

Policy and Procedure Manual

**Economic Development Program
LB 840 – Local Option Municipal
Economic Development Act**

Loup City, Nebraska

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with input from the Citizen's Advisory Committee, Loan Committee, City Clerk,
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NOTE: Nowhere in this manual or in Loup City's Economic Development Program should this document supersede the State of Nebraska Statute 18-2701-18-2738. Laws 1991, LB 840, §2; Laws 2001, LB 827, §10.

1. Economic Development Fund (18-2718)

Funds that shall be deposited into the separate economic development fund as established by the Loup City'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 (18-2709)

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 sale of goods or commodities which 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.
- 7) Tourism related activities.
- 8) Any business that derives its principal source of income from the construction or rehabilitation of housing.
- 9) Retail or any other business deemed as a qualifying business through future action of the legislature.

2.2 Eligible Activities

Eligible activities under the economic development program may include, but shall not be limited to, the following:

- a) The purchase of real estate, options for such purchases, and the renewal or extension of such options. (18-2711)
- b) Small business development including expansion of existing businesses.
- c) Recruitment to bring a qualifying business into the area.

2.3 Minimum Requirements

To be eligible for funding, the proposed project must meet the entire following minimum 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) 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
- b) Applications which provide for the expansion or enhancement of existing businesses in Loup City and the surrounding area
- 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 needs to be located within Sherman County.

3. Revolving Loans

3.1 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, nor shall it provide for more than 50% of applicant's total project costs. The maximum amount that can be loaned is \$25,000 per quality job created.
- b) Wage Rate - Existing businesses must pay all of their employees at least the current hourly wage required by the Nebraska Department of Economic Development Community Development Block Grant (CDBG) guidelines. No benefit package is required. New businesses must pay all of their employees at least the current hourly wage required by the Nebraska Department of Economic Development CDBG guidelines. Also, they must provide a quality benefit package.
- c) Equity - Applicant must have 10% equity investment
- d) 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 and never less than 4%
- e) Collateral - Security for the loan will include, but 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.
- f) Term - 10 years for capital assets and 5 years for loans involving any other asset category
- g) 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.

3.2 Loan Inquiries

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 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 city. (18-2719)

All inquiries regarding Loup City 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 blank 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 economic development office along with a non-refundable \$115 application fee (\$100 to help with administration costs and \$15 for the Criminal History Check). These forms must be complete and legible. Once all required forms are completed and turned in to the Economic Development office, and the ED Director 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 ED Director, a meeting will be scheduled with the Loan Committee. The applicant is welcome to meet with the Loan Committee at the scheduled meeting time.

3.3 Loan Review

1. The five member Loan Committee will meet to review the loan application and supporting documents. The ED Director also attends the meetings to take minutes and to provide information, especially in the absence of the applicant.
2. The loan 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 loan committee may establish for application review.
 - h) Decision of the Loan Committee will be final.
3. The loan committee will have a review checklist of the forms and documents that were reviewed during loan review. A member of the loan committee will sign off on the form after the review is complete.
4. The Loan Committee may recommend the loan for approval to the Loup City Council, not recommend the request, or request additional information from the applicant. If the Loan Committee does not recommend a loan application, their decision is final. The applicant may apply again at a later date.

The Loan 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. Loan 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 Loup City Council. The committee will abide by the majority vote of the committee. If there is a conflict of interest from any member of the Loan Committee due to a business relationship involving the sales tax application, immediate relation by family or marriage, the member(s) of the Loan Committee will abstain from voting on that specific loan application.

3.4 Loan Closing and Loan Payments

The following is the procedure that will be followed upon approval of a loan by the City Council.

1. Loan committee will make a 2-part recommendation to the City Council. First part will be the loan terms and the second part will be the performance standards that must be met before the loan is closed and loan check is issued (building size, type, timeline, jobs created, etc.)
2. If a loan recommendation is approved by the city council, the city attorney will provide the primary lender with a take out commitment letter so the lender will be assured that the funds from sales tax are committed for the project.
3. Primary lender will finance project until completion.
4. Primary lender will request disbursement.
5. Loan Committee and primary lender will make a joint decision on project completion according to predetermined specs (building size, type, renovations, etc.).
6. Loan closing between city and applicant will occur when the project is deemed completed according to specs. City attorney will prepare all necessary loan closing documents.
7. City will issue a joint party check made payable to both the primary lender and the borrower. Borrower will sign off on check and allow the bank to apply it to the loan.
8. Collateral – bank has the 1st on all, when city makes loan payment the collateral will be reassigned so the city is covered.
9. Loan repayment will begin the one month after closing.

