 acting on behalf of and in connection with the NMTC program will facilitate the
16 application and use of NMTC in the City of Lincoln.

17 NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of
18 Lincoln, Nebraska:

19 1. The Mayor is hereby authorized to create the Lincoln Redevelop-
20 ment and Investment Corporation, a Nebraska not-for-profit public benefit corporation in
21 connection with the NMTC program, and to take all steps necessary to implement the
22 same.

1 2. The attached Articles of Incorporation and Bylaws for the same in
2 connection with an application for certification as a Community Development Entity
3 eligible for allocation of New Market Tax Credits and other Community improvement
4 purposes are hereby approved.

5 3. The Mayor is authorized to execute the same on behalf of the City
6 and to assist in the creation and certification of the CDE, application for an allocation of
7 New Market Tax Credits, and administration of the Lincoln Redevelopment and
8 Investment Corporation.

Introduced by:

Approved as to Form & Legality:

Assistant City Attorney

Approved this ___ day of _____, 2005: _____ Mayor
