

City of Hartington
LB840 (Local Option Municipal Economic Development Act)
Revolving Loan Fund (RLF) Loan & Grant Guidelines

General Community and Economic Development Strategy

Hartington's community and economic development strategy is to improve the quality of life for our citizens. This involves building on our strengths, promoting our existing businesses, working to retain existing jobs, expanding current businesses, promoting entrepreneurship, and recruiting new businesses. We also need to strengthen our work force, develop community resources, attract new capital investment, broaden the community's tax base, and provide local community services needed to maintain a good quality life.

General Intent and Proposed Goals

It is the intent of the City of Hartington to implement an economic development program, the purpose and goals of which will be to:

- Provide financing for the creation and retention of jobs and generate employment opportunities within the area labor market;
- attract new capital investment to the community;
- encourage the redevelopment of vacant or blighted buildings and land;
- promote entrepreneurship and new business development;
- provide necessary public infrastructure to business and industry; broaden the tax base; and provide economic diversification to ensure economic stability and vitality for the City of Hartington and the surrounding area.

TYPE OF PLAN: Local

Business applicants must reside within the corporate limits/zoning jurisdiction of Hartington, Nebraska, or may qualify through special exemption recommended by the local economic development board and formal approval of the Hartington City Council.

Eligible Businesses

Any corporation, partnership, limited liability company, sole proprietorship, or non-profit, without regard to its principal source of income, shall be a qualifying business.

Eligible Activities

Eligible activities shall include any project or program for the purpose of providing direct or indirect financial assistance to a qualifying business and the payment of related costs and expenses.

Examples of 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;
 - Acquisition of land and building
 - Construction or renovation of real estate either leased or owned
- 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 relocating 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, recruitment activities, etc.;
- 9) Job training grants or agreements;
- 10) Tourism promotion related activities;
- 11) Acquisition of machinery, equipment, property or services;

- 12) Working Capital;
- 13) Equity Investment;
- 14) Licensed Early Childhood Care and Education Programs; grants, loans, or funds for early childhood infrastructure development.
- 15) All other activities allowed by law, both now and through future amendments to the Local Option Municipal Economic Development Act.

For direct loans, no application shall provide more than fifty (50%) percent of the cost of fixed assets to be purchased and/or working capital including interim financing (required by the project). An applicant must provide equity participation and evidence of the ability to participate. The minimum participation amounts shall be equal to ten (10%) percent of the total project cost for projects including expansion of an existing business (existing at least three years) or twenty (20%) percent of the total project cost of a start-up business (to be created or existing less than three years). In the event such funds are used to guarantee a loan no equity participation shall be required of applicant, but applicant shall endeavor to provide as much equity for such purpose as is possible. The application shall state the proposed terms of the loan. Hartington reserves the right to negotiate the amount, and term of the loan with the applicant. The interest rate shall be 0%. The maximum amount of loan assistance will be \$50,000.

A grant may be considered based on the scope of the project and at the discretion of the RLF committee with the City of Hartington's final approval.

Terms of the loan are dependent upon the type of financing provided and in no case shall the term exceed useful life of assets finances. Standards for terms shall be:

- 1) Working capital – up to 3 years
- 2) Machinery and equipment – up to 10 years
- 3) Land and buildings – up to 15 years

It should be noted that the above guidelines are established as a reference standard and may be amended or waived on a case-by-case basis, depending on the impact the business may have on the economy.

Financial Assistance Application Process

To be considered for direct financial assistance under the Hartington Economic Development Program, an applicant must provide the Application Form and the required listing of documents. Additional information, to determine the economic viability of the proposed project(s), may be requested.

Generally, applications will be reviewed in the order in which they are received. When an application is received that is deemed "urgent" by the Program Administrator, it may be reviewed and approved, before other applications received. Other pending applications will then be addressed in a timely manner.

A 1% application fee (percentage of loan amount approved) is required up front upon approval of the loan.

Businesses may obtain an application from the Hartington City Clerk's office or the Hartington Economic Development Coordinator during normal business hours.

Review of Application: Hartington will utilize an advisory body consisting of the Mayor, a City Council member, two members of the Hartington Community Development Corp., one local banker, and the Hartington Community Development Corp. Econ. Dev. Coord., and one attorney. The advisory body shall 1) meet with the applicant, if necessary, 2) accept additional information, 3) accept recommendations from the program administrator, 4) consider and make recommendations for changes to the original application, and 5) determine that the activities are eligible as required in this plan and by other federal and state requirements.

Determination: Hartington shall receive a recommendation from the advisory body and with the information provided make final determination on the project.