

City of Seward, Nebraska

LB840 Economic

Development

Funding

Application

August 2014

CITY OF SEWARD - LB840 PROGRAM APPLICATION

Business (Borrower) Information:

Name of Business Requesting Assistance: _____ Federal ID# _____

Address: _____ ; _____ , _____ , _____
(City) (State) (Zip)

Contact Person: _____ Phone No. _____ Fax No. _____

Cell _____ Email Address: _____

Business Classification: Manufacturing Service Retail
 Administrative Management Headquarters Warehousing and Distribution
 Research and Development Other

Business Organization: Proprietorship Corporation Partnership Other _____

Does the Company have a Parent or Subsidiaries? Yes No
 If Yes, please identify by Name: _____
 Address: _____ City, State, Zip: _____

Business Status: Start-up (0-5 yrs old) Acquisition Existing (Years in business) _____

Ownership: List all Officers, Directors, Partners, Owner(s), Co-Owners and/or Stockholders. Under Minority Code, enter "1" if person identified is female, "2" if minority or "3" if person is disabled.

<u>Name</u>	<u>Title</u>	<u>Ownership Percent</u>	<u>Minority Code</u>

(If there are more than space allows, please list on back of application)

Personnel: (Full-time equivalent, based on 2,080 hrs per year)

Existing Number of Full-Time Positions: _____

Estimated Number of Full-Time Positions to be created within 18 months of Application Approval: _____

Estimated Number of Seasonal Full-time Jobs created: (i.e. Jobs available for at least 3 continuous months and recur annually) _____

Project Information:

<u>USES OF FUNDS</u>	<u>TOTAL PROJECT COST</u>	<u>LB840 FUNDS REQUESTED</u>
Land Acquisition	_____	_____
Building Acquisition	_____	_____
New Facility Construction	_____	_____
Acquisition of Machinery/Equip.	_____	_____
Acquisition of Furniture/Fixtures	_____	_____
Working Capital (includes inventory)	_____	_____
Other (specify) _____	_____	_____
TOTALS:	_____	_____

Sources of Funds:

Note: Public sources of financing require the participation of a Bank and/or injection of equity (non-debt) funds.

Participating Lender Information:

Name of Lending Institution: _____

Address: _____ Contact Email _____

Bank Contact Person: _____ Phone No. _____

Loan Amount: \$ _____ Loan Term (Yrs) _____

Interest Rate: _____ (%) _____ Variable Rate _____ Fixed Rate

Bank Collateral Required: _____ Bank Equity Required: _____

Equity Information:

Amount available by Business or Owners for Investment: \$ _____

LB840 Program Request

LB840 Loan Request Amount \$ _____ Requested Term (Mo.) _____

LB840 Grant Request Amount \$ _____

Project Location:

Within Seward City Limits Yes No

Outside of City Limits, but within Zoning Jurisdiction _____

The above information is accurate to the best of my knowledge and belief. The above information is provided to help you evaluate the feasibility of obtaining public financial assistance. I further authorize release of all personal and business credit information to the City of Seward and acknowledge this information upon submission will be considered a Public Record.

Signature: _____ Printed Name _____ Date: _____

Signature: _____ Printed Name _____ Date: _____

Signature: _____ Printed Name _____ Date: _____

Signature: _____ Printed Name _____ Date: _____

ATTACH THE FOLLOWING:

- Scope and Description of Business/History and of the Proposed Project.
- Business Plan for New and Existing Business Expanding into new Product Lines.
- Support Documentation: Map, Site Plans, Digital Pictures, and other Support Material for Proposed Project.
- 3-yr Historical Financial Balance Sheets and Profit/Loss Operating Statements for Existing Business. Statements should be current 90 days.
- For Start-up Projects: provide Projected Year-End Cash-Flow Statements for first two years of Operations.
- Personal Financial Statements, 3 year Tax Returns Copies (Personal & Business) & Guarantees of above Principals
- Copy of Letter from Financial institutions on Loan Qualifications & Request

CITY OF SEWARD, NEBRASKA

LB840 GENERAL PROGRAM INFORMATION AND GUIDELINES (SUBJECT TO MODIFICATION)

