

# **ALBION, NEBRASKA**

## **LB 840-Local Option Municipal Economic Development Act**

### **ECONOMIC DEVELOPMENT PROGRAM**

#### **SECTION I. COMMUNITY STRATEGY, MISSION & GOALS**

In June of 1997, Town Hall Focus conducted strategic planning sessions with a cross section of residents from the area. They analyzed data obtained through a comprehensive community needs survey as well as personal interviews with existing business to assess their needs. The major program goals were established by these focus meetings. This strategy recognized that agriculture is and will continue to be a major component of Albion's economy but with the subsequent loss in jobs and population, the retail district will be more dependent on other sectors for support. The economic base of rural communities must adjust to the changes of agriculture. Building upon primary-based businesses will strengthen our rural communities, examples being: businesses which manufacture products for export outside the community; businesses which conduct research; businesses which process, store, and transport; businesses which sell services outside the community; telecommunication businesses; and tourism related activities and businesses. These businesses all bring new dollars into the community to circulate and improve the local economy.

As the world economy has changed from the industrial age to the information age, business has changed. National boundaries are irrelevant. The major source of new jobs has changed from the expansion of large corporations to the creation of new and expanded small businesses which do not produce for a mass but to a niche market, stressing quality not quantity. This is an avenue of opportunity for the creation of jobs in small rural communities. Albion must be the initiator of business by encouraging entrepreneurs, assisting new businesses, and promoting the expansion of existing businesses.

#### **ALBION'S COMMUNITY AND ECONOMIC DEVELOPMENT STRATEGY IS:**

To maintain and promote the Albion area by enhancing community resources that contribute to the quality of life for the creation and retention of jobs.

It is imperative that Albion expand local efforts to actively work to improve that quality of life. Since restrictions of the Nebraska Constitution were eliminated by the voters through the passage of a Constitution amendment in 1990, the opportunity now exists for communities to affect their own destiny by identifying shortcomings and being able to provide, through self-determination, those aspects considered necessary to new businesses considering the community or existing businesses looking to expand. The Local Option Municipal Economic Development Act allows Albion to invest local tax revenues for economic development purposes.

Albion’s Economic Development Program identifies a mission and goals that relate directly to the strategy which has been identified through a combination of processes over recent years.

## **PROGRAM MISSION**

Area institutions and businesses that are thriving in our current environment cannot always adapt as changes occur. We need to focus some of our resources toward two main objectives:

1. Assist our existing businesses to adapt and grow as the environment changes and the development of new business.
2. Enhance the quality of our community and area.

## **PROGRAM GOALS**

1. Create jobs through new and existing business development.
2. Assist existing businesses in maintaining and expanding Market Share.
3. Provide support for projects to benefit the community.
4. Promote community events and tourism activities.
5. Support community work force housing development through program activities.

## **SECTION II. SOURCE OF FUNDING AND EXISTENCE OF PROGRAM**

Albion’s Economic Development Program will be funded by a portion of a 1-cent city sales tax for Albion. **The City of Albion will appropriate from the sales tax collected for the Economic Development Program an amount of approximately 50% of 1 cent per year for a 10-year period.**

Funds appropriated but not spent, may be re-appropriated which may well exceed the estimation. These revenues for Albion’s Economic Development Fund shall be deposited into a separate fund from other city assets. This fund will be named the “Economic Development Fund.” The City of Albion will have the authority to issue bonds pursuant to the Local Options Municipal Economic Development Act to provide funds to carry out the Economic Development Program.

**The Economic Development Plan will be in effect for a ten year period.  
(October 1, 2024 to September 30, 2034).**

## **ECONOMIC DEVELOPMENT FUNDS:**

The City will establish a separate Economic Development Fund. All funds derived from local fund sources of revenue for the Economic Development Program, any earnings from the investment of such funds, any loan payments, any proceeds from the sale by the City of Albion’s assets purchased by the City of Albion under the Economic Development Program, or any other money received by the City by reason of the Economic Development Program, shall be deposited into the Economic Development Fund.

No money in the Economic Development Fund shall be deposited in the General Fund of the City except as provided for by statute. The City shall not transfer or remove funds from the

Economic Development Fund other than for purposes described in the Act and this plan. The funds from the Economic Development Fund shall not be commingled with any other City funds. Any money in the Economic Development Fund not currently required or committed for the purposes of economic development shall be invested as provided by Section 77-2341 of Nebraska State Statutes.

