

ECONOMIC DEVELOPMENT PLAN

Nebraska's 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 futures and the types of actions and investments needed to reverse these past trends. At the same time, smaller towns and cities are beginning 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 the smaller cities have become uniquely attractive. At the same time, the revolution in information and communication technology as well as good 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

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

Economic diversification will continue to be a critical priority for Creighton's economic development program. Diversification will be strengthened by the development of expanding existing businesses, development of new businesses and the recruitment of new businesses. A small business and microenterprise development program can establish the City as a nurturing environment for small business and microenterprise and as a center for economic opportunity. This atmosphere, in turn, can encourage people with skills and ideas to move or return to Creighton 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 Creighton as a center for opportunity is important to the City's effort to expand its labor force and attract new residents.

The City of Creighton 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 marketplace. In order to keep Creighton, Nebraska as competitive

as

possible in that marketplace the community will strive to use all financial and human resources available in a partnership using federal, state, municipal, and private sources.

STATEMENT OF PURPOSE, GENERAL INTENT AND GOALS

The City of Creighton will adopt a comprehensive plan. This Comprehensive Plan will be the culmination of a planning process that also involves citizens of the City to define its future. It is important in preparation of an economic development plan that, in addition to soliciting specific input for the plan, an effort be made to ensure consistency with other plans and goals of the City.

It is the intent of the City of Creighton, Nebraska, to implement an economic development program, the purpose and goals of which will be: to create jobs, to generate employment opportunities, to expand labor markets, to expand retail opportunities, to increase the number of households; in the City of Creighton or in an area deemed economically beneficial to the City of Creighton; and to attract new capital investment to the community and establish stability and vitality for the community of Creighton and the surrounding area.

1. ECONOMIC DEVELOPMENT FUND

Funds that shall be deposited into the separate economic development fund as established by the City of Creighton's Economic Development Program are as follows:

- 1) All funds derived from local sources of revenue for the economic development program,
- 2) Any earnings from the investment of such funds,
- 3) Any loan payments,
- 4) Any proceeds from the sale of assets purchased by the municipality under its economic development program, and
- 5) Any other money received by the municipality by reason of the economic development program.

2. ELIGIBILITY

2.1 Eligible Applicants

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 the Sale of Goods or Commodities which are sold or traded in Interstate Commerce;
- 4) Sale of services in Interstate Commerce;
- 5) Headquarters facilities relating to a Qualifying Business;
- 6) Telecommunications including services providing advanced telecommunications capability (defined as High-Speed, Broadband telecommunications capabilities);
- 7) Tourism-related activities;
- 8) Retail;

- 9) Production of Films;
- 10) Construction or Rehabilitation of Housing;
- 11) Early childhood infrastructure development and early childhood care and education programs;

2.2 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, the renewal or extension of such options, and public works improvements.
- 2) Small business and microenterprise development including expansion of existing businesses.
- 3) Recruitment to bring a qualifying business into the area.
- 4) Grants or agreements for job training and workforce recruitment.
- 5) Expand and promote Creighton through marketing, workforce attraction, and tourism related activities.
- 6) Development of housing related programs to foster population growth.
- 7) Activities to revitalize and encourage growth in the downtown/commercial areas.
- 8) Demolition of buildings to assist with the future development of commercial, industrial and residential investment.
- 9) Loans to businesses or industries for fixed assets, working capital, public works, essential to expansions, or job training.
- 10) Activities to promote and expand early childhood infrastructure development and early childhood care and education programs.
- 11) Payments for salaries and support of municipal staff or the contracting with an outside entity to implement the economic development program.
- 12) 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 Creighton's Economic Development Program. In order to stay current with Nebraska Statutes, the City of Creighton retains the right to amend this Economic Development Plan when such amendment pertains to changes made to the Local Option Municipal Development Act or to other statutes that affect Creighton's program. Such amendments can only be made after a public hearing and a three-fourths (3/4) vote of Creighton City Council.

