

Tekamah, Nebraska

Economic Development Program

June 1, 2018 – September 30, 2028

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Submitted by: Burt County Economic Development Corporation
and
Tekamah Industrial Development Corporation

Section I. General Community and Economic Development Strategies

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 (LB 840) is based on the premise that communities should use their 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 municipality's greater latitude in shifting spending priorities to implement local solutions for economic growth and development.

The core of LB 840 involves the formulation of a proposed plan for local economic development. The plan forms the foundation for the collection and expenditure of local tax revenues for economic development and the provisions become the basis under which the municipality operates.

Section II. Statement of Purpose, General Intent and Proposed Goals

It is the intent of the City of Tekamah to implement an Economic Development Program with the purpose and goals as follows:

- Generate additional employment opportunities
- Retain and grow our local tax base
- Recruit new businesses
- Recruit and retain residents
- Retain and expand our existing businesses
- Revitalize downtown central business district
- Assist in housing development

In addition to soliciting input for the development of this program, an effort has been made to ensure consistency with the other plans and goals of the City of Tekamah. Therefore, the City of Tekamah's Strategic Plan, completed in 2016, has been reviewed and taken into consideration.

Tekamah's community and economic development strategy involves building on its strengths. Not only does that involve increasing the job opportunities and residents to fill those positions, but also ensuring that the housing is available to attract people to live here and increase the city's tax base. Tekamah has the unique opportunity to attract those wanting to leave the hustle and bustle of the larger metropolitan area for the safety of a welcoming small town. The city can create a favorable business environment that encourages and supports new ideas to create home grown businesses.

The City of Tekamah will always have the final vote on how the LB 840 dollars are spent. Burt County Economic Development, with the leadership of the Tekamah Industrial Development Council, has prepared the Plan for submission, first to the City Council, and upon Council approval, to the voters of the City of Tekamah. The Legislature of the State of Nebraska has made available, through the Act, an invaluable tool to spur further economic development within the City. The City seeks, through the Economic Development Plan, to strengthen its economic base and attract and retain a diverse population.

Section III. Eligible Activities

Eligible activities under the Economic Development Plan may include, but shall not be limited to, the following activities:

1. Direct loans or grants to qualifying businesses for fixed assets and/or working capital; job training.
2. Loan guarantees for qualifying businesses
3. Grants for public works improvements which are essential to the location or expansion of or the provision of new services by a qualifying business.
4. The purchase of real estate, options for such purchase, and the renewal or extension of such options
5. The issuance of bonds as provided for in the Local Option Municipal Economic Development Act

6. Payments for salaries and support of city staff to implement the economic development program or the contracting of such to an outside entity
7. Grants or loans for the construction or rehabilitation for sale or lease of housing for persons of low to moderate income, or as part of a workforce housing plan
8. Recruitment incentives to a qualified business
9. Site preparation and development including demolition and infrastructure improvements to real estate purchased under this plan.

Section IV. Workforce Housing Plan

"Workforce Housing Plan" means a program to construct or rehabilitate single family housing or market rate multi-family housing which is designed to address a housing shortage that impairs the ability of the City to attract new businesses or impairs the ability of existing businesses to recruit new employees. In connection with the Workforce Housing Plan:

1. The City has participated in a County-Wide Housing Study (the "Housing Study") conducted by Hanna: Keelan Associates, P.C. for Burt County Economic Development Corporation. The Housing Study covered Burt County, and communities within Burt County, to include the City. The Housing Study found that the current housing stock in the City and Burt County, including both single-family and market rate multifamily housing, was deficient in numbers and quality, and that the City has a housing shortage.
2. The Workforce Housing Plan is intended to include all single-family housing and market rate multi-family housing. The plan also includes housing for persons of low or moderate income under section 18-27101.01. According to this law, the city shall determine low-income and moderate-income standards for the program by basing such standards upon existing federal government guidelines or standards for qualifying for any federal housing assistance program as such levels may be modified by the consideration of existing local and regional economic conditions and income levels.
3. Due to the lack of available housing within the City and Burt County, existing businesses have difficulty in recruiting new employees.
4. Construction costs, and the cost of providing infrastructure for housing (to include streets and utilities), are adversely impacting the ability to find housing for persons seeking new or rehabilitated housing in the City.