AUGUST 2014

- LB840 Program Application Fully Completed, Signed and Submitted Back to City Program Administrator with Required Support Documents
- Application will be Reviewed by City LB840 Program Administrator
- If Project Fits LB840 Program Purpose Eligibility, LB840 Application Review Committee will be called and Date/Time set
- LB840 Application Financial Analysis Performed by City Third Party Firm
- Full LB840 Application Support Documents and Financial Overview Analysis sent to all LB840 Committee Review members prior to Public Meeting date
- Public LB840 Meeting Conducted – City Program Director and Applicant(s) Present Project to Application Review Board
- LB840 Project Request Approved or Disapproved
- If Approved, Project Funding Closing Date Establish and Funds Transferred to Applicant
- LB840 Funding Recipients must submit Invoices and Statements for Services and/or Merchandise purchased with LB840 Funds to City for Audit Verifications and Testing
- Loan Rates – 50% of Prime Rate or Lower at Approval Date
- Application Financial Overview/Report Costs Incurred Recaptured at Closing
- Projects to be Closed and Funded within 120 days of Approval
- Personal guarantees of Applicants Required on Loan Proceeds
- Letter from Financial Institution on Participation Required if Gap Financed
- LB840 Loans-Grant Requests may be tied to Job Creation – Individual case by case

ECONOMIC DEVELOPMENT PLAN FOR THE CITY OF SEWARD, NEBRASKA

Section 1. General Community and Economic Development Strategy

Due to the extremely competitive nature of the economic development at the national, state and local levels, there is intense competition among states, counties and municipalities of our nation to expand and/or locate new businesses in their respective jurisdictions. This intense competition for new job creation has forced states and municipalities to provide incentives to businesses in order to remain competitive. Seward has been limited in its efforts to effectively compete in the business recruitment and expansion arena. Even though the community has not had a shortage of opportunities, the city has been unable to respond quickly to those opportunities by not controlling available property or being able to raise sufficient capital from local sources to provide incentives for business location and expansion decisions that are tailored to meet the needs of our local community. Our ability to encourage business location and expansion has a direct impact not only upon the economic well being of our community and its residents but upon the State of Nebraska as well.

Nebraska voters enacted a constitutional amendment in November, 1990 granting cities and villages to use local sources of revenue for economic or industrial projects and programs. On June 3, 1991 the Unicameral signed into law this amendment with the passage of Legislative Bill 840, the Local Option Municipal Economic Development Act.

The Local Option Municipal Economic Development Act is based on the premise that communities should use their own tax dollars in ways that best meet local needs. While ongoing planning processes in many towns have identified development, job creation, and increased economic opportunity as their highest priority for the future, a variety of constitutional and legislative prohibitions kept them from investing local funds in development programs. Consequently, this law allows Nebraska communities the opportunity to determine their own destiny by identifying shortcomings and providing, through self-determination, those incentives necessary to businesses looking at their community. The economic development plan formulated by the city implementing this legislation and the mechanism for funding the plan is subject to a vote of the people of the city. The core of the LB 840 process involves the formulation of a proposed plan (the Plan) for a local economic development program. The plan forms the foundation for the collection and expenditure of local tax revenues for the economic development and the provision of the plan becomes the basis under which the municipality's program operates.

Section II. Statement of Purpose Describing General Intent and Goals

It is the intent of the City of Seward, Nebraska to implement an economic development program with the general purpose and goals of:

- 1.) Creating high paying quality jobs by generating employment opportunities and expanding the available workforce within the labor market of Seward and Seward County.
- 2.) Attracting new capital investment to the community.
- 3.) Broadening the tax-base, alleviate the community's reliance on property taxes and provide economic diversification to ensure economic stability and vitality for the community of Seward and the surrounding area.

In order to have a successful economic development strategy and help the community grow by providing existing and prospective residents with local economic opportunities, Seward must complete the following actions:

- 1.) The City must diversify its economy by recruiting of new industries from outside and developing new businesses from inside the city. Seward must have a program that is a nurturing environment for small businesses and is a center for economic opportunity. This atmosphere can encourage people (entrepreneurs) with the skills and ideas to come to Seward to conduct business.
- 2.) The City must retain and expand existing local businesses. Historically, most new jobs are created by existing local firms. Communities benefit from systematic and strategic approach to their business retention and expansion activities. Local businesses have already made a substantial investment in the community. It is also frequently easier and more economical to assist local businesses to expand and solve their infrastructure and site acquisition issues than to attract new businesses to the area. Business retention programs also lead to satisfied businesses that serve as an effective advertisement for business attraction.
- 3.) The City must have a marketing program. Business recruitment will continue to be an effective and important part of Seward's economic development strategy. In addition to recruitment, the city can open job opportunities by helping existing businesses in the city to expand their markets and compete more successfully. Finally, the successful marketing of Seward as a center for opportunity is important to the city's effort to expand its labor force and attract new residents.
- 4.) The City must provide for the acquisition of industrial land and the provision of supporting infrastructure.
- 5.) Economic development needs capital; therefore, the city must expand access to venture and risk capital both inside and outside the community.