3. OPERATION OF THE REVOLVING LOAN FUND

This section will describe details of the operation of the revolving loan fund. The size and special features of this fund, combined with the requirement of LB 840, requires that its operation be outlined.

3.1 Requirements

The revolving loan fund can provide loans or loan guarantees to any business eligible for assistance under LB 840. While not meant to restrict the scope or flexibility of the fund, evaluation of applications should give special priority to businesses that meet one or more of the following criteria:

- a) Applications which provide for the expansion, enhancement or transition of existing businesses in Creighton and the surrounding area.
- b) Businesses which create one quality job for each \$25,000 or less in public financing assistance in order to create quality job opportunities for area residents.
- c) New business starts.
- d) Businesses that in the opinion of the loan committee have unusual potential for growth.
- e) Businesses that are relocating from outside Nebraska.
- f) Businesses that provide for important local or regional needs.
- g) The business does not need to be located within the municipal boundaries of the City of Creighton.

3.2 Conditions

- a) Loan Amount – Funds for a single project shall not exceed the amount of funds available under the Economic Development Program during the project term. Funds shall not exceed more than 50% of applicant's total project costs unless evidence of the creation of a quality job is provided. With the creation of a quality job, funding up to 100% is allowed (maximum of \$25,000 per job created or retained.)
- b) Equity – Applicant must have 10% equity investment.
- c) Interest Rate – Interest rate is fixed and negotiated case by case and shall not be less than ½ of prime rate in Wall Street Journal or never less than 2%, on the day closing.
- d) Collateral – Security for the loan will include, but not be limited to, Promissory Notes, Mortgages, Security Agreements, Deeds of Trust, and personal and/or corporate guarantees as appropriate and may be in a subordinate position to the primary lender.
- e) Term – 15 years for capital assets and 3 years for loans involving any other asset category; up to 7 years for equipment and fixtures may be possible for transition projects.
- f) Period of Payment – A loan repayment schedule providing for monthly, quarterly, or annual payments will be approved in conjunction with project approval. Repayments will be held in the revolving loan fund for future projects.
- g) Business Transition – In cases of business transition projects, the loan committee may choose to modify loan terms listed previously. These changes may include (but are not limited to) interest-only payments for a period of the loan or other modifications the committee feels are justifiable under the current policies of the sales tax program.

3.3 Loan Inquires

At the time when a qualifying business makes an application, the qualifying business shall provide the appropriate documentation evidencing its negotiations with one or more primary lenders, if applicable, and the conditions upon which it will receive funds.

All inquiries regarding Creighton sales tax funds will be treated the same.

Those inquiring will be given a guidelines packet. This packet includes the sales tax guidelines, loan application form, certification and authorization form, application checklist and a financial statement form.

When someone decides to apply for sales tax funds, all required forms, as indicated in the guidelines are to be turned in to the Local Economic Development Office. These forms must be complete and legible. Once all required forms are completed and turned into the Program Administrator and the Program Administrator deems them to be complete, a written declaration of completion will be provided to the applicant. In the event the forms are not complete, the applicant will be informed in writing of the deficiencies. Once the forms are complete as determined by the Program Administrator, a meeting will be scheduled with the Finance Committee. The applicant is welcome to meet with the Finance Committee at the scheduled meeting time.

3.4 Loan Review

1. The Finance Committee will meet to review the loan application and supporting documents. The Program Administrator also attends the meetings to take minutes and to provide information, especially in the absence of the applicant.
2. The Finance Committee will evaluate each application according to the following criteria:
 - a) Eligibility under LB 840
 - b) Soundness and credibility of the business proposal.
 - c) If the business fits into one of the priority categories established by the plan for assistance.
 - d) Track record, credibility, and credit worthiness of applicant.
 - e) Ability to leverage significant private financing.
 - f) Probability that the business assistance will be repaid.
 - g) Other criteria that the Finance Committee may establish for application review.
 - h) Decision of the Finance Committee will be final.
3. The Finance Committee will review a checklist of the forms and documents that were reviewed during loan review. A member of the Finance Committee will sign off on the form after the review is complete.
4. The Finance Committee may recommend the loan for approval to the Creighton City Council, request additional information from the applicant, or not recommend the request. If the Finance Committee does not recommend a loan application, the applicant may apply again at a later date.