In the event the Economic Development Program is terminated, any uncommitted funds will be transferred and used as provided by state statute.

### SECTION III: ADMINISTRATIVE SYSTEM

It is the intent of the City Council to contract with the Albion Economic Development Corporation to serve as the Program Administrator for Albion's Economic Development Program.

The Program Administrator:

- 1) Will be responsible for the day-to-day activities of administering the program;
- 2) Will develop and make available an "Albion Economic Development Program Application for Financial Assistance" form;
- 3) Will assist applicants and conduct active recruiting for potential applicants to the extent possible;
- 4) Will review applications on a timely basis;
- 5) Will verify business information provided by eligible businesses to the extent applicable and possible;
- 6) Will negotiate the terms and conditions of the assistance to be provided;
- 7) Will make recommendations to the City Council on program expenditures;
- 8) Will monitor participating businesses to ensure they are meeting or have met funding requirements as necessary ( to include verifying employment figures of participating businesses' various Nebraska business locations to ensure they remain eligible in Albion's program by keeping employment levels in all Nebraska communities at levels required by law);
- 9) Will be responsible for the procedures to insure that all applicable laws, regulations, and requirements are met;
- 10) Will provide for the review of all contracts, official documents land transactions, and other official actions related to the economic development program;
- 11) Will provide someone to attend meetings of the Citizens Advisory Review Committee who will provide the committee with necessary information either directly or through the City's ex-officio member of the Committee.

The Program Administrator will be responsible for procedures to ensure that 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.

The Albion City Council:

- 1) Will establish the Albion Economic Development Program;
- 2) Will contract with the Albion Economic Development Corporation to serve as Program Administrator;
- 3) Will appoint a Citizen Advisory Review Committee as described in this plan and will take responsibility for scheduling their meetings, as well as a public hearing, every six-month period;
- 4) Will appoint a city official or employee to serve as an ex-officio, non voting member of the Citizen Advisory Review Committee, and provide the committee with necessary advice and information;
- 5) Will develop and approve procedures to ensure the confidentiality of business information received from applicants;
- 6) Will have final authority on expenditures of funds in support of the economic development program;
- 7) Will arrange for an annual audit of the program;
- 8) Will annually review the process to assure that applicable laws and regulations are being met;
- 9) Will have ultimate responsibility for the economic development program.

#### **Citizen's Advisory Review Committee:**

This program will be reviewed by a seven member Citizen's Advisory Review Committee. This committee is a "watch dog" committee, and not a committee that plays a role in the decision-making process in regard to where program funds are spent. Five members of this committee will be selected and appointed by the Mayor and City Council for a four year term, with the members rotating on and off to provide continuity. One member will be appointed by the Albion Economic Development Corporation Board with the remaining member to be appointed by the Chamber of Commerce Board. At least one member of the committee shall have expertise or experience in the field of business finance or accounting.

No member of the Citizen's Advisory Review 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's Advisory Review Committee shall meet quarterly or more often as needed to review the functioning and progress of the Economic Development Program and to advise the governing body of the City with regard to the program. The Committee shall report to the governing body on its findings and suggestions at a public hearing called for that purpose at least every six months.

Members of the citizen advisory review committee, in their capacity as members and consistent with their responsibilities as members, may be permitted access to business information received by the City in the course of its administration of the economic development program, which information would otherwise be confidential (a) under section 84-712.05, (b) by agreement with a qualifying business participating in the economic development program, or (c) under any ordinance of the City providing access to such records to members of the committee and guaranteeing the confidentiality of business information received by reason of its administration of the economic development program. Such ordinance may provide that unauthorized disclosure of any business information which is confidential under section 84-712.05 shall be a Class III misdemeanor.

## **AUDIT**

The City shall provide for an annual, outside, independent audit of its Economic Development Program by a qualified private auditing business. The auditing business shall not, at the time of the audit or for any period during the term subject to the audit, have any contractual or business relationship with any qualifying business receiving funds or assistance under the Economic Development Program or any financial institution directly involved with a qualifying business receiving fund or assistance under the Economic Development Program. The results of such audit shall be filed with the City Clerk and made available for public review during normal business hours.