Applicants can have access to their funds within two weeks of approval by the Loan Committee and primary lender, provided all documentation has been received by the City Attorney and all collateral is in place. The applicant will work with the city attorney to determine the desired loan closing date. The Program Administrator (Economic Development Board) will send a letter of approval to the applicant with the city attorney's contact information. The Loup City Clerk will prepare the loan check. If the loan was not approved, the Program Administrator will send a letter to the applicant with an explanation of the decision. If the application is approved and the applicant rejects the decision, for whatever reason, and wishes to negotiate terms, the Loan Committee will meet with the applicant to review the application. If the applicant fails to appear at the loan closing, the loan instruments will be canceled, if the applicant does not respond to inquiries by the city attorney.

Once the City Attorney has all the loan documents signed, he or she will notify the City Clerk. The Clerk will then transfer funds from the sales tax savings account to the sales tax checking account and issue disbursement. When the first payment is received by the office, a separate savings account is opened to deposit the loan payments into. Once the account is open, all transactions are then included on the City Clerk's monthly treasurer's report to the City Council.

Applicants will make payments payable to Loup City at the Loup City office, P.O. Box 250, Loup City, NE 68853. These payments will be monthly, quarterly, semi-annually or annually as previously determined.

3.5 Required Timeline to Meet Goals (18-2711)

A business receiving a loan shall have 18 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 (18-2720)

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 and the primary lender requesting immediate payment. If payment is not made within 10 days of the letter, a committee composed of the City Attorney, City Clerk, Mayor, Economic Development Director, Chairperson of the Loan Committee and the President of the Economic Development Board will meet to determine appropriate action.

4. Budget (18-2716)

The Economic Development Board will develop an annual budget for the expenditure of sales tax funds. The budget will coincide with Loup City's fiscal year. The budget will include projected revenues for the coming fiscal year, loan payments received during the year and carryover funds from previous years. The Loup City Council will review and approve the budget at the time they approve the City's annual budget.

5. Non-Loan Expenditures

Non-loan project requests need to be submitted to the Program Administrator. The Economic Development Board will review the request to determine its eligibility in accordance with the plan and budget. If the request is recommended by the Economic Development Board, it will be forwarded to the Loup City Council for final approval. Approval must be met *BEFORE* any non-loan project is started, whenever feasible. (Ex. There may be situations where studies must be started prior to approval by the Loup City Council, however, effort must be made to get consensus that the expenditures will be approved). 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.

If the project requires supervision of work (i.e. engineering, road paving, etc.) a project coordinator will be assigned at the time of project approval. The project coordinator will oversee the progress and review all invoices for recommendation of payment to the Loup City Council. If a project coordinator is assigned, the Economic Development Finance Committee will not be involved in reviewing the invoices.

6. Loan Forgiveness

Loan Forgiveness is an option in the ED Plan. No thresholds have been developed for loan forgiveness, although it is an option to be negotiated between the applicant and loan committee. Any negotiation of loan forgiveness must be approved by the Loup City Council. The applicant must submit a written request for loan forgiveness that outlines the reasons for the request to the Economic Development Director. This must be negotiated prior to loan closing. Forgivable, performance based loans will be considered by Economic Development Board with one or all 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.

7. Administration (18-2711)

The Economic Development program involves the creation of a loan fund. Therefore, the City shall contract with the Economic Development Board to provide administration of the loan fund program. The Economic Development Director will submit a quarterly detailed statement to the Loup City Council for time spent on sales tax activities. This time, in addition to office expenses for sales tax projects, is to be reimbursed from the sales tax funds and credited to the Economic Development Board. The City clerk will also submit a quarterly statement to the Loup City Council for time spent on sales tax activities for reimbursement from sales tax funds.

8. Confidentiality (18-2715)

Any information provided to the 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 Loan Committee and Citizen's Advisory Committee and Economic Development Board 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 #2007-01.

Loan 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 loan committee members are required to return all loan forms and copies to the Economic Development office for shredding.