Section V. Amendments to Plan

The eligible activities described above are considered priority activities for the use of generated funds under the Local Option Municipal Economic Development Act. The City of Tekamah recognizes that the attraction of a new business or industry to a community or the expansion of an existing business takes place in a very competitive market place, and in the creation of jobs in the area, the City retains the right to include as eligible services, those additional activities allowable by law. In order to stay current with Nebraska Statutes, the City of Tekamah retains the right to amend the Economic Development Plan when such amendment pertains to change made to the Local Option Municipal Economic Development Act or to other statutes that effect the Tekamah Program. Such amendments can only be made after a public hearing and a majority vote by the Tekamah City Council

Section VI. Eligible/Qualifying Businesses

In municipalities with populations of 2,500 inhabitants or less, a qualifying business is any corporation, partnership or sole proprietorship regardless of its principal source of income. (Section 18-2709)

A qualifying business does not have to be located within the territorial boundaries of the city if the Tekamah City Council determines that there is a clear economic benefit to the city, but it must be located within the City's two-mile extraterritorial jurisdiction or on land held in the name of the city. Eligible businesses may apply more than once and receive program benefits more than once.

Section VII. Source of Funds, Length of Program, Preliminary Budget, Bonding Authority

This section describes the source of funds and a preliminary budget for Tekamah's Economic Development Plan. It is important to note that this budget must be developed annually and may be modified from time to time by the Tekamah City Council. In the field of economic development, it is impossible to anticipate every condition or requirement. The City of Tekamah should maintain the flexibility to respond to specific requirements and opportunities when necessary.

Source of Local Option Funds

Source of funds for the plan will be a one-half (1/2) percent local option sales tax (currently prescriptions and groceries excluded from sales tax). Local option sales tax LB 840 revenue exceeding or in addition to the approved annual budget, not to exceed four-tenths of one percent (0.4%) of the taxable valuation of the city per year, shall be deposited into City's general fund

Plan Duration

The city of Tekamah's Economic Development Plan, if approved by Tekamah residents and authorized by Tekamah City Council, will exist from June, 2018 until May 30, 2028. Uncommitted funds and revenues may continue to be used for eligible activities with the plan for an additional six-year period. Unless extended by the voters, this plan shall end May 30, 2028.

Preliminary Budget

The City of Tekamah shall establish an Economic Development Fund and shall contribute an amount not to exceed four-tenths of one percent (0.4%) of the taxable valuation of the city per year for the life of the program, as appropriated annually by the City Council. The annual amount of local option sales tax to be placed into this fund shall be included in the City of Tekamah's budget each year and approved by the Tekamah City Council. Any proceeds from the issuance of bonds to provide funds to carry out this Economic Development Program and any proceeds from land or building sales associated with this Economic Development Program shall be deposited in this fund. The City of Tekamah shall not transfer or remove funds other than for the specific used outlined in this program during the life of the program.

Bond Authority

The City of Tekamah may be presented with economic development opportunities which could require initial funds exceeding the single year proceeds of the local option sales tax. In order to take advantages of such opportunities the City of Tekamah shall have the authority to issue bonds. Future local option sales tax receipts shall be utilized to retire these bonds. The City

Council may authorize the issuance of bonds to execute the Tekamah Economic Development Plan following a public hearing.

Section VIII. Administration of Economic Development Program

It is the intent of the program that the majority of the funds are used to support eligible activities and that only a minimal amount is spent on administrative costs. The administration of this program will be shared by four separate entities. The entities are as follows: City Council, Program Administrator, Loan Review Committee and the Citizens Advisory Review Committee.

City Council

1. Will have final authority on expenditure of funds in support of the economic development program.
2. Will have ultimate responsibility for the Economic Development Program.
3. May contract with an organization to act as Program Administrator and will approve the membership of the Advisory Committee.