The Finance Committee members do not speak on behalf of the entire committee. Applicants are welcome to discuss their application with one or more members of the committee. Finance Committee members must remind the applicants that their opinion is only one of five and that the entire committee must make the recommendation to the Creighton City Council. The committee will abide by the majority vote of the committee.

If there is a conflict of interest of any member of the Finance Committee due to a business relationship involving the sales tax application, immediate relation by family or marriage, the member(s) of the Finance Committee will abstain from

voting on that specific loan application.

3.5 Required Timeline to Meet Goals

A business receiving a loan shall have 24 months from the date of loan approval to meet the employment and/or expansion goals as indicated in the sales tax application on file.

3.6 Loan Default

The City Clerk will be responsible for contacting the borrower if a payment is in default. If a payment is more than 30 days in default, a letter will be sent by the City Clerk to the borrower requesting immediate payment. The primary lender will also be notified. If payment is not made within 15 days of the letter, a committee composed of the City Attorney, City Clerk, Chairman, and Program Administrator will meet to determine appropriate action.

3.7 Loan Forgiveness

Loan Forgiveness is an option in the Economic Development Plan. Forgivable, performance based loans will be considered by the Economic Development Finance Committee with any of the following criteria taken into consideration:

- a) The levels of job creation/job retention, and the Duration of those job commitments, being proposed as job performance requirements to be met by the benefited business.
- b) Level of economic impact to the community.
- c) The overall wage levels being paid by the benefited business.
- d) Benefited business' commitment to providing a minimum annual wage increase for all employees through a period of time.
- e) The level of equity investment by owners.
- f) An assessment of the ability of the benefited business to repay the loan if job performance requirements are not met.

Any negation for loan forgiveness must be approved by the Creighton City Council. The applicant must submit a written request for loan forgiveness that outlines the reasons for the request to the Program Administrator. This must be negotiated prior to closing.

4. BUDGET

This section describes a preliminary source of funds and budget for Creighton'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 Creighton 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 Economic Development Finance Committee will develop an annual budget for the expenditure of sales tax funds. The budget will coincide with the City of Creighton's fiscal year. The budget will include projected revenues for the coming year, loan payments received during the year and carryover funds from previous years. The Creighton City Council will review and approve the budget at the time they approve

the City's annual budget.

4.1 Proposed Funds to be Collected and Length of Time the Plan Will Exist

The City source of public funds for the Creighton Economic Development Program will be one-half (.5) of one percent local option sales tax.

4.2 Non-Loan Expenditures

Non-loan project requests need to be submitted to the Program Administrator. The Economic Development Finance Committee will review the request to determine its eligibility in accordance with the plan and budget. If the request is recommended by the Economic Development Finance Committee, it will be forwarded to the Creighton City Council for final approval. Approval must be met BEFORE any non-loan project is started.

Such non-loan expenditures could include, but are not limited to, infrastructure, administration expenses, research, studies, industrial and tourism promotion and legal fees. Sales tax funds can also be used as a match for grant applications, as long as the project application meets the Economic Development Plan.

5. Confidentiality

Any information provided to the Creighton City Council, on the Loan Recommendation form, is considered public information. This information includes the following information: Business entity, project description, borrower(s), loan amount, length of loan, interest rate, security, repayment, loan closing date and any other pertinent information.

All members of the Economic Development Finance Committee and Citizen's Advisory Committee will sign a confidentiality statement for the sales tax program. The confidentiality statements will be renewed each January. The Confidentiality Statement will have attached the corresponding statute, which outlines that disclosure of confidential business information is a Class III misdemeanor.

All loan applications will be referred to with their assigned loan number. Loan numbers will be issued with the year and number of application in that year. For example: SLB #2020-01.