In order to stay current with Nebraska Statutes, the City of Albion retains the right to amend the Economic Development Plan when such amendment pertains to changes made to the Local Option Municipal Economic Development act or to other statutes that affect the Albion Program. Such amendments can only be made:

1. to conform to the provisions of any existing or future state or federal law or
2. after notice, at least one public hearing, and a two-thirds vote of the members of the Albion City Council, when necessary to accomplish the purposes of the original enabling resolution.

The City of Albion shall not amend the Albion Economic Development Program so as to fundamentally alter its basic structure or goals, either with regard to the qualifying businesses that are eligible to participate, the uses of the funds collected, or the basic terms set out in the original enabling resolution, without submitting the proposed changes to a new vote of the registered voters of the City of Albion.

#### **LOAN FUND GUIDELINES:**

The governing body of the City of Albion shall designate an appropriate individual to assume primary responsibility for loan servicing and shall provide such other assistance or additional personnel as may be required. The individual may be an employee of the City of Albion, or the City may contract with an appropriate business or financial institution for loan servicing functions. The governing body of the City of Albion shall be provided with an account of the status of each loan outstanding, program income, and current investments of unexpended funds on a quarterly basis. Program income shall mean payments of principal and interest on loans made from the loan fund and the interest earned on these funds.

The individual responsible for loan servicing shall establish a separate account in a financial institution for each loan made from the loan fund. The individual responsible for loan servicing shall monitor the status of each loan and, with the cooperation of the governing body of the City of Albion and the primary lender or lenders, take appropriate action when a loan becomes delinquent. The governing body shall establish a process to provide for consultation, agreement, and joining action between the City of Albion and the primary lender or lenders in pursuing appropriate remedies following the default of a qualifying business in order to collect amounts owed under the loan.

If the proposed Economic Development Program involves the creation of a loan fund, the proposed plan shall also specify:

- A) The types of financial assistance that will be available, stating the maximum proportion of financial assistance that will be provided to any single qualifying business and specifying the criteria that will be used to determine the appropriate level of assistance;
- B) The criteria and procedures that will be used to determine the necessity and appropriateness of permitting a qualifying business to participate in the loan fund program,
- C) The criteria for determining the time within which a qualifying business must meet the goals set for it under its participation agreement;
- D) What personnel or other assistance beyond regular city employees will be needed to assist in the administration of the loan fund program and the manner in which they will be paid or reimbursed.
- E) The methods of auditing and verification that will be used by the City of Albion to insure that the assistance given is used in an appropriate manner and that the City of Albion is protected against fraud or deceit in the conduct or administration of the economic development program.

## SECTION IV: ALBION'S ECONOMIC DEVELOPMENT PROGRAM

### **Application Process:**

Direct financial assistance under the Albion Economic Development Program, an applicant must provide the following unless waived by the Program Administrator:

1. A completed "Albion Economic Development Program Application for Financial Assistance" form (An application shall be developed for 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 Albion offices.)
2. A detailed description of the proposed project;
3. A business plan, including employment and financial projections;
4. Current financial statements, financing requirements for the project, and total project cost;
5. Additional information, to determine the economic viability of the proposed project(s), may be requested by the Program Administrator.

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 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 negotiations on the terms and conditions of assistance between the Program Administrator and the applicant, the project will be submitted to the City Council for its 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.

In the process of gathering information about a qualifying business, the City 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 authorized cities and other public entities to maintain the confidentiality of the information it receives. Procedures will be developed 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 on confidentiality regarding all personal and private submittals. These procedures may be revised from time to time with City Council approval.

### **Eligible Businesses**

Any corporation, partnership, limited liability company, or sole proprietorship, without regard to its principal source of income, shall be a qualifying business under the Albion Economic Development Program. A qualifying business need not be located within the territorial boundaries of the City.

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 its application for participation in the Economic Development 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 the Economic Development Program at a level not less than its average employment in such city over the twelve-month period preceding participation. This requirement of Nebraska state statutes applies to all Economic Development Programs operated under the Local Option Municipal Economic Development Act to prevent communities from “stealing” jobs from other Nebraska communities.