9. Conflict of Interest

Any person involved in the decision making process of a sales tax loan or forgivable loan shall abstain from voting if he or she has a conflict of interest with the applicant. This conflict could result from a business relationship or immediate family member (parents, grandparents, children, spouse or siblings). If such a conflict occurs, the member of the Loan Committee or City Council with the conflict shall abstain from voting on the application.

10. Duties of Those Involved

10.1 Program Administrator-Economic Development Board

- a) Will be responsible for the day-to-day activities of administering the program (18-2709).
- b) Assists applicants and conducts active recruiting for potential applicants.
- c) Provides someone to serve as an ex-officio, non-voting member of the Citizen Advisory Review Committee who will provide the committee with necessary advice and information (18-2715).
- d) Track employment figures for participating businesses for two years if businesses employ persons in other Nebraska communities (18-2709).
- e) Ensures loan files are complete with application materials, checklists and loan closing documents.
- f) Recommends all non-loan projects for approval to the City Council.
- g) Create an annual budget for approval by the City Council.
- h) Conduct a Criminal History and Child Registry Check on each applicant. The applicant shall complete the necessary authorization forms for a criminal history check and a child registry check. A copy of the applicant's drivers' license will also be required.

10.2 Loan Committee

- a) The loan committee shall consist of five members with two being appointed by the City Council, two by the Economic Development Board, and one by the Chamber of Commerce. Terms shall be for four years, except that initial terms shall be established on a staggered basis to provide continuity on the committee. No member may be an elected or appointed official, employee of the City, or anyone who is an applicant, employee, agent, shareholder, or officer of an applicant for program funds. All members on the committee must have experience in the field of business, finance, or accounting. All members of the loan committee shall be Sherman County residents.
- b) Shall set terms of the loan and recommend them to the Loup City Council.
- c) Ensures that all procedures are followed regarding loan applications and paperwork.

10.3 Citizens Advisory Review Committee (18-2715)

- 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. Seven members. The Economic Development Board and Loup City Chamber of Commerce each recommend two members to the mayor. Three members are appointed by the Mayor. 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.
3. At least one individual on the committee must have expertise or experience in the field of business, finance or accounting.
4. The Economic Development Director who will serve as an ex-officio member.

c) No member of the Citizen Advisory Review Committee shall be an elected or appointed 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.

d) The Citizens Advisory Review Committee will meet regularly as required to review the program and will report to the City Council at least once in every six month period on its findings and suggestions at a public hearing called for that purpose.

e) Members of the committee, in their capacity as members and consistent with their responsibilities as members, may be permitted access to business information received by the municipality in the course of its administration of the economic development program that would otherwise be confidential. Any ordinance of the municipality that provides access to such records to members of the committee, and guarantees the confidentiality of business information received by reason of its administration of the program, may provide that unauthorized disclosure of any business information confidential under section 84-712.05 shall be a Class III misdemeanor.

10.4 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 Loan Committee (loan recommendations) and the Economic Development Board (non-loan projects).
- b) Will contract with the Sherman County Economic Development Board to act as Program Administrator.
- c) Will have ultimate responsibility for the economic development program.

10.5 City Clerk or Contracted Institution (18-2720)

- 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 each loan made from the loan fund.
- c) Records kept on accounts and reports made to the governing body of the city shall include, but not be limited to: the name of the borrower, the purpose of the loan, the date the loan was made, the amount of the loan, the basic terms of the loan including the interest rate, maturity date and frequency of payments, and payments made to date and current balance due.
- d) Monitor status of each loan and, with the cooperation of the City and primary lender, take appropriate action when a loan becomes delinquent. *See Section 2.6 Loan Default for this procedure.*
- e) Will work with the Program Administrator and Citizen's Advisory Committee to develop financial reports to include; revenue (receipts and interest) and expenses from sales tax fund and

sales tax re-use funds, status of loans outstanding and status of any investments from the sales tax fund.

