



CITY OF SIDNEY

LB840 Business Development Loan Program

Fund Guidelines & Application

Economic Development LB840 Loan Program Overview

The City of Sidney should maintain a revolving loan fund for business and economic development. This fund provides loans, loan guarantees, real estate acquisitions and/or real estate options for future development, and investments to private businesses located within the zoning jurisdiction of the City of Sidney unless the City Council grants a variance for special circumstances.

The process should target the assistance of finance of:

- Expansion and improvement of existing local businesses if Business Development Loan Program participation is necessary for the expansion or improvement to move forward.
- Attraction of relocating businesses that add to the labor pool, increase total city valuation, increase the existing sales tax base, are named target industries, are matched to the features of the community, or provide a synergetic cluster to existing businesses
- Startup of new businesses

QUALIFYING BUSINESS

For the purpose of the Program, qualifying businesses shall mean any corporation, partnership, limited liability company or sole proprietorship that 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, including services providing advanced telecommunications capability
- 7) Tourism-related projects
- 8) A business that derives its principal source of income from retail trade, meaning a business which is principally engaged in the sale of goods or commodities to ultimate consumers for their own use or consumption and not for resale
- 9) Production of all types of films or television programs
- 10) A business that derives its principal source of income from the construction or rehabilitation of housing, as per a Workforce Housing Plan
- 11) A business that derives its principal source of income from early childhood care and education programs
- 12) Any other business deemed as a qualifying business through the action of the legislature

PROCESS

The applicant shall submit a completed and signed application with all required documentation and attachments to the City of Sidney Economic Development Office, at 1115 13th Ave., Sidney, Nebraska or email development@cityofsidney.org. The application and attachments will then be reviewed by the Economic Development Director and forwarded to the Economic Development Citizens Advisory Committee for review. Applicants may be asked to provide additional information or attend the Economic Development Citizens Advisory Committee. The City of Sidney Economic Development Director will notify the applicant of the Economic Development Citizens Advisory determination.

The Economic Development Citizens Advisory Committee will evaluate each application according to the following conditions: eligibility under Economic Development Plan, soundness and credibility of the business proposal, suitability in reaching program goals, track record, credibility, and credit worthiness of applicant, required ability to leverage private funding, probability that the business assistance will be repaid, and other criteria as established by the Economic Development Citizens Advisory Committee.

The following principals shall serve as a general guideline:

- 1) Businesses applying for assistance shall: create jobs at above regional average pay scale, retain existing jobs, or provide expansion/retention funds. Business shall contribute to the sales tax base, contribute to the property tax base, provide essential products/services, or other merits not previously defined.
- 2) Direct Loans, loan guarantees and performance-based loans will be made available to qualifying businesses.
- 3) The amount of funds available for any single project shall not exceed the amount of funds available under the "Program" during the project term, nor shall it provide for more than fifty percent (50%) of applicant's total project costs.
- 4) An applicant must provide for participation through private funding as distinguished from federal, state, or local funding in the minimum amount of ten percent (10%) equity investment for each project. Equity is defined as hard cash, collateral, or tangible assets.
- 5) Qualifying businesses must show that additional funding/lending sources have been committed to the proposed project.
- 6) The interest rate shall be fixed and negotiated on an individual basis, usually (4%) or one-half the rate for the project at a traditional banking source.
- 7) The terms of this note shall not exceed ten (10) years for loans used for capital assets and five (5) years for loans involving any other asset category.
- 8) Security for loans will include, but will not be limited to, Promissory Notes, Mortgages or Deeds of Trust, Corporate Guarantees and Personal Guarantees, or other financial instruments as requested by the Economic Development Citizens Advisory Committee. This security may take a subordinate position to a primary lender.
- 9) A local financial institution will be contracted to handle loans made through the program. Typically, the primary lender on the project will be contracted to handle the loan administration.

REQUIRED DOCUMENTATION

As part of the application process, a qualifying business will be required to submit business and financial information necessary to determine economic viability of the proposed project. The material may include, but is not limited to:

- 1) A completed Business Development Loan Program Fund Application Form
- 2) A written business plan, including employment and financial projections, current financial statements, project financing arrangements, total project cost and all other relevant project information
- 3) Current year-to-date profit and loss statement (signed)
- 4) Recent balance sheets (signed)
- 5) Three years of complete corporate/individual income tax returns; individual returns required for anyone owning more than 20% of the company (signed)
- 6) Personal financial statements for any person(s) owning more than 20% of the company
- 7) Bank Correspondence related to eligibility for traditional financing
- 8) Articles of Incorporation/Articles of Organization, Bylaws/Operating Agreement, and Borrowing Resolution for corporations
- 9) Other information as necessary to determine the eligibility and economic viability of the proposed project

CONFIDENTIALITY

In the process of gathering information about a qualified business, the City may receive information about the applicant which is confidential and, if released, could cause harm to the applicant or give unfair advantage to competitors. The City is authorized to maintain the confidentiality of business records which come into its possession.