## **Eligible Activities**

Eligible activities under Albion's Economic Development shall include any project or program utilizing funds derived from local sources of revenue for the purpose of providing direct or indirect financial assistance to qualifying business or the payment of related costs and expenses or both, without regard to whether that business is identified at the time the project or program is initiated or is to be determined by specified means at some time in the future. Eligible activities include, but are not limited to:

1. The purchase of real estate, options for such purchases, and the renewal or extension of such options;
2. Public works improvements essential to the location or expansion of a qualifying business;
3. Expenses for locating a qualifying business into the area or an existing business to a more suitable location;
4. Job creation incentives;
5. Grants to qualifying businesses;
6. Loans to qualifying businesses;
7. Loan guarantees to qualifying businesses;
8. The provisions of technical assistance such as marketing assistance, management, counseling, preparing business plans, engineering assistance, etc.;
9. Job training grants or agreements;
10. Tourism related activities;
11. Payment of salaries to implement the Economic Development Program or the contracting of such to an outside entity;
12. Development of work force housing;
13. All other activities allowed by law, both now and through future amendments to the Local Option Municipal Economic Development Act.

## **Land Purchases:**

Land purchases shall be identified for purchase or option to purchase through local analysis by the City of Albion or through other methods such as a Site Evaluation Team organized by the City or Program Administrator. Land to be purchased or optioned may be within or outside the corporate limits. The property should be properly zoned and have no excessive easements, covenants, or other encumbrances. Flood plain issues will also be considered when buying property for economic development purposes. If infrastructure is not in place at the site, there should be a plan of action developed for the extension of necessary utilities. Real estate purchases shall be approved by the City Council. The proceeds from the sale or lease of land purchased and /or developed with funds generated may be used for the purchase and development of additional real estate or for any other eligible activities under the program. Sites and facilities may be sold or leased at a price at or below current market values.

**Loan Funds:**

At the time when a qualifying business makes application to the Albion Economic Development Agency to participate in a loan fund program, the qualifying business shall provide to the Albion Economic Development Agency appropriate documentation evidencing its negotiations with one or more primary lenders and the terms upon which it has received or will receive the portion of the total financing for its activities which will not be provided by the Albion Economic Development Agency.

## **Albion Economic Development Corporation Application Information Checklist**

This list is a useful tool to help you make sure you have all pertinent information when you turn in your application. The loan committee requests that you provide the following information. There may, however, be additional information the committee will request.

### **Business Financial Information:**

- \_\_\_\_\_ Albion Economic Development Corporation Loan application (signed)
- \_\_\_\_\_ Business Plan, including projected two year income and expenses
- \_\_\_\_\_ Current year-to-date Profit and Loss Statement (signed)
- \_\_\_\_\_ Recent balance sheet (signed) and previous two years, if available
- \_\_\_\_\_ Detailed description of proposed project
- \_\_\_\_\_ *If Corporation:* Two years complete corporate tax returns (signed), Articles of Incorporation, By-Laws, Minutes of last meeting and Corporate Resolution authorizing loan application and execution of required documents
- \_\_\_\_\_ *If Partnership:* Copy of Partnership Agreement and two years partnership tax returns (signed)
- \_\_\_\_\_ *If LLC or LLP:* Two years complete entity tax returns (signed)
- \_\_\_\_\_ If purchasing an existing business, then supply the business's previous three years financial statements and tax returns

### **Personal Financial Information:**

- \_\_\_\_\_ *If Sole Proprietor:* Two years completed individual federal tax returns (signed)
- \_\_\_\_\_ *If "S" or "C" Corp, LLC or LLP:* Two years complete individual federal tax returns, if over 25% ownership (signed)
- \_\_\_\_\_ *If Partnership:* Two years complete individual federal tax returns for general partners and for limited partners, if over 25% ownership (signed)
- \_\_\_\_\_ Credit Bureau Report ([www.freecreditreport.com](http://www.freecreditreport.com)) for individual sole proprietors or for:  
*If Corporation:* all shareholders with over 25% ownership  
*If Partnership:* all general partners  
*If LLC or LLP:* managers

### **Other Information:**

- \_\_\_\_\_ Copy of Valid Driver's License
- \_\_\_\_\_ Certification and Authorization form (completed and signed)
- \_\_\_\_\_ Child Registry and Criminal History Checks