- f) Account for all receipts and disbursements from the sales tax fund(s).
- g) Collect all loan payments and track status of all outstanding loans.
- h) Issue checks for all approved loans and other disbursements after loan closing date (loans) or approval by the City Council (other disbursements).
- i) Annually transfer any sales tax revenue in excess of 4/10 of 1% of the current Sherman County property valuation to the Loup City General Fund. Such transfer should occur after the sales tax payment is received in September and prior to the new fiscal year beginning October 1. These excess funds that are transferred must be accounted for by the City as approved in the sales tax amendment that was passed by Loup City voters on May 11, 2004. The excess funds are to be used for infrastructure, parks, community promotion and public safety purposes. (18-2717)
- j) Respond to requests from approved loan applicants and, with proper pre-authorization by approved loan applicants, their accountant and bank representatives regarding the terms of the loan, current balance, and any failure to make payments. This response to requests will be authorized by the applicant on the Certification and Authorization form provided with the loan application documents. The form will authorize the City Clerk to talk with the accountant, loan officer and attorney of the lender.

10.6 City Attorney

- a) Prepare all loan closing documents as approved by the city council.
- b) Prepare amortization of loans based on information provided by the loan committee.
- c) Conduct lien searches/check UCC filings before closing a loan that involves personal property (chattels).
- d) If loan is secured with personal property (chattels), a signed security agreement by the lender and the filing of a UCC immediately upon loan closure. Lien must be perfected by this recording.
- e) Provide program administrator with copies of all loan closing documents and amortization schedules upon loan closure.

10.7 Project Coordinator

- a) Work with contractor to monitor project.
- b) Ensure project is completed as specified.
- c) Review all invoices related to the project status and compare with contract price or estimate. If there are extra charges, investigate and take appropriate action. Sign, date and forward approved invoices to the Loup City Council for final approval and payment.

11. Audit (18-2721)

The municipality shall provide for an audit on an annual basis to insure that the assistance given through loans is used appropriately and that the City is protected against fraud or deceit in the conduct or administration of the program. The municipality 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 any period during the term subject to the audit, have any contractual or business relation with:

- a. Any qualifying business receiving funds or assistance under the economic development program.
- b. Any financial institution directly involved with a qualifying business receiving funds or assistance under the economic development program.

The results of the audit shall be filed with the city clerk and made available for public review during normal business hours.

12. Investment Strategy

The investment strategy of sales tax fund should be to promote the growth of the fund at a competitive rate while assuring its security and liquidity.

**LOUP CITY 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 Number (____)**

Fax Number (____) _____ **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, a "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 Seasonal 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

USES OF FUNDS Total Project Cost Loup City Funds Requested

Land Acquisition _____

Building Acquisition/Renovation _____

New Facility Construction _____

Acquisition of Machinery/Equip. _____

Acquisition of Furniture/Fixtures _____

Working Capital (includes Inventory) _____

Other (specify) _____

TOTAL: _____

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 Loup City**

____ **Outside the City Limits, but within the Zoning Jurisdiction Of Loup City**

____ **Outside the City Limits, but within Sherman 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 Loup City Sales Tax Guidelines packet and a \$115.00 non-refundable application fee payable to the Economic Development Board.

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 and realize that if a loan recommendation is made, the terms of the loan will be public information.

Dated: _____ Signature:

Dated: _____ Signature:

Loup City Sales Tax 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

____ Loup City Sales Tax 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 2 years, if available

____ Letter of Approval from a bank/lender (this can be a conditional commitment)

____ *If Corporation:* 2 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 2 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 3 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 w/ score (www.annualcreditreport.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)
- ___ \$115.00 non-refundable application fee payable to Sherman County Economic Development
- ___ Authorization forms for Child Registry and Criminal History Checks

Loup City Sales Tax Guidelines Eligible Applicants:

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:

- 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
- Applications which provide for the expansion or enhancement of existing businesses in Loup City and the surrounding area
- New business starts
- Businesses that in the opinion of the loan committee have unusual potential for growth.
- Businesses that are relocating from outside Nebraska.
- Businesses that provide for important local or regional needs.

Revolving Loans:

Funds for a 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 50% of applicant's total project costs

- The maximum amount that can be loaned is \$25,000 per quality job created.
- Existing businesses must pay all of their employees at least the current hourly wage required by the Nebraska Department of Economic Development CDBG guidelines. No benefit package is required

- New businesses must pay all of their employees at least the current hourly wage required by the Nebraska Department of Economic Development CDBG guidelines. Also, they must provide a quality benefit package.
- Applicant must have 10% equity investment
- Interest rate is fixed and negotiated case by case, shall not be less than ½ of prime rate in Wall Street Journal and never less than 4%
- Security for the loan will include, but 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.
- Length of loan = 10 years for capital assets and 5 years for loans involving any other asset category
- 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.

