

CITY OF HOLDREGE, NEBRASKA ECONOMIC DEVELOPMENT PLAN

Nebraska voters enacted a constitutional amendment in November 1990, granting cities and villages the power to use local sources of revenue for economic or industrial projects and programs. In 1991, the Unicameral implemented 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 public funds in development programs. The removal of these limitations gives municipalities' greater latitude in determining and acting upon local needs.

As towns have witnessed population declines and a loss of younger people, they have thought about their future and the types of actions and investments needed to reverse these past trends. At the same time smaller towns and cities began to realize a period of significant opportunity. In a period of uncertainty, complexity, and growing concern about the problems and quality of urban life, including cost and relative safety, the advantages offered by smaller cities have become uniquely attractive. At the same time the revolution in information and communication technology as well as goods distribution has reduced the isolation of small towns. As a result, it is increasingly possible to operate a significant business in growth areas outside of major urban centers.

GENERAL COMMUNITY AND ECONOMIC DEVELOPMENT STRATEGY

Holdrege's community and economic development strategy involves building on our strengths to promote existing industries and the retention of jobs and to recruit new industries and jobs to the community. The principle strategy is directed at maintaining a strong workforce, developing community resources, attracting new capital investment, broadening the community's tax base, building economic diversity, and ensuring economic stability and viability for the area.

Economic diversification will continue to be a critical priority for Holdrege's economic development program. The recruitment of new business from outside and development of new business from inside the area will strengthen diversification. A small business development program can establish the city as a nurturing environment for small business and as a center for economic opportunity. This atmosphere, in turn can encourage people with skills and ideas to move or return to the area to make a start in business.

In addition to recruitment, the city can create job opportunities by helping existing businesses in the city to expand their markets and compete more successfully. The successful marketing of Holdrege as a center for opportunity is important to the city's effort to expand its labor force and attract new residents.

The City of Holdrege recognizes that the attraction of new business and industry to a community or the expansion of existing business or industry takes place in a very competitive market place. In order to keep Holdrege, Nebraska as competitive as possible in that market place the community will strive to use all financial and human resources available in a partnership with federal, state, municipal, and private entities.

TYPES OF BUSINESSES THAT WILL BE ELIGIBLE

A qualifying business shall mean any corporation, partnership, limited liability company or sole proprietorship, which derives its principle sources 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 that are sold or traded in interstate commerce.
4. The sale of services in interstate commerce.
5. Headquarters facilities relating to eligible activities as listed in this section.
6. Telecommunications activities, including services providing advanced telecommunications activities.
7. Tourism-related activities.
8. The production of films, including feature, independent, and documentary films, commercials and television programs.
9. Retail business (up to 20% within a 5 year period or up to 40% in anyone year).
10. A business that derives its principal source of income from the construction or rehabilitation of housing.
11. Any other business deemed as a qualifying business through future action of the legislature.

If a business that 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 Program, 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 shall be located within the territorial boundaries of Phelps County, as any business located within the county would provide an economic benefit to the city. Eligible qualifying businesses may apply more than once and receive program benefits more than once.

STATEMENT OF PURPOSE, GENERAL INTENT AND GOALS

It is the general intent of the City of Holdrege, Nebraska to implement an economic development program, the purpose and goals that will be: to create jobs for the citizens of Phelps County; to expand labor markets of Holdrege and Phelps County; to attract new capital investment to the community; to broaden the tax base; to retain existing jobs and make existing businesses more competitive and profitable; and provide economic diversification to ensure economic stability and vitality for the City of Holdrege and surrounding areas. The plan will be consistent with other comprehensive development and redevelopment plans for the City.