To protect the applicant and to encourage them to make full and frank disclosure of business information relevant to the application, the City will take the following steps to insure confidentiality of the information it receives:

- 1) The adoption of policies which make such information confidential and punish disclosure.
- 2) A restriction of the number of people with access to the files which files will be maintained in the Office of the Director of Economic Development, who shall be primarily responsible for their safekeeping and any distribution of information contained therein.
- 3) Require personnel involved in the Program Review to include the Director of Economic Development, secretarial staff assisting the Director, City Manager, Citizens Advisory Committee, and Sidney City Council to sign statements of confidentiality regarding all personal and private submittals by qualified businesses.

Economic Development LB840 Business Development Loan Program Fund Application

Please answer EVERY Question (if question does not apply mark- N/A)

Section #1: Business Information

Name of Business making request: _____

Business Owner Name: _____

Corporate Executive Contact: _____

Federal ID#: _____ DUNS#: _____

Current Business Address: _____

City: _____ State: _____ Zip Code: _____

Applicant Name (contact): _____

Telephone (work)#: _____ (Cellular#): _____

Fax# _____ E-mail: _____

Website: _____

Business Classification (check one)

____ Manufacturing ____ Service ____ Administrative Management (HDQT)

____ Research & Development ____ Warehousing & Development

____ Other (Please Indicate): _____

Business Classification Structure (check one)

____ Proprietorship ____ Corporate (Status & Type): _____

____ Partnership (Type): _____

____ Other (Specify): _____

____ Subsidiary Company (Parent Company & Address): _____

Business Type (check one)

____ Start-Up (New Business)

____ Succession (Buy out of existing business)

____ Existing Business (Expansion of current business)

List number of years in business: _____ Start Date: _____

____ Recruitment (Established business not currently in Sidney moving to the area)

Ownership Identification: List officers, directors, partners, owner, co-owners and all stockholders with 20% or more of the business stock.

Name	Title	Ownership %	Minority Code

Personnel: (Full-Time-Equivalent: FTE is based upon 2080 hours/year or 40 hours/week)
 (These amounts should include the owners or partners getting paid wages or ownership draw: although if owners/partners are included, they must be working in some capacity for business)

- (1) Total # of Existing Employees (FTE Positions): _____
- (2) Total Yearly Payroll of existing FTE positions: _____
- (3) FTE positions which will be retained (succession request) _____
- (4) Owners working in the business / Ownership draw: _____ / _____
- (5) New FTE Positions/Jobs
 (created immediately or up to 18 months) _____
- (6) Yearly Payroll INCREASE after new FTE positions _____
- (7) New FTE Positions/Jobs (anticipated from 2- 5 years) _____
- (8) Existing seasonal or part-time positions:
 (#, weekly hours per position) _____ / _____
- (9) New Seasonal or part-time positions:
 (#, weekly hours per position) _____ / _____

Section #2: Project Information:

Project Location (check one):

_____ Within the City Limits of:

Name of City	Population of City
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_____ Outside of City Limits, but within the Zoning Jurisdiction of:

Name of City	Population of City
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_____ Unincorporated Area of:

Name of County	Population of City	Distance from Sidney
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Section #3: Business Start-up Check-list

Indicate YES, NO, or N/A on questions, if 'NO' explain in blanks following questions.

- Have you registered your business name? YES – NO – N/A
- Have you registered your business with Dept. of Revenue? YES – NO – N/A
- Have you started pursuing all licenses/permits needed? YES – NO – N/A
- Have you made contact with insurance agent for business? YES – NO – N/A
- Have you determined an accountant to help with business? YES – NO – N/A
- Have you made contact with a lawyer for business negotiations? YES – NO – N/A
- Have you investigated marketing your business via website? YES – NO – N/A
- Have you pursued a new logo/marketing/signage for business? YES – NO – N/A

Section #4: Financial Institution - Sources of Funds: Note: Public sources of financing (like this program) require the participation of a financial institution or other private source of funding to provide the majority of funds for a business project. Additional funds from alternative sources working with financial

institutions or in conjunction with the business for development are also considered viable sources of funding for the project. If the applicant is applying for other sources of financial support, these funding sources and contact information should be listed as well. The BDLG program works as a 'gap' funding tool, not as a primary source of funding for the entire project.