Forgivable loans:

Forgivable, performance based loans will be considered by Economic Development Board with one or all of the following criteria taken into consideration:

1. 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.
2. Level of economic impact to the community.
3. The overall wage levels being paid by the benefited business.
4. Benefited business' commitment to providing a minimum annual wage increase for all employees through a period of time
5. The level of equity investment by owners
6. An assessment of the ability of the benefited business to repay the loan in the event job performance requirements are not met

Application Requirements:

- 1) Complete an application that may be obtained from the Economic Development Office, 133 S. 8th Street, Loup City, Nebraska, 68853
- 2) Submit the completed application together with all information as set out below to the Economic Development Office. In addition, the applicant must submit a \$100.00 non-refundable application fee payable to the Economic Development Board. The application will then be compiled by the Director of Economic Development and sent to the Loan Committee for review. Upon completion of the review, the Loan Committee will decide whether or not to recommend the project to the Loup City Council. If the project is not recommended to the City Council for approval the application process ends. However, the applicant may work with the loan committee and submit another application after necessary changes have been made.
- 3) The Economic Development Director will notify any applicant of the decision of the committee.
- 4) If the project is recommended to the City Council for approval, the City Council will review the project and recommendations and make the final decision on the project.
- 5) The applicant will be notified of the City Council's decision.

Information Required:

The qualifying business shall provide the following information before the Director of Economic Development and the Loan Committee considers any application:

1. Sole Proprietorship:

- a. Submit a Sherman County Economic Development Loan Fund Application.
- b. Business plan, including projected two year income and expenses
- c. Two years complete individual federal tax returns (signed).
- d. Current year-to-date Profit and Loss Statement (signed).
- e. Recent Balance Sheet (signed) and previous 2 years, if available.
- f. Credit Bureau Report (CBR).
- g. Other information as requested.

2. "S" Corporation:

- a. Submit a Sherman County Economic Development loan fund application.
- b. Business plan, including projected two year income and expenses.
- c. Two years complete individual federal tax returns, if over 25% ownership (signed).
- d. Two years complete corporate tax returns (signed).
- e. Current year to date profit and loss statement (signed).
- f. Recent balance sheet (signed) and previous 2 years, if available.
- g. Articles of Incorporation, By-Laws, and Minutes of last meeting.
- h. Corporate Resolution authorizing loan application and execution of required documents.
- i. Credit Bureau Report (CBR) for Shareholders with over 25% ownership.
- j. Other information as requested.

3. "C" Corporation:

- a. Submit a Sherman County Economic Development loan fund application.
- b. Business plan, including projected two year income and expenses.
- c. Two years complete individual federal tax returns, if over 25% ownership (signed).
- d. Two years complete corporate tax returns (signed).
- e. Current year to date profit and loss statement (signed).
- f. Recent balance sheet (signed) and previous 2 years, if available.
- g. Articles of Incorporation, By-Laws, and Minutes of last meeting.
- h. Corporate Resolution authorizing loan application and execution of required documents.
- i. Credit Bureau Report (CBR) for Shareholders with over 25% ownership.
- j. Other information as requested.

4. General Partnership:

- a. Submit a Sherman County Economic Development loan fund application.
- b. Business plan, including projected two year income and expenses.
- c. Two years complete individual federal tax returns, if over 25% ownership (signed).
- d. Two years complete partnership returns (signed).
- e. Current year-to-date profit and loss statement (signed).
- f. Recent balance sheet (signed) and previous 2 years, if available.
- g. Complete partnership agreement.

- h. Credit Bureau Report (CBR) for general partners.
- i. Other information as requested.

5. Limited Partnerships:

- a. Submit a Sherman County Economic Development loan fund application.
- b. Business plan, including projected two year income and expenses.
- c. Two years complete individual federal tax returns for general partners and for limited partners, if over 25% ownership, and partnerships tax returns (signed).
- d. Complete copy of Partnership agreement.
- e. Credit Bureau Report (CBR) for general partners.
- f. Other information as requested.