Program Administrator — Burt County Economic Development Exec. Director

1. Will be responsible for the day-to-day operations of the program.
2. Will assist applicants and recruit potential applicants.
3. Will serve as ex-officio, non-voting member of the Loan Review Committee and the Advisory Committee and will provide the Advisory Committee with all necessary advice and information.

Loan Review Committee

1. Shall consist of three (3) members appointed by the Mayor and approved by the City Council.
2. Terms shall be six (6) years.
3. No appointee to the Loan Review Committee may be an elected or appointed official of the City of Tekamah; an employee of the City; a pending loan applicant nor an employee, agent, shareholder or officer of a pending loan applicant for LB 840 funds.
4. All members on the Loan Review Committee must have experience in the field of business, finance or accounting; must be a registered voter of the City of Tekamah.
5. Shall be responsible for reviewing all applications and making approval/denial recommendations to the City Council.

Citizens Advisory Review Committee

1. Shall consist of five (5) to ten (10) registered voters of the City who shall be appointed by the mayor.
2. Is the "Watch Dog" committee and not the decision- making committee
3. At least one member of the committee shall have expertise or experience in the field of business finance or accounting.
4. No appointee to the Citizen Advisory Review Committee may be an elected or appointed official of the City of Tekamah; an employee of the City; a pending loan applicant nor an employee, agent, shareholder or officer of a pending loan applicant for LB 840 funds.
5. Committee shall report to the City Council once every six-month period, after effective date of the ordinance, the results of their oversight, the functioning and progress of the economic development plan.

Section IX – Financial Assistance Application Process

To be considered for direct financial assistance under the Tekamah Economic Development 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
3. Current financial statements, financing requirements for the project, and total project cost
4. A completed "Tekamah Economic Development Program Application for Financial Assistance" form. (An application shall be developed within the first 3 months of the Economic Development Program and may be revised from time to time to include pertinent information. Applications will be made available at the City of Tekamah office)
5. Additional information, to determine the economic viability of the proposed project(s), may be requested by the Tekamah Loan Review Committee.

Generally, applications will be reviewed in the order in which they were received. When an application is received that is deemed "urgent" by the Program Administrator, it may be reviewed and approved before other applications received. However other pending applications will then be addressed in a timely manner. Application review and approval, or disapproval, will be based on project feasibility as determined by review of the applicant's application and documents, along with the potential future economic benefit to the community. Applications may be prioritized by the Program Administrator with the most cost-effective project to receive a priority for the use of the funds. Before final approval, the

Program Administrator will be responsible for the verification of business information provided by eligible businesses that receive a recommendation for financial assistance. Upon completion of the agreed terms and conditions of assistance between the Program Administrator and the applicant, the project will be submitted to the City Council for review and approval. The Council will consider the overall benefits to the community in its deliberation and will provide the Program Administrator a decision. Once approved, the Program Administrator will take the necessary action to execute agreements made. Other incentive assistance processes, using alternative requirements and documentation, may be implemented so that the requirements are more appropriate for the type and amount of the incentive. For instance, in the case where a job creation incentive could be implemented, documents such as a business plan, financial statements, and similar documentation, may not be applicable to this type or amount of incentive. In this and similar cases, alternative requirements and application form could be developed and used for this type of incentive. Eligible qualifying businesses may apply more than once and receive program benefits more than once as long as they are in good standing with previous loans. In the process of gathering information about a qualifying business, the Tekamah Loan Review Committee or Program Administrator, may receive confidential information about the business which, 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 the information it receives. Procedures will be developed by the Tekamah Loan Review Committee and approved by the City Council to insure the confidentiality of business information received from applicants for financial assistance. These will include the adoption of an ordinance which makes such information confidential and punishes disclosure; a restriction on the number of people with access to files; the designation of a responsible party for their safekeeping; and requirements for personnel involved in the program review or with access to any business information to sign statements of confidentiality regarding all personal and private submittals. These procedures may be revised from time to time with City Council approval. Contracts made with qualifying businesses shall include protective measures, applicable to the project, to safeguard Tekamah's investment in the project.

