

Exhibit “A”

City of Norfolk Economic Development Plan

SECTION I:

The Nebraska Legislature passed Legislative Bill 840 in 1991 providing for the Local Option Municipal Economic Development Act (Section 18-2701 to 18-2738).

SECTION II: STATEMENT OF STRATEGY AND PURPOSE DESCRIBING GENERAL INTENT AND GOALS

It is the intent of the City of Norfolk, Nebraska, to implement an Economic Development Program, the purpose and goals of which will be to: create jobs and generate employment opportunities; to expand labor markets of Norfolk, Madison County and the surrounding area; to attract new capital investment to the community to broaden its tax base; to retain jobs and help existing businesses remain competitive and profitable; provide economic diversification to ensure economic stability and vitality for the community of Norfolk and the surrounding area; and to provide the educational tools and training needed on an ongoing basis.

SECTION III: ELIGIBILITY

Eligible activities

Eligible activities under the Economic Development Program may include, but shall not be limited to, the following:

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. Construction of speculative buildings or rehabilitation of commercial buildings or potential commercial buildings.
4. A direct loan program to businesses for fixed assets, working capital, public works projects essential to the business expansion, or job training. Loans may be low-interest, performance-based or loan guarantees to qualifying businesses, either existing or being recruited. Loans will be made on a partial match or ratio basis and based upon job creation and/or retention.
5. Agreements for job training and workforce development.
6. Payments for salaries and support of municipal staff or the contracting with an

outside entity to implement the economic development program.

7. Provision of technical assistance to businesses, such as marketing assistance, management counseling, preparing financial packages, engineering assistance, etc.
8. Expenses for the conduct of business recruitment activities.
9. The authority to issue bonds pursuant to the Local Option Municipal Economic Development Act.

NOTE: The eligible activities described above are considered priority activities for the use of funds generated under the Local Option Municipal Economic Development Act. The City of Norfolk, however, recognizes that the attraction of a new business to a community or the expansion of existing businesses takes place in a very competitive market place and, in order to keep Norfolk as competitive as possible, the City retains the right to include as eligible activities all those activities allowable by law.

The Local Option Municipal Economic Development Act has been changed in several legislative sessions since it was signed into law on June 3, 1991. It is therefore reasonable to assume the law will change during the course of this Economic Development Program. In order to stay current with Nebraska Statutes, the City of Norfolk retains the right to amend this Economic Development Program when such amendment pertains to changes made to the Local Option Municipal Economic Development Act or to other statutes that affect Norfolk's program. Such amendments can only be made after a public hearing and with a two-thirds vote of Norfolk's City Council.

Types of businesses that will be eligible:

A qualifying business 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 that 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 Trade (limited to 40% of funds generated in a 12-month period and 20% in a 5-year period).
10. Production of films.
11. Early childhood care and education programs.
12. Any other business deemed as a qualifying business by the Legislature.

NOTE: If a business that 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 application for participation in this program, it shall be a qualifying business only if, in each city, it maintains employment for the first two years following the date on which such businesses begins operations in the city as a participant in its program at a level not less than its average employment in such city over the 12-month period preceding participation.

In addition, a qualifying business need not be located within the territorial boundaries of the City of Norfolk.

Also, eligible qualifying businesses may apply more than once and receive program benefits more than once.

