

FALLS CITY ECONOMIC DEVELOPMENT
AND GROWTH ENTERPRISE, INC. (EDGE)

Richardson County, Nebraska
Asset Modernization Grant

Program Manual

August 15, 2024

(Revised from original created on February 18, 2014)

Table of Contents

Overview	
Chapter 1.	Contact Information and Defined Terms
Chapter 2.	Process for Application; Reservation Letters
2.1	Application Form
2.2	Application Submission
2.3	Preparation of the Application
2.4	EDGE Action
2.5	Award Funding
2.6	Applications Not Selected
2.7	Application Withdrawal or Project Cancellation
2.8	Reservation letter
2.9	Reporting
2.10	Noncompliance
2.11	Time Period of Remitted Funds
2.12	Ineligibility
Chapter 3.	Eligibility
3.1	Eligible Businesses
3.2	Eligible Projects
3.3	Additional Requirements
3.4	Ineligible Projects
Chapter 4.	Modernization Asset Grant (MAG) Awards
4.1	General
4.2	Reservations
4.3	Eligible Basis

APPENDICES

APPENDIX A

APPENDIX B

APPENDIX C

DEFINITIONS

RULES AND REGULATIONS

APPLICATION FORMS AND DOCUMENTS-MAG

**FALLS CITY EDGE
ASSET MODERNIZATION INITIATIVE
MODERN ASSET GRANTS (MAG)**

OVERVIEW

Falls City Economic Development and Growth Enterprise, Inc. (“EDGE”) has established the Richardson County Asset Modernization Initiative, offering "modernization" resources to for-profit Richardson County businesses, including but not limited to manufacturers and agricultural/food product processors. The Initiative is intended to stimulate modernization of assets by County businesses. The resources of the Initiative are available as a grant ("MAG").

Modern Asset Grant ("MAG")

MAG offers a direct grant in an amount up to 5% of Eligible Basis of newly purchased eligible machinery and equipment that modernizes production and operations in Richardson County. The modernized asset must be acquired and placed in service after receipt of a Reservation for a MAG Award. Eligible businesses may collect an additional 1% for each full-time employee (FTE) created, up to 5% for 5 FTEs. Maximum total rebate per eligible applicant is 10% with creation of an average of 5 FTEs.

Timeline

MAG applications will be accepted beginning August 15, 2024. Applications will be converted, if approved, into Reservations and funds will be available on a continuing basis until the year's budgeted allocation is exhausted. An amount equal to \$25,000.00 is budgeted for eligible applicants in 2024, with future funding dependent on subsequent budgets.

Chapter 1. Contact Information and Defined Terms.

1.1 Contact Information. The following contact information is applicable to MAG.

Falls City EDGE
Attn: Asset Modernization Grant
1705 Stone Street
P.O. Box 574
Falls City, NE 68355
director@fallscityedge.com or 402-245-2105

1.2 Defined Terms. Terms used in this Program Manual shall have the meanings set forth in Appendix A hereto.

Chapter 2. Process for Application; Reservation Letters. Eligible Businesses may apply to EDGE for funding of Awards. EDGE will not discriminate based on age, religion, sex, race, color, disability or national origin.

2.1. *Application Form.* All applications for Awards shall be made on a form provided by EDGE. The current application is attached hereto as Appendix C.

2.2. *Application Submission.* EDGE shall accept applications for Awards beginning August 15, 2024. Applications will be accepted until the Program Allocation has been exhausted. Any unused Program Allocation for the fiscal year ending December 31, 2024 may be carried forward for use during the year ending December 31, 2025. All applications will be reviewed by EDGE for eligibility to ensure they are consistent with the Rules and Regulations, this Program Manual and Award purposes.

2.3. *Preparation of the Application.* Applications shall provide sufficient detail as to scope, project execution by the applicant and any other matters as directed by the application's instructions. Any application that is incomplete shall not be considered by EDGE.

2.4. *EDGE Action.* Applications shall be reviewed by EDGE staff for compliance with the Rules and Regulations and this Program Manual. Recommendations of funding shall be presented to the Executive Committee of the EDGE Board Directors. After completion of the application review process with respect to a specific application, a funding determination will be made by the Executive Committee of the Board of Directors and, if a Reservation is to be granted, a Reservation Letter will be sent to the applicant.

2.5. *Award Funding.* EDGE shall fund, on a first come, first served basis, as many requests for Reservations meeting the qualifications of the Rules and Regulations and this Program Manual, as will utilize available funds of the Initiative, less EDGE administrative costs.

2.6. *Applications Not Selected.* An applicant whose application is not selected for a Reservation shall be notified by EDGE in writing.

2.7. *Application Withdrawal or Project Cancellation.* An application may be unilaterally withdrawn by the applicant at any time prior to or after the application being considered by EDGE.