ELIGIBLE ACTIVITIES

Eligible activities include any project or program under the economic development program for the purpose of direct or indirect financial assistance to a qualifying business, or for related costs and expenses. Examples may include, but shall not be limited to, the following:

1. Direct loans, guarantees or grants to qualifying businesses for fixed assets or working capital or both.
2. Loan guarantees for qualifying businesses.
3. Grants or loans for public works improvements essential to the location or expansion of, or provision of new services by, a qualifying business.
4. Grants or loans to qualifying business for job training.
5. The purchase of real estate, options for such purchases, and the renewal or extension of such options.
6. Grants or loans to qualifying businesses to provide relocation incentives for new residents.
7. Payments for salaries and support of city staff to implement the economic development program or the contracting of such to an outside entity.
8. Grants or loans for the construction or rehabilitation for sale or lease of housing for persons of low or moderate income.
9. Grants and loans for rural infrastructure development.
10. Job credits for full-time jobs created (full-time jobs defined as 2000 hours) to include grants, which are subject to job credit performance.
11. The provision of programs and activities that support business retention and expansion.
12. The provisions of technical assistance to businesses such as marketing assistance, management counseling, preparing financial packages, engineering assistance, and other services.

13. Expenses for business recruitment activities.
14. The provision of programs and activities that support workforce retention and expansion.
15. Expenses for locating a qualifying business into the area.
16. Equity investment or loan guarantees in a qualifying business.
17. The authority to issue bonds pursuant to the Act.
18. Rehabilitation of commercial buildings or potential commercial buildings.
19. Small business development including expansion of existing business.
20. Tourism related activities.
21. The production of films, including feature, independent, and documentary films, commercials and television programs.
22. Purchase of existing buildings or construction of new buildings.
23. Assumption of previous community pledges for economic development projects.

The eligible activities described above are considered priority activities for the use of funds generated under the Local Option Municipal Economic Development Act. The City of Holdrege recognizes that the attraction of new business to a community or the expansion of existing businesses takes place in a very competitive market place. In order to keep Phelps County as competitive as possible in that 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.

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 presume the law will change during the course of Holdrege's Economic Development Program. In order to stay current with Nebraska Statutes the City of Holdrege retains the right to amend this Economic Development Program when such amendment pertains to changes made to the Local Option Municipal Economic Development Act or to other statutes that affect Holdrege's Program. Such amendments can only be made after a public hearing and a majority vote, of Holdrege's City Council.

BUDGET

This section describes a preliminary source of funds and budget for Holdrege's Economic Development Program. It is important to note that this budget must be developed annually and may be modified from time to time by the City Council. In the field of economic development, it is impossible to anticipate every condition or requirement. The city should maintain the flexibility to respond to specific requirements and opportunities on a short-term basis. The restrictions on the appropriation of funds from local sources of revenue shall not apply to the re-appropriation of funds, which were appropriated but not expended during the previous fiscal years.

TIME PERIOD FOR COLLECTION OF FUNDS AND PROPOSED TOTAL COLLECTIONS

The city source of public funds for the Holdrege Economic Development Program will be a one half of a one percent local option sales tax. If approved by the voters, the Program tax collection will be in effect from July, 2017 to June 2032, a fifteen-year period. The total amount to be collected from the sales tax is estimated to be \$8,175,000 over the fifteen-year period. The Economic Development Plan, for use of these funds, will be in effect from July 2017 to June 2032, a fifteen-year period of time. However, uncommitted funds and revenues including but not limited to repayment of loans, return on investments, fees for activities such as loan guarantees and sales proceeds from properties, may continue to be used for activities contained within the Economic Development Program as such shall be available. The amount of funds to be collected will not exceed the maximum amount allowable by law.

PRELIMINARY ANNUAL BUDGET FOR THE PROGRAM

Annual Estimated Funds Collected	\$545,000
----------------------------------	-----------

These eligible retention and expansion activities may include, but shall not be limited to the following :	40%
---	-----

- 1) Direct loans, guarantees or grants to qualifying businesses for working capital or both.
- 2) Loan guarantees for qualifying businesses.
- 3) Grants or loans to qualifying business for job training.
- 4) Grants or loans to qualifying businesses to provide relocation incentives for new residents.
- 5) Payments for salaries and support of city staff to implement the economic development program or the contracting of such to an outside entity.
- 6) Job credits for full-time jobs created (full-time jobs defined as 2000 hours) to include grants, which are subject to job credit performance.
- 7) The provision of programs and activities that support business retention and expansion activities.
- 8) The provisions of technical assistance to businesses such as marketing assistance, management counseling, preparing financial packages, engineering assistance and services.
- 9) Expenses for business recruitment activities.
- 10) Expenses for locating a qualifying business into the area.
- 11) Equity investment or loan guarantees in a qualifying business.
- 12) The provision of programs and activities that support workforce retention and

expansion activities.