Primary Financial Institution - Lender Information:

Name of Financial Institution: _____
Financial Institution Address: _____
Telephone#: _____
Contact Person (Loan Officer for Project): _____
E-mail of Loan officer for Project: _____
Anticipated Bank loan TOTAL for Project: _____

Other Financial Assistance Program Information:

Have you tried to apply for any of the following programs listed below (1-4) to help with your business start-up or expansion? (Circle **YES** or **NO**) - If you answered 'YES', please indicate on the following lines -- which programs you have applied to, who was the contact person, and the result of your application, or if the request is still in-queue:

* By applying and/or being accepted for alternative programs for your project, shows the committee/council you have performed due diligence in regard to seeking alternative funding programs for the project AND provided adequate time in the planning stages of your business development. This looks favorable on any LB840 request.

1. SBA 504 Loan Program:
2. SBA 7a Small Business Loan Program
3. Rural Enterprise Assistance Project (REAP) Loans:
 - a. Direct Loan (up to \$50K)
 - b. Rapid Loan (up to \$10K)
 - c. Quick GROW Loan (tied with Grow Nebraska)
4. Nebraska Enterprise Fund:

If you answered "NO" to the question on the above financial programs, please list the primary reason that you have not pursued these alternative sources of funding your business.

* If there are legitimate reasons for "not" pursuing alternative funding sources. Although federal programs typically take longer than local programs, using the reasoning of "takes too much time" should rarely be used. By investigating alternative funding avenues (even if you have been denied), shows your effort in planning and resourcefulness to help your project move forward. Ultimately, if you receive alternative funds outside the area, it also helps conserve BDLG funds for future projects and business growth & development to others.

Section #5: Project Information:

Special Note: The total Loan funds requested SHOULD NOT exceed 50% of total project cost, unless the need is 'clearly' justified in the application by proof of financial need within your 'financial projections' -

cash flow. Additionally, the maximum amount recommended to be authorized by the council and program committee has been \$100,000 dollars. This loan program is a "GAP funding" finance tool for entrepreneurs/businesses to help encourage 'start-up', 'expansion' or 'buy-out' of existing' business' or 'expand' current businesses in the area. The BDLG is **NOT** designed to fund a majority of any project, ONLY the "GAP" financing that is needed.

Uses of Funds	Total Project Cost	Bank Funds	Owner Funds	LB840 Funds Requested
Land Acquisition	\$ _____	\$ _____	\$ _____	\$ _____
Building Acquisition	\$ _____	\$ _____	\$ _____	\$ _____
Building Renovation	\$ _____	\$ _____	\$ _____	\$ _____
New Facility Construction	\$ _____	\$ _____	\$ _____	\$ _____
New Machinery Acquisition	\$ _____	\$ _____	\$ _____	\$ _____
New Equipment Acquisition	\$ _____	\$ _____	\$ _____	\$ _____
New Equipment Acquisition	\$ _____	\$ _____	\$ _____	\$ _____
Building/Business Signage	\$ _____	\$ _____	\$ _____	\$ _____
Frontage Improvement	\$ _____	\$ _____	\$ _____	\$ _____
Business Workforce Training	\$ _____	\$ _____	\$ _____	\$ _____
Franchise Fee (Initial year)	\$ _____	\$ _____	\$ _____	\$ _____
Working Capital	\$ _____	\$ _____	\$ _____	\$ _____
Other (Specifics in narrative)	\$ _____	\$ _____	\$ _____	\$ _____
.....				
TOTALS	\$ _____	\$ _____	\$ _____	\$ _____

NOTE: Outline of total 'bank funds' and total 'owner funds - equity' should be indicated in your business plan narrative (corresponding with 3-year business cash flow proforma). Bank funds can include other financial institutions or government programs helping fund the project; but these should be outlined in your business plan narrative to clearly explain where all project funds are being received. See example attached at back of application.

Section #6: Equity Information:

Business or owners' equity amount (cash investment) into the project: \$ _____

Business owner's equity investment for project is being used for: (project cost)

Business or owners' Real Estate information to be used as equity:

Business Property Address: _____ Sidney, NE 69162

Legal Information of Business Property: _____

Current Assessed Value of Property (by county): _____

Private or Bank appraisal figure: _____

Estimated Value of Business Property (if not appraised or built yet) _____

Purchase Price of building/property (if part of the project) _____

Other Property (used for project equity)

Address: _____

Legal Information of Other Real Estate: _____

Current Value of Other Real Estate (appraised by county): _____

Personal Property being used for collateral for project:

Will any cash reserves be used for 'start-up' costs or for business operations? Yes / No
(This amount should be included in 'owner funds' column into the project)

The qualifying business shall provide the following information before the Economic Development Director forwards the application to the Economic Development Committee.

