

City of Mitchell Economic Development Policy

The general strategy for the Economic Development Program (the “Program”) and the effort to be undertaken under the Local Option Municipal Economic Development Act (hereinafter “LB-840”) is to build on the community's strength, to promote businesses and industry, and to retain and create employment for the community. The strategy is to maintain a good quality of life for our citizens, develop a strong workplace, develop our community's resources, attract new capital investment, broaden the community tax base and ensure economic stability for the City of Mitchell (the “City”).

This document has been put in place by the City Council as guidelines for the Economic Development Committee (the “Committee”) when considering grant and loan applications for LB 840 funds. The following requirements, criteria, and stipulations are meant to help applicants understand what will be required of them in order to apply for funds and after funding has dispensed.

The terms and conditions of this policy are meant to be general in nature. Each applicant should strive to meet the terms and conditions as much as possible. It is understood and realized, however, that some applications present unique or non-conforming opportunities from time to time, and strict adherence to this policy is not required if good cause for deviation from this policy can be shown by the Committee or the applicant.

Grant and Loan Restrictions

- Grants to Qualifying Businesses should not exceed one-half ($\frac{1}{2}$) of the LB 840 fund at the time of the application, with the maximum amount allowed to be \$10,000.
 - This policy can be overridden by a three-fourths ($\frac{3}{4}$) majority of the appointed Committee members.
- Grants can only be given to applicants with pre-approved business training or proof that they have successfully operated a business for the previous three years.
 - If applicants cannot meet these requirements, they must attend a business class from the list of approved instructors, as approved from time to time by the Committee. This business training must include Business Plan Development, Cashflow Analysis, Payroll, and accounting. The Committee has the ability to use LB 840 funds to pay for a portion or all of this training.

Types of Funding

- Grants or Loans, forgivable or unforgivable, to pay for eligible activities.
 - The Committee can recommend loans that are forgiven if certain stipulations are met in a preidentified time period.
 - Stipulations- Examples of stipulations for loan forgiveness can include, but are not limited to: Number of employees maintained; number of employees increased; benefits provided to employees; wage rates maintained or improved for employees; capital improvements completed.

Criteria for Ranking Projects

The Following list are the criteria the Committee will use for scoring applicants. These criteria are weighted. Strict adherence to these criteria is encouraged by the Committee, but each application will be weighted on its own merits.

Criteria	Weight
1. Job Creation	1
2. Stability	5
3. Potential	1
4. Community Enhancement	3
5. Ability to generate sales tax revenue	2

Criteria Definitions:

Stability- The applicant has the education and resources to stay in business for a significant period of time.

Potential- The ability to generate larger profits, expand workforce and increase production.

Community Enhancement- Improve aesthetics of community or provide essential service for the community.

Ability to Generate Sales Tax Revenue- Ability of the business to generate significant sales taxes revenues to the City.

Other Considerations

In addition, each applicant will be assessed on the Five “C’s” of Credit

1. Character- Applicant’s reputation or track record for repaying debts.
2. Capacity- Applicants ability to repay debt
3. Conditions- interest rate, principal,
4. Capital- Capital the applicant puts toward the project
5. Collateral- Property or other asset that an applicant offers as an example personal investment.

Business Plan

Applicants are required to submit a business plan in order to be considered for Economic Development funding. The Project Administrator will determine adequacy of the business plan. A business plan should include, at a minimum:

- Business description
- Management qualifications
- Market investigation
- Balance sheet, including debt/equity ratio for all assets offered as collateral

- Profit and loss for the last three fiscal years, if available
- Cash flow projections for the next three years

If the plan is deemed inadequate, the Committee has the ability to aid the applicant in Business Training that includes:

- Business Plan Development
- Cash Flow Analysis
- Payroll
- Accounting.

Eligible Activities for LB-840 Funds

A “Qualifying Business” under the Program means a corporation, partnership, limited liability company, or sole proprietorship regardless of its principal source of revenue, so long as (1) it is not a political subdivision, state agency, or other governmental entity, and (2) if it 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 Program, it maintains employment at a level not less than its average employment is such city over the twelve-month period preceding participation in the Program.

Funds may be used to fund any project or program by providing direct or indirect financial assistance to a Qualifying Business or industry and the related costs and expenses as allowed by the Nebraska statutes and the approved program of the City. Eligible activities under this program shall include, but not limited to:

1. Funding of business recruitment activities.
2. Incentives for business and industry investment and job creation.
3. Direct loans or grants to qualifying business or industry for fixed assets or working capital, or both.
4. Grants for public works and improvements essential to the location or expansion of a qualifying business.
5. The purchase and or development of real estate, options for such purchases, and the renewal or extension of such options.
6. The provision for technical assistance to businesses, such as marketing assistance, management counseling, preparing financial packages, and engineering assistance.
7. Payment for salaries or support of city staff or the contracting with an outside entity to implement and/or administer the Economic Development Program.
8. The issuance of bonds as provided for in LB 840
9. Loans or grants for the construction or rehabilitation for sale of housing as part of a workforce housing plan.

The eligible activities described above are considered priority activities for the use of generated funds under LB-840. The City of Mitchell 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 retains the right to amend the Program when such amendment pertains to change made to LB-840 or to other statutes that effect the Program. Such amendments can only be made after a public hearing and a majority vote by the City Council.

Conclusion

This document is meant to give direction to Committee and people applying for grants or loans. Applicants will be required to produce a detailed description of the project, a business plan, produce financial statements, and fill out a City of Mitchell Economic Development Application. If you would like more information about the program a copy of the Program can be provided to you.

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Mayor

City Clerk