Confidentiality, Laws and Regulations

To ensure applicant confidentiality, the following measures will be instituted and enforced.

1. Each member of the Advisory Committee and Loan Review Committee (including ex-officio members) will sign a "Statement of Confidentiality".
2. Applicants business and financial information will be available to the Advisory Committee during the approval/disapproval process only

Purchase or Option to Purchase Land

If the purchase or option to purchase real estate is proposed, the following criteria will be applied:

1. The property shall be properly zoned without any excessive easements, excessive covenants or other encumbrances;
2. The property will conform to the City's or County's comprehensive plan, and
3. Selection of sites will be based upon sound economic development location criteria or specification for special projects.

Proceeds from the sale of real property purchased pursuant to the Economic Development Program shall be returned to the City's Economic Development Fund for future use.

Section X - Revolving Loan Program – Direct Financial Assistance

The plan is designed to provide direct financial assistance by funding different types of loans and loan packages to new and existing businesses with location and expansion opportunities.

A. General Guidelines

1. The amount of funds available for any single project shall not exceed the amount of funds available under the Economic Development Program during the project term, nor shall it provide for more than fifty percent (50%) of applicant's total project costs. Any applicant must provide participation and evidence of participation through private funding as distinguished from federal, state or local funding in the minimum of ten percent (10%) equity investment. Rights are reserved to negotiate terms and conditions of the loan with each applicant. Terms and conditions may differ substantially between applicants. Maximum rate of loan is \$50,000.
2. The interest rate shall be fixed and negotiated on an individual basis; no higher than one-half the rate of the lending rate for the project at a traditional banking source. The term shall not exceed ten (10) years for loans used for capital assets and five (5) years for loans involving any other asset category. Security for loans will include, but will not be limited to: promissory notes, mortgages or deeds of trust, and personal and/or corporate guarantees as appropriate and may be in a subordinate position to the primary lender.
3. The loan repayment could have a three-year deferment from making payments if the borrower creates at least two and one half (2.5) new full time equivalent (FTE) positions within twelve (12) months of the execution of the agreement. Further, the borrower must continue and keep in place the newly created full-time equivalent positions (FTE) for a period of at least thirty-six (36) months from the date of creation of the full-time equivalent positions. The newly created full-time positions must be compensated at a rate at or above the NE minimum wage.
4. If the loan is approved, a business may be approved to recapture a portion of the loan amount on a grant basis. The recaptured amount will be determined by the City Council, based upon job creation or retention and economic impact on the project to the community.
5. A loan repayment schedule providing for monthly, quarterly, or annual payments will be approved in conjunction with project approval. Repayment will be held in the revolving loan fund for future projects when approved.

6. The Economic Development Director or contracted loan administrator is responsible for auditing and verifying job creation and retention and determine grant credits towards any loans made.
7. The Revolving Loan fund will be audited annually by a selected firm or certified public accountants.

Section XI - Process to Assure Applicable Laws and Regulations are Met

The Program Administrator will be responsible for procedures to insure all applicable laws, regulations and requirements are met by the municipality and the qualifying businesses that receive financial assistance. These procedures will be subject to review and approval by the City Council. The Program Administrator may use the City Attorney to review all contracts, official documents, land transactions, and other official actions related to the economic development program, as well as applicable laws annually, to ensure compliance with applicable laws, regulations, and requirements. The Program Administrator may retain separate counsel, rather than using the City Attorney, for the review of any or all documents and laws, with the approval of the City Council. If there is a conflict between this plan and the ordinance that governs this plan and Nebraska State Statutes (both current and future), State Statutes will prevail.

Community Economic Development Program Ordinance

Upon approval by the voters of the community economic development program, the City Council will, within forty-five days after such approval, establish the economic development program by ordinance in conformity with the terms of such program as set out in the original enabling resolution.