SECTION IV: LOAN PROGRAM CRITERIA

- A. The amount of funds available for any single project shall not exceed the amount of funds available under the Economic Development Program during the project's term, nor shall it provide for more than 50 percent of total project costs. An applicant should provide participation and evidence of participation through private funding as distinguished from federal, state or local funding in the minimum amount of 10 percent equity investment. The right is reserved to negotiate the terms and conditions of the loan with each applicant, which terms and conditions may differ substantially from applicant to applicant.
- B. The interest rate shall be negotiated on an individual basis, usually one-half the rate of the lending rate for the project at a traditional banking source. Rates shall not be less than one-half of prime rate on the date of loan approval. The term shall not exceed 15 years for loans used for capital assets and 5 years for loans involving any other asset category. Security for loans will include a personal and/or corporate guarantee. Other security for the loan may include promissory notes, mortgages or deeds of trust, security interests, and financing statements as appropriate. Loans may be in a subordinate position to the primary lender.
- C. If the loan is approved as performance based, a qualifying business may be approved to recapture on a grant basis a portion of the loan. The amount of grant will be determined by the City of Norfolk based upon job creation or retention and economic impact of the project to the community.
- D. A loan repayment schedule providing for monthly, quarterly or annual payments will be approved in conjunction with project approval.
- E. The City of Norfolk, or its contracting agency, is responsible for auditing and verifying job creation and retention.

SECTION V: SOURCE OF FUNDING

The Economic Development Program will be funded at \$400,000 from property tax proceeds annually for 10 years.

- A. The Economic Development Program will be funded at \$400,000 annually beginning

with the City's fiscal year ending September 30, 2011 and ending with the City's fiscal year ending September 30, 2020. It is also proposed that the Economic Development Program will go into effect July 10, 2010 and continue through September 30, 2023, in order to receive the full 10 years of property taxes and have sufficient time to appropriate it according to this plan.

- B. The total estimated amount of money that is proposed to be collected from local property tax revenues to finance the Economic Development Program is \$4,000,000 over a 10 year period.
- C. The preliminary proposed budget for the initial fiscal year ending September 30, 2010 of the Economic Development Program is \$0. The proposed budget for the second fiscal year of the Economic Development Program is \$400,000 for the following activities:
 - Land acquisition.
 - Building construction.
 - Direct loan program.
 - Infrastructure improvements.
 - Technical assistance.
 - Promotional/recruitment marketing.
 - Building rehabilitation.
 - Administration.
 - Job training/workforce development.

SECTION VI: APPLICATION PROCESS

The intent of the City of Norfolk is either to administer the Economic Development Program itself or to contract with a separate entity for administration.

To be considered for direct or indirect financial assistance under the Economic Development Program, an applicant must provide to the administrator:

1. A detailed description of the proposed project;
2. Employment, wage, and financial projections;
3. Current and past financial statements, personal financial statements of principals involved, financing requirements for the project, total project cost;
4. A completed Economic Development Program Application for Financial Assistance;
5. Additional information, as necessary, to determine the economic viability of the proposed project(s) may be requested by the program administrator prior to recommendation to the Norfolk City Council's Economic Development Subcommittee and/or the City Council.

The program administrator shall review applications and requests for direct financial assistance. Application review and preliminary approval, or disapproval, by the administrator will be based on project feasibility as determined by review of the information provided by the

applicant and the potential future economic benefit to the City of Norfolk and the surrounding area.

The program administrator will be responsible for verification of information in the application of those eligible businesses that receive a recommendation for financial assistance.

In the event of termination of a contractual relationship between the City of Norfolk and the program administrator (if such a contract is entered into), the above- described responsibilities will be carried out by another entity or by city staff members.

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 Norfolk City Council's Economic Development Subcommittee for its review and recommendation. The subcommittee will consider the overall benefits to the community in its deliberations and will provide the program administrator with a recommendation that fits within the time frame suitable to meet the business requirements of the applicants. Once a recommendation is made, the program administrator will take the necessary actions to implement the recommendation of the subcommittee.

SECTION VII: ADMINISTRATION OF ECONOMIC DEVELOPMENT PROGRAM

It is the intent of the Economic Development Program that the majority of funds are used for supporting eligible activities and only the minimum required amount is to be spent to assist in the administration of the program. The three separate groups sharing the administration of the program are:

1. Program administrator
 - Will be responsible for the day-to-day activities of administering the program.
 - Assists applicants and conducts active recruiting for potential applicants.
2. Citizens Advisory Review Committee
 - A group of citizens who are registered voters of the City of Norfolk, appointed by the mayor, subject to the approval of the City Council, who will review the functioning and progress of the Economic Development Program and advise the City Council with regard to the program.
 - Committee organization will consist of:
 - Not less than five or more than 10 members.
 - At least one individual with expertise or experience in the field of business, finance or accounting.
 - An appropriate city official or employee with responsibility for the administration of the Economic Development Program shall serve as a non-voting ex officio member.
 - No voting member of the committee shall be an elected or appointed city official, an employee of the city, or a participant in a decision making position regarding

expenditures of program funds.