2.8. *Reservation Letter.* After EDGE has approved an application for MAG, a Reservation Letter will be sent by EDGE to the applicant. The Reservation Letter will establish any additional requirements or parameters with respect to a Reservation (in addition to those in this Program Manual) and the expiration date of the Reservation (which shall be 90 calendar days from the date the Reservation Letter is executed by EDGE). Payment of the Award will be made when all requirements outlined in the Reservation Letter have been met. Any reduction in the Eligible Basis after a Reservation, with respect to a MAG Award, will result in a reduction in the Award Amount. Requests, after a Reservation, for increases in the amount of the Award (due to an increase in Eligible Basis MAG) will be considered by EDGE on a case-by-case basis and are subject to the availability of funds for the initiative. Any amendment to the terms of the Reservation Letter must be agreed to by EDGE in writing.

2.9. *Reporting.* Award recipients shall keep adequate records relating to any MAG Award and all applicable records of an Eligible Business which receives an Award shall be made available during normal business hours for review and reproduction by EDGE.

2.10. *Noncompliance.* EDGE may revoke a Reservation or an Award or seek repayment of an Award if:

- (a) the terms of the Reservation Letter have not been fulfilled;
- (b) EDGE finds that the application contained inaccuracies, omissions, errors, or misrepresentations;
- (c) the time schedule for acquisition or completion of the Eligible Project was misrepresented or has not been maintained; or
- (d) any property, real or personal, acquired or developed with a MAG Award pass or diverts from control of the Award recipient or is used for purposes other than the purpose described by the applicant in the application.

2.11. *Time Period of Remitted Funds.* The Award recipient shall have a period of 10 calendar days after notification by EDGE in which to remit funds not used in accordance with the Initiative.

2.12. *Ineligibility.* Whenever EDGE determines at any time that an Award recipient is in violation of the Rules and Regulations, the Award recipient shall be ineligible for further assistance for subsequent projects until the matter has been resolved to the satisfaction of EDGE.

Chapter3. Eligibility.

3.1. *Eligible Businesses.* Subject to the additional provisions of the Rules and Regulations attached hereto as Appendix B, the following requirements must be met for businesses to be eligible for the Program:

- (a) The business must be a for-profit entity or proprietorship.
- (b) The business must be qualified to do business in the State of Nebraska, must be doing business in Richardson County, Nebraska and the Eligible Project must, when acquired, be located in Richardson County, Nebraska.
- (c) The business must employ at least one employee in Richardson County, Nebraska.
- (d) The business must have at least two years of operations based in the County or must have purchased or acquired a business with at least two years of operations in the County.
- (e) Small Business Category: Defined as having an average of 5 or less full-time employees (FTE) and must invest at least \$20,000 to be considered for at least a 5% rebate.

(f) Large Business Category: Defined as having an average of 6 or more full-time employees and must invest at least \$50,000 to be considered for at least a 5% rebate.

(g) Additional 5% for FTE Creation: Eligible businesses may collect an additional 1% for each full-time employee (FTE) created, up to 5% for 5 FTEs. Maximum total rebate for FTE creation is 5% with creation of an average of 5 FTEs and may be used in addition to original 5% Asset Modernization rebate. Total rebate is 10% for businesses that maximize their options. Businesses are responsible for proving additional FTE's after 12 months of award.

(h) Applicants must be members of Falls City Economic Development and Growth Enterprise, Inc. or the Falls City Chamber of Commerce.

(i) Preference, year-after-year, may be given to applicants that have previously not been approved or awarded.

3.2. *Eligible Projects.* Subject to the additional provisions of the Rules and Regulations set forth in Appendix B, the following are Eligible Projects for the Program:

(a) Modernization Assets purchased with cash or an equity investment.

(b) Modernization Assets acquired by trade.

(c) Modernization Assets purchased with partnership investments.

(d) Modernization Assets that are leased.

(e) Modernization Assets purchased with borrowed funds.

3.3 *Additional Requirements.* Modernization Assets must have a useful life of at least three years and must be acquired pursuant to a business plan of the Eligible Business providing specific asset descriptions and cost/benefit analysis. Modernization Assets may be new or used, must be acquired and placed in service subsequent to receipt of a Reservation for a MAG Award, and must be intended to be used by the Eligible Business in Richardson County, NE.

3.4 *Ineligible Projects.* Subject to the additional provisions of the Rules and Regulations set forth in Appendix B hereto, buildings, land and land improvements, replacement equipment, standard electrical service, plumbing and HVAC equipment, shop built or donated equipment, installation labor, transportation, taxes, wheeled or mobile assets, maintenance services, and assets not used in Richardson County are not eligible for the Program.

Chapter 4. Modernization Asset Grant (MAG) Awards.

4.1. *General.* MAG Awards may be granted by EDGE in an amount of 5% of the Eligible Basis of the Eligible Project up to \$25,000.00. No MAG Award shall exceed the Program Maximum. In determining whether an applicant has exceeded the Program Maximum, any Award to the applicant and any Related Party shall be taken into

consideration.