Finance Committee members will receive a copy of the application materials prior to the loan review meeting. These materials will be in sealed envelopes addressed to each committee member and stamped "Confidential".

After the final meeting for a particular application, all committee members are required to return all loan forms and copies to the City Clerk for shredding.

6. Duties of Those Involved

6.1 Program Administrator

- a) City Clerk and/or Knox County Economic Development Director will share responsibilities of Program Administrator.
- b) Will be responsible for the day-to-day activities of administering the programs
- c) Assists applicants and conducts active recruiting for potential applicants.
- d) Serves as ex-officio, non-voting member of the Economic Development Finance Committee and Citizen Advisory Review Committee who will provide

- the committee with necessary advice and information.
- e) Tracks employment figures for participating businesses for two years if businesses employ persons in other Nebraska communities.
 - f) Ensures loan files are complete with application materials, checklists and loan closing documents.
 - g) Recommends all non-loan projects for approval to the City Council.
 - h) Works with City Clerk to create an annual budget for approval by the City Council.

6.2 Finance Committee

- a) The Finance Committee shall consist of three or five members appointed by the City Council. In the event of a split vote the application will not be recommended to the city council for approval. Terms shall be for four years, except that initial terms shall be established on a staggered basis year by year to provide continuity on the committee. No more than one member shall be an elected official. All members on the committee should have experience in the field of business, finance, or accounting. All members of the Finance Committee need to reside or work in or around the City of Creighton.
- b) Shall set terms of the loan and recommend them to the Creighton City Council.
- c) Ensures that all procedures are followed regarding loan applications and paperwork.

6.3 Citizen's Advisory Committee

- a) A group of citizens who are registered voters of the City, who will review the function and progress of the economic development program and advise the City Council with regard to the program.
- b) Committee organization will consist of:
 - 1. Five members all appointed by the Chairman. All members must be approved by the City Council. Terms shall be for four years except that initial terms shall be established on a staggered basis to provide continuity on the committee.
 - 2. All committee members shall be resident taxpayers of the municipality.
- c) No member of the Citizen Advisory Review Committee shall be:
 - 1. An elected or appointed municipal official.
 - 2. An employee of the municipality.
 - 3. An official or employee of any qualifying business receiving financial assistance under the economic development program.
 - 4. An official or employee of of any financial institution participating directly in the economic development program.

6.4 City Council

- a) Will have final authority on expenditure of funds in support of the economic development program. These decisions should be made after considering the recommendations of the Finance Committee (loan recommendations and non-loan projects).
- b) May contract with Knox County Economic Development (or other outside entity) to act as Program Administrator.
- c) Will have ultimate responsibility for the economic development program.

6.5 City Clerk

- a) Provide the City Council an account of the status of each loan outstanding, program income, and current investments of unexpended

- funds on a monthly basis.
- b) Establish a separate account in a financial institution for loan funds.
 - c) Work with program administrator to create an annual budget for approval by the City Council.

7. IDENTIFICATION OF REAL ESTATE

Eligible activities include the purchase directly or indirectly through the City and Program Administrator 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 Creighton and will be identified through local analysis by the City of Creighton, and/or Industrial Site Evaluation teams organized by the City of Creighton or Program Administrator. These identified sites may then be considered for option or purchase and further development.

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 Creighton.

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 sites and facilities will improve the attractiveness of Creighton, 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 LB 840 may be used for the purchase and development of additional land and may be used for all other eligible activities.

The attraction of a new business or industry may require an incentive to ensure its location in Creighton. Any investment in land and infrastructure can provide that incentive while at the same time providing a benefit that will remain in the community. Developed industrial sites, buildings, and infrastructure will be of long term benefit to the community regardless of future ownership.

8. INVESTMENT OF ECONOMIC DEVELOPMENT FUNDS

- a) The money from the Economic Development Fund shall not be commingled with any other City fund.
- b) 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.
- c) 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 may be used on an installment basis to reduce the property tax levy of the City as provided by the Act.
- d) If there is a conflict between this plan and State Statute, the State Statute will control.

9. 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.