- No member of the citizens advisory review committee shall be 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 Citizens Advisory Review Committee will meet regularly as required to review the program and will report to the Norfolk City Council at least once in every six-month period on its findings and suggestions at a public hearing called for that purpose.

3. Norfolk City Council

- Will have final authority on expenditure of funds in support of the Economic Development Program.
- May choose to contract for program administration.
- Shall approve the membership of the citizens advisory committee.
- Will have ultimate responsibility for the Economic Development Program as defined in this Economic Development Plan.
- Will be responsible for final approval of all contracts, loan agreements, etc.

SECTION VIII: PROCESS TO INSURE CONFIDENTIALITY

In the process of gathering information about a qualifying business, information may be received about the business that is confidential and, if released, could cause harm to the business or give unfair advantage to its competitors. State law authorizes cities and other public entities to maintain the confidentiality of business records that come into their possession.

To protect the businesses applying for funds and to encourage them to make full and frank disclosure of business information relevant to their application, the City of Norfolk will take such steps as may be necessary to ensure the confidentiality of the information it receives.

SECTION IX: PROCESS TO ASSURE ALL APPLICABLE LAWS, REGULATIONS AND REQUIREMENTS ARE MET BY THE CITY AND QUALIFYING BUSINESSES

The City of Norfolk and 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 assistance. These procedures will be subject to review and approval by the Norfolk City Council.

The City of Norfolk will direct its city attorney to review all contracts, official documents, land transactions and other official actions related to the Economic Development Program to ensure compliance with existing law and to monitor changes in the law to ensure future compliance.

The Citizens Advisory Review Committee shall review the functioning and progress of

the Economic Development Program.

SECTION X: PURCHASE OF REAL ESTATE OR OPTION TO PURCHASE

If and when real estate is to be purchased or optioned under the Economic Development Program, it should meet the following general criteria:

1. Land to be purchased or option will be identified through local analysis by the City of Norfolk and/or an Industrial Site Evaluation team organized by the City of Norfolk or the program administrator.
2. The land will contain no excessive easements, covenants or other encumbrances.
3. The land will conform or be able to be rezoned to conform with the intended use.
4. The land can be located either within or outside of the city limits.
5. In addition, the funds may be used to provide the infrastructure to these sites or other sites to make them attractive to new or expanding businesses. Eligible infrastructure improvements will include, but not be limited to, street, storm drainage, water, sewer, gas, electric or railroad extension. Infrastructure improvements and costs may extend beyond the corporate limits of the City of Norfolk.

The proceeds from any possible future sale of such land would be returned to the City of Norfolk's economic development fund for re-use for any activities eligible in the Economic Development Program or for additional land purchases.

SECTION XI: INVESTMENT OF NORFOLK ECONOMIC DEVELOPMENT FUNDS

The City of Norfolk will establish a separate economic development fund. All funds derived from local 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 Norfolk of assets purchased by the City of Norfolk under the Economic Development Program, or other money received by the City of Norfolk by reason of the Economic Development Program shall be deposited into the fund. No money in the economic development fund shall be deposited in the general fund of the City of Norfolk except as provided by statute. The City of Norfolk shall not transfer or remove funds from the economic development fund other than for the purposes prescribed in the state act and this plan, and the money in the economic development fund shall be invested in the City of Norfolk's pooled investment account. In the event the Economic Development Program is terminated, any funds not committed will be transferred as provided by statute to the general fund of the City of Norfolk and will be used on an installment basis to reduce the property tax levy of the city.