4.2. *Reservations.* If a Reservation is granted, payment of MAG Awards shall be made by EDGE in the amount set forth in the Reservation Letter.

4.3 *Eligible Basis.* Eligible Basis will be calculated on MAG Form 2, Modern Asset Grant Worksheet, as follows:

(a) Cost of Asset (for asset purchases) is the cash cost of the asset to be purchased.

(b) Lease Capitalized Cost (for assets to be leased) is that portion of the lease payments that represents the depreciable cost of the asset, plus any payment due at the end of the lease term required to purchase the asset, if applicable, if the Applicant intends to purchase the asset. It does not include the interest, tax, or maintenance component, if any, of the lease payment, or any other charges not related directly to the depreciable cost of the asset.

(c) Estimated placed in-service date is the date the Applicant expects to place the asset into production. The purchase, installation, testing, and training are all completed prior to the placed in-service date.

(d) Useful life for depreciation purposes (for asset purchases) is the term over which the asset can normally be depreciated for federal income tax purposes. Internal Revenue Code regulations that allow for accelerated depreciation for a temporary period (i.e. "bonus depreciation") should not be considered in determining useful life.

(e) Lease term is the number of years (or portion thereof) that the lease agreement is effective and lease payments will be made.

(f) The applicable percentage is the percentage by which Cost of Asset or Lease Capitalized Cost is multiplied to determine Eligible Basis. The percentage varies based on useful life or lease term, and whether the asset is new or used.

APPENDIX A DEFINITIONS

This Appendix sets forth the definitions and terms used in the Program Manual and the Rules and Regulations.

"Award" means a MAG Award made pursuant to the Initiative.

"County" means Richardson County, Nebraska.

"Eligible Basis-(MAG)" means the Total Eligible Basis as calculated on MAG Form 2 (Worksheet) of the Application and as described in Section 4.3 of the Program Manual.

"Eligible Business" means an eligible business as defined in Chapter 3 herein.

"Eligible Project" means an eligible project as defined in Chapter 3 herein.

"Initiative" means the Richardson County Asset Modernization Initiative and Modern Asset Grant (MAG) authorized by the Falls City Economic Development and Growth Enterprise, Inc.

"MAG Award" means the grant by EDGE as described in Section 4.1 of the Program Manual.

"Modernization Assets" means (i) depreciable, non-mobile machinery or equipment, (ii) dedicated utility and electrical components, (iii) dedicated computers and software, and/or (iv) design and engineering services required for acquisition of the Eligible Project.

"Passive Real Estate Ownership" means ownership of real estate for the purpose of deriving income from speculation, trade or rental, except that such term shall not include (a) the ownership of that portion of real estate being used or intended to be used for the operation of the business of the owner of the real estate or (b) the ownership of real estate for the purpose of modernization, until the completion of the construction or renovation phase.

"Program Allocation" means \$25,000.00 with respect to the fiscal year ending December 31, 2024. (The Program Allocation for 2024 is not exclusive to MAG Awards and the funds may be used for other EDGE incentives and grants.)

"Program Manual" means the Richardson County Asset Modernization Initiative, Modern Asset Grants (MAG) Program Manual dated August 15, 2024, as the same shall be amended by EDGE from time to time.

"Program Maximum" means, per fiscal year, a maximum Award(s) per applicant of \$25,000 in the case of a MAG Award.

"Related Party" means the following-

(a) 2 or more persons if the relationship between such persons would result in a disallowance of losses under Section 267 or 707(b) of the Internal Revenue Code,

(b) 2 or more persons which are members of the same controlled group of corporations (as defined in Section 1563(a) of the Internal Revenue Code, except that "more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein),

and

(c) a partnership and each of its partners (and their spouses and minor children),

(d) an S corporation and each of its shareholders (and their spouses and minor children).

"Reservation" means a reservation for an Award as set forth in a Reservation Letter.

"Reservation Letter" means the letter sent by EDGE to the applicant in accordance with Section 2.8 of the Program Manual.

"Rules and Regulations" mean the Rules and Regulations adopted by EDGE, from time to time, to carry out the administration of the Program.

"State" means the State of Nebraska.

APPENDIX B
RULES AND REGULATIONS

**FALLS CITY EDGE
RICHARDSON COUNTY ASSET MODERNIZATION INITIATIVE
MODERN ASSET GRANTS (MAG) RULES AND REGULATIONS**

August 15, 2024

1. Initiative awards will be made by EDGE on a continuing basis until each year's Initiative allocation has been exhausted. \$25,000 total will be available for 2024 for MAG and EDGE job creation grants. Any unused Initiative allocation for 2024 may be utilized during 2025.
2. The Initiative will operate through the award of a direct modern asset grant ("MAG".)
3. MAG awards may be in an amount up to 5% of eligible basis for new or used machinery or equipment used to modernize a manufacturing, production, agricultural or food product processing, or other eligible business as deemed suitable by the EDGE Executive Committee.
4. Applicants for MAG awards may not have in excess of