13) Small business development including expansion of existing business.

These eligible infrastructure activities may include, 40%

but shall not be limited to, the following :

- 1) Direct loans or grants to qualifying businesses for fixed assets.
- 2) Grants or loans for public works improvements essential to the location or expansion of, or provision of new services by, a qualifying business.
- 3) The purchase of real estate, options for such purchases, and the renewal or extension of such options.
- 4) Grants or loans for the construction or rehabilitation for sale or lease of housing for persons of low or moderate income.
- 5) Rehabilitation of commercial buildings or potential commercial buildings.
- 6) Purchase of existing buildings or construction of new buildings.

These eligible community growth activities may include, 20%

but shall not be limited to, the following :

- 1) Activities related to tourism.
- 2) The production of films, including feature, independent, and documentary films, commercials and television programs.
- 3) Grants and loans for rural infrastructure development.
- 4) The provision of programs and activities that support workforce retention and expansion activities.

BOND AUTHORITY

Holdrege may have a business opportunity or other economic development project that requires initial funds that exceed the single year proceeds of the local option sales tax. In order to take advantage of such an opportunity, Holdrege should have the ability to issue bonds. Future sales tax receipts would then retire the debt. The City Council may authorize the issuance of bonds to carry out the economic development program following a public hearing.

APPLICATION PROCESS

The intent of the City of Holdrege is to administer the Economic Development Program by contracting with Phelps County Development Corporation (PCDC) herein referred to as "Program Administrator."

Submission of applications and selection of participants involves a two-phase process.

Phase I

Phase I determines the potential of financing for proposal projector activity.

To be considered for direct financial assistance under this program, an applicant must provide the following unless waived by the Program Administrator:

1. A detailed description of the proposed project.
2. A business plan, including employment and financial projections, current financial statements, financing requirements for the project, and total project costs.
3. A completed City of Holdrege Local Option Municipal Economic Development Program Application for Financial Assistance.

Additional information, as necessary, to determine the eligibility and economic viability of the proposed project(s), may be requested by the Program Administrator and/or by the City Council.

The Program Administrator will review applications and requests for direct financial assistance in the order in which the Program Administrator receives them. Application review and approval or disapproval by the Program Administrator will be based on project feasibility as determined by review of the applicant's business plan and other requested information. The potential future economic benefits to the community of Holdrege and the surrounding area will also be evaluated.

In the event that PCDC no longer desires to act as Program Administrator, the above described responsibilities may be carried out by a contracted entity, by an economic development specialist hired by the city, or other existing city staff.

Phase 2

Phase 2 is the approval and execution portion of the process.

The Program Administrator and applicant will negotiate the terms and conditions of assistance for the project. The Program Administrator will then determine whether the project is approved.

Once the project receives approval from the Program Administrator, only those projects containing the purchase or sale of land or buildings, will be submitted to the City Council for approval. The Program Administrator will be responsible for verification of information in the applications from those eligible businesses, which receive a recommendation for financial assistance before recommendation is made to the City Council. Once approved, the Program Administrator will take the necessary actions to execute the agreements.