Section III. Eligibility

A. Eligible Activities

Eligible activities under the economic development program may include, but shall not be limited to, the following:

- 1.) The purchase of real estate, options for such purchases, and the renewal of such options for land within and outside the corporate limits of the City of Seward. The land will be identified through local analysis by the City, The Seward Area Development Corporation and as possible the State of Nebraska Department of Economic Development.
- 2.) Business development including retention and expansion of existing businesses.
- 3.) Recruitment activities to bring a qualifying business into the area.

- 4.) A revolving loan fund from which low interest or performance based loans will be made to qualifying businesses on a match basis from the grantee business and based upon job creation and/or retention with extra consideration given to jobs above the average wage scale for the community.
- 5.) Funds may be used to provide the infrastructure to these sites or other sites to make them attractive to new or expanding businesses. Eligible infrastructure improvements include, but are not limited to, the following:
 - 1.) Streets
 - 2.) Water, sewer, gas, electric and storm drainage
 - 3.) Railroad extension and spurs
 - 4.) Telecommunications, cable, fiber optics, satellite service
 - 5.) Airport expansion and upgrades

Infrastructure improvements and costs may extend beyond the corporate limits of the City of Seward.

- 6.) The funds may also be used to construct facilities, structures, and/or appurtenances for new or proposed development or on a speculative basis to attract new business or industry. In addition, these facilities, structures and appurtenances are not required to be within the corporate limits of the City of Seward.
- 7.) The eligible activities described above are considered priority activities for the use of the funds generated under the Local Option Municipal Economic Development Act. The City of Seward recognizes that the attraction of new businesses takes place in a very competitive market place. In order to keep Seward as competitive as possible in the market place and in the creation of new jobs in the area, the City retains the right to include as eligible activities those additional activities allowable by law, both now and in the future.
- 8.) Other eligible activities also include, but not limited to the following:
 - 1.) Payments for salaries and support of city staff or contract staff to implement the program.
 - 2.) Job credits for full-time jobs (equivalent) created (2080 hrs/yr) to include grants that are subject to job creation performance.
 - 3.) Expenses related to business recruitment, promotional activities and related administrative expenses.
 - 4.) Expenses for locating a qualified business in the area.
 - 5.) Grants or agreements for job training.
 - 6.) Provision of technical assistance to businesses, such as marketing assistance, management counseling, preparing financial packages, and engineering assistance.

7.) Grants or loan guarantees for qualifying businesses.

- 9.) The Local Option Municipal Economic Development Act has been changed in several Legislative sessions since it was signed into law on June 3, 1991. It is reasonable to assume the law will change during the course of Seward's Economic Development Plan. In order to stay current with Nebraska Statutes, the City of Seward retains the right to amend this Economic Development Plan when such amendment pertains to changes made to the Local Option Municipal Economic Development Act. Such amendments can only be made after a public hearing and a majority vote of Seward's City Council.

B. Types of Businesses That Will Be Eligible

A qualifying business shall mean any corporation, partnership, limited liability company or sole proprietorship which derives its principal source of income from any of the following:

- 1.) The manufacture of articles of commerce.
- 2.) The conduct of research and development.
- 3.) The processing, storage, transport or sale of goods or commodities which are sold or traded in interstate commerce.
- 4.) The sale of services in interstate commerce.
- 5.) Telecommunications activities.
- 6.) Tourism related activities.
- 7.) Headquarters facilities relating to eligible activities as listed in 1-6.
- 8.) Retail subject to Legislative limitations (currently up to 20% in any 5 year period or 40% in any 1 year period of annual receipts).
- 9.) Any other business deemed as a qualifying business through future action of the legislature.

If a business which would otherwise be a qualifying business employs people and carries on activities in more than one city in Nebraska or will do so at any time during the first year following application for participation in the Plan, it shall be a qualifying business only if, in each such city, it maintains employment for the first two years following the date on which such business begins operations in the city as a participant in its Program at a level not less than its average employment in such city over the twelve-month period preceding participation.

A qualifying business need not be located within the territorial boundaries of the city if the Application Review Board determines that there is a clear economic benefit to the city.