**ALBION ECONOMIC DEVELOPMENT CORPORATION APPLICATION  
FOR BUSINESS LOANS AND GUARANTEES**

PLEASE COMPLETE ENTIRE FORM – DO NOT LEAVE ANY QUESTIONS BLANK

**A. Business (Borrower) Information:**

Name of Business to Receive Assistance: \_\_\_\_\_

Federal ID# \_\_\_\_\_

Business Entity:     \_\_\_Sole Proprietorship     \_\_\_General Partnership  
                           \_\_\_"S" Corporation       \_\_\_"C" Corporation       \_\_\_Limited Partnership  
                           \_\_\_Limited Liability Company     \_\_\_Limited Liability Partnership

*(Depending on entity type, certain supporting documentation is needed –see checklist)*

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Telephone No. (\_\_\_\_) \_\_\_\_\_

Fax No. (\_\_\_\_) \_\_\_\_\_ E-Mail: (if applicable) \_\_\_\_\_

Web Address (if applicable): \_\_\_\_\_

Business Classification: \_\_\_Manufacturing \_\_\_Warehousing & Distribution \_\_\_ Service  
                                   \_\_\_Retail \_\_\_Research & Development \_\_\_Tourism  
                                   \_\_\_Administrative Mgmt. Headquarters \_\_\_Telecommunications  
                                   \_\_\_Other, please explain: \_\_\_\_\_

Does the business have a parent or subsidiaries? \_\_\_ Yes \_\_\_ No  
                                   If Yes, Identify name: \_\_\_\_\_  
                                   Address: \_\_\_\_\_  
                                   City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

Business Type: \_\_\_Start-up (0-5 years old) \_\_\_Acquisition \_\_\_\*Existing  
                                   \*If Existing, list years in business \_\_\_\_\_

Ownership Identification: List all officers, directors, partners, owners, co-owners and all stockholders.  
 Enter under Minority Code, a "1" if the person is a woman, and "2" if a member of a minority group, and a "3" if the person is disabled. (Minority code is only needed if you are also applying for CDBG funds).

Name	Title	Ownership Percent	Minority Code
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Personnel: (Full-Time Equivalent, FTE is based upon 2,080 hours per year).

Existing Number of FTE Positions: \_\_\_\_\_

FTE Positions to be created within 18 months of Application Approval: \_\_\_\_\_

Total Number of Season FTE Jobs Created (i.e. Jobs which will be available for at least 3 continuous months and recur annually): \_\_\_\_\_

Starting wage per hour for your personnel: \$ \_\_\_\_\_

**B. Project Information:**

<b>USES OF FUNDS</b>	<b>Total Project Cost</b>	<b>Albion Funds Requested</b>
Land Acquisition	_____	_____
Building Acquisition/Renovation	_____	_____
New Facility Construction	_____	_____
Acquisition of Machinery/Equip.	_____	_____
Acquisition of Furniture/Fixtures	_____	_____
Working Capital (includes Inventory)	_____	_____
Other (specify) _____	_____	_____
<b>TOTAL:</b>	_____	_____

**SOURCES OF FUNDS**

**Note:** Public financing requires the participation of a private financier and equity funds.

**Participating Lender Information:**

Name of Lending Institution: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone: (\_\_\_\_) \_\_\_\_\_

Loan Amount: \$ \_\_\_\_\_ Loan Term in years: \_\_\_\_\_

Interest Rate: \_\_\_\_\_ Percent      \_\_\_ Variable    \_\_\_ Fixed

Collateral Required: \_\_\_\_\_ Equity Required: \_\_\_\_\_

**Equity Information:**

Amount available by business or owners for investment: \$ \_\_\_\_\_

Project Location:

\_\_\_ Within the City Limits of Albion

\_\_\_ Outside the City Limits, but w/in the Zoning Jurisdiction of Albion

\_\_\_ Outside the City Limits, but w/in Boone County

**C. Other Information Needed:**

**Personal Financial Statement:** Complete the attached Personal Financial Statements Form or submit an acceptable substitute for each person.

**Business Documentation:** See Information Checklist for detailed outline depending on business entity type. Info to include Credit Bureau Report, tax returns, profit and loss statement, balance sheet, articles of incorporation, by-laws and minutes of last meeting, corporate resolution and business plan.

**In addition, provide required information as detailed in the Albion Economic Development Corporation Program.**

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 personal information and business credit information.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_