- Completed and signed application.
- Signed letter requesting LB840 funds as well as an outline of the project.
- Business Plan
- Three years completed and signed individual federal tax returns.
- Three years completed and signed corporate/partnership tax returns.
- Current and signed year to date profit and loss statement, if applicable
- Recent signed individual balance sheet
- Recent signed corporate/partnership/sole proprietorship balance sheet, if applicable
- Complete Articles of Incorporation/Organization, if applicable
- Complete Bylaws/Operating Agreement/Partnership Agreement, if applicable
- Corporate Borrowing if applicable
- Two years projected balance sheets.
- Two years projected profit and loss sheets.
- Source and use of funds
- Schedule of Disbursement, if applicable
- Statement of Collateral
- Documentation of ability to provide equity injection.
- Documentation of any felony charges or convictions to any of the associated applicants, if applicable
- Letter of intent or denial by conventional lender, if applicable
- Other information that may be requested that is particular to the project.

Recommended Attachments

These documents may be asked for by the committee or Economic Development Director to validate information needed in the application. If the committee requests these documents; then, they are required. In an effort to expedite the process, the program administrator may suggest that specific documents be included in the application as attachments. They are 'not required', but it is highly recommended that if such documents are accessible to you for the project, that a copy be provided during the application process.

This is a list (guide) of items to review. If you have questions about the "recommended attachments" section, please ask the Economic Development Director when filling out the application.

IF any Loan funds are being requested to help pay for any of the specific areas (outlined specifically on page #5) such as mentioned below (i.e. Land purchase, new equipment, other); then, consider such documents as NEEDED (REQUIRED) for the request. If there is a question, ask the program administrator. It is better to have more information submitted with your application as attachments; rather than, submitting an application that has very little information to supplement the main application document.

- Rental Agreement (if leasing a building for business)
- Land Purchase Agreement
- Building Purchase Agreement
- Quotes for construction of new building/facility
- Quotes for renovation of existing building or purchased building
- Quotes for machinery/equipment needed for business
- Outline of needed inventory (costs) being purchased in project
- Outline of existing inventory (being purchased with existing business)
- Outline of Fire Marshall requirements needed to update existing building/structure
- Health inspector requirements needed for updating existing location
- Project recommendation letter from financial institution about the need for a specific amount of funding assistance through the LB840 program

Authorization and Understanding

I (We) certify that everything I have stated in this application and on any attachments is correct. I (We) further acknowledge and understand the LB840 program process for application and that applying for financial assistance through this program does not guarantee any program support.

In making an application to the LB840 loan/grant program, I (We) understand and agree that:

- The LB840 Economic Development Citizens Advisory Committee and the City Council take into consideration when evaluating applications, that special priority is given to businesses that meet one or more of the following:
 - o Businesses which create a job for each \$25,000 or less in public financing assistance,
 - o Applications which provide for the expansion or enhancement of existing businesses in Sidney and its surroundings,
 - o New business start-ups,
 - o Businesses, in the opinion of the loan committee, have unusual potential for growth,
 - o Businesses relocating from outside Nebraska,
 - o Business that provides for important local or regional needs,
- LB840 funds requested in the application for particular areas of business development will need to be used specifically for those areas, if funds are received;
- I (We) will be placing our own equity into the business;

If funds are received from the program, the following aspects of receiving funds are understood:

- Any LB840 Loans approved for applicants will require security. The city generally takes a 'deed of trust' on property. Other forms of security for loans could also include, but is not limited to: Promissory Notes, Mortgages, and/or corporate guarantees as appropriate;
- If any LB840 Grants are approved in request, then applicant will need to sign a Memorandum of Understanding for the repayment of grant funds on a scaled basis (IF) specific circumstances lead to sale or closure of the business within 5 years;
- If any grant is given to applicant, such funds will count as 'income' for taxes to the individual or business within the taxing year of which funds were received;
- Loan agreement with amortization will be signed and terms of the amortization will be in document;
- I (We) will provide information (while loan is active) to the LB840 program administrator, upon request, about yearly statistical data referencing: job retention and creation, total salary/wages figures, business improvements, sales tax collected and overall yearly sales;

By signing below, I (We) authorize the City of Sidney Economic Development Office, the committee, or its representative to review or check our credit report, employment history and to answer questions others may ask about my credit record with you. I (we) understand that I must update credit information at your request if my financial condition changes.

Applicants Signature

Other Signature (if applicable)

Date: _____

Date: _____

Authorization for Release of Financial Information

I (We) _____ & _____

Hereby authorize _____ to release any financial
(Financial Institution)

Information requested by the City of Sidney pertaining to my (our) business accounts or
Application(s) for credit with _____
(Financial Institution)

I (We) further grant authorization to the City of Sidney, or boards or committees, or program directors,
to release _____ any information regarding
(Financial Information)

My (our) application for LB840 program funds or other financial assistance.

Dated: _____

Signed: _____ & _____

Name Printed: _____ & _____

Attest: _____