ADMINISTRATION OF ECONOMIC DEVELOPMENT PROGRAM

It is the intent of the program that the majority of the funds be used for supporting eligible activities and only the minimum required amount be spent to assist in the administration of the program. These separate groups share the administration of the program. These are:

1. Program Administrator:
 - Will be responsible for the day-to-day activities of administering the program.
 - Assist applicants and conduct active recruiting for potential applicants.
 - Provides someone to serve as an ex-officio, nonvoting member of the Citizen Advisory Review Committee who will provide that committee with necessary advice and information.
2. Citizen Advisory Review Committee:
 - A group of citizens who are registered voters of the City, appointed by the Mayor and subject to approval by the City Council, who will review the functioning and progress of the economic development program and advise the City Council with regard to the program.
 - Committee organization will consist of
 - * Not less than five nor more than ten members
 - * At least one individual with expertise or experience in the field of business, finance or accounting.
 - * A city official or employee responsible for the administration of the economic development program who will serve as ex-officio member.
 - No member of the committee shall be an elected or appointed city official, an employee of the city, a participant in a decision-making position regarding expenditures of program funds, or an official or employee of any qualifying business receiving financial assistance under the economic development program or of any financial institution participating directly in the economic development program.
 - The Citizen Advisory Committee will meet regularly as required to review the program and will report to the City Council at least once every six months on its

findings and suggestions at a public hearing called for that purpose.

3. City Council:

- Will have a final authority on the expenditure of funds in support of the economic development program.
- Will approve the membership of the Citizens Advisory Committee.
- Will have ultimate responsibility for the economic development program.

PROCESS TO ENSURE CONFIDENTIALITY OF BUSINESS INFORMATION RECEIVED

In the process of gathering information about a qualifying business, the city may receive information about the business, which is confidential and if released, could cause harm to the business or give unfair advantage to its competitors. State law authorizes cities and other public entities to maintain the confidentiality of business records, which come into their possession.

To protect the business applying for funds and to encourage them to make full and frank disclosure of business information relevant to their application, the city may take the following steps to ensure the confidentiality of the information it receives:

1. The adoption of an ordinance that makes such information confidential and punishes disclosure;
2. A restriction on the number of people with access to the files with the Program Administrator primarily responsible for their safekeeping; and
3. A requirement that personnel involved in the program sign statements of confidentiality regarding all personal and private submittals by qualified businesses.

PURCHASE OF REAL ESTATE OR OPTION TO PURCHASE

Eligible activities include the purchase directly or indirectly through Phelps County Development Corporation of commercial or industrial site(s) and obtaining options for the purchase of such real estate. Land to be purchased or optioned may be within or outside the corporate limits of the City of Holdrege.

In addition, the 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 will include, but not be limited to, street, storm drainage, water, sewer, gas, electric, or railroad extension. Infrastructure improvements and costs may extend beyond the corporate limits of the City of Holdrege.

The funds may also be used to construct facilities, structures, and/or appurtenances for new or proposed development or to attract new business or industry. These facilities, structures and appurtenances are not required to be within the corporate limits of Holdrege, Nebraska.

These sites and facilities will improve the attractiveness of Holdrege, Nebraska, as a location for new business and industry and may be used as an incentive to aid in the location, relocation or expansion of a business. These sites and facilities may be sold or leased at a price at or below current market value. The proceeds from the sale or lease of land purchased and developed with funds generated by Local Option Municipal Economic Development Act may be used for the purchase and development of additional land and may be used for all other eligible activities.

INVESTMENT OF ECONOMIC DEVELOPMENT FUNDS

The Program Administrator will establish a separate Economic Development Fund.

1. The money from the Economic Development Fund shall not be commingled with any other City or PCDC fund.
2. Any money in the Economic Development Fund not currently required or committed for the purposes of Economic Development shall be invested by the Program Administrator.
3. In the event that the Economic Development program is terminated, any funds not committed will be transferred as provided by the statute to the General Fund of the City and will be used on an installment basis to reduce the property tax levy of the City as provided by the Act.
4. If there is a conflict between this plan and State Statute, the State Statute will control.

LEGAL AND REGULATORY COMPLIANCE

In order to ensure that all laws and regulations are being complied with, the City Attorney will review the Economic Development Program and all laws and regulations pertaining to it annually.