6. Limited Liability Companies:

- a. Submit a Sherman County Economic Development loan fund application.
- b. Business plan, including two year projected income and expenses.
- c. Two years complete individual federal tax returns, if over 25% ownership (signed).
- d. Two years complete entity tax returns (signed).
- e. Current year-to-date profit and loss statement (signed).
- f. Recent balance sheet (signed) and previous 2 years, if available.
- g. Credit Bureau Report (CBR) for managers.
- h. Other information as requested.

7. Limited Liability Partnership:

- a. Submit a Sherman County Economic Development loan fund application.
- b. Business plan, including two year projected income and expenses.
- c. Two years complete individual federal tax returns, if over 25% ownership (signed).
- d. Two years complete entity tax returns (signed).
- e. Current year-to-date profit and loss statement (signed).
- f. Recent balance sheet (signed) and previous 2 years, if available.
- g. Credit Bureau Report (CBR) for managers.
- h. Other information as requested.

Contact Information:

If you have any questions regarding the sales tax guidelines, please call the Economic Development Office at (308) 750-3133 or e-mail at development@shermancountyprogress.com

CERTIFICATION AND AUTHORIZATION

Applicant: _____ Lender: Loup City - PO Box 250 - Loup City, NE 68853

Certification

To Loup City (“Lender”):

1. Applicant (and co-applicant if applicable), _____ has applied for a loan from Lender. In applying for the loan, Applicant provided to the Loan Committee of the Lender various information about Applicant and the requested loan, such as the amount and

source of equity, income information, and assets and liabilities. Applicant certifies that all of the information is true and complete. Applicant made no misrepresentations to Lender, nor did Applicant omit any important information.

2. Applicant understands and agrees that Lender may verify any information provided concerning Applicant's application, including, but without limitation, verifications from financial institutions of the information provided.

Authorization to Release Information

1. Applicant has applied for a loan from the Loup City ("Lender"). As part of the application process, Lender, any insurer of the loan and any collateral title insurer may verify information Applicant provided to Lender either before or after the loan is closed.

2. Applicant authorizes you to provide to Lender any and all information and documentation they may request and any information pertaining to a borrower's default in payment. Such information may include, but not be limited to, income, bank, money market, and similar account balances; credit history; and copies of income tax returns.

3. Lender may address and send this authorization to any person or company named below:

- a. Financial Institution/Loan Officer _____
- b. CPA Firm/Accountant _____
- c. Law Firm/Attorney _____
- d. Other _____

4. A copy of this authorization may be accepted as an original.

Authorization to File Financing Statement

Applicant hereby authorizes Lender to file the appropriate Financing Statements for the agreed upon collateral prior to executing a security agreement. Applicant is also aware that the terms of the loan recommendation will be furnished to the Loup City Council and will be public information.

Signature:

Applicant Date Co-Applicant Date

Criminal History Request

REPLY TO: Sherman County Economic Development

ATTENTION: Shawn Kaskie

PO Box 428

Loup City, NE 68853

SUBJECT: REQUEST FOR CRIMINAL HISTORY INFORMATION

TO: NEBRASKA STATE PATROL
IDENTIFICATION AND RECLOUP CITY DIVISION
P.O. BOX 94907
LINCOLN, NE 68509

CRIMINAL HISTORY REQUESTED

NAME (PRINT Last, First, Middle Initial): _____

DATE OF BIRTH: _____

DATE: _____

ADDRESS: _____

CITY STATE ZIP: _____

SOCIAL SECURITY NUMBER: _____

I hereby authorize the release of any and all criminal history information maintained on me:

Name (Print Last/First/M.I.)

Signature

Signature of Requester
Sherman County Economic Development
PO Box 428
Phone: (308) 750-3133
Loup City, NE 68853 Fax: (308) 745-0430

Child Abuse/Neglect Central Registry
P.O. Box 95044
Lincoln, NE 68509

**NDSS Central Registry Check
And release of information**

Before being approved for loan funding by the Loup City Sales Tax program, Sherman County Economic Development may need to check the Nebraska Child Abuse/Neglect Central Registry to confirm that there have been no substantial referrals of child maltreatment concerning you. To do so we need your authorization.

I authorize the Nebraska Department of Social Services (NDSS) to release information from the Central Registry pertaining to me to the Sherman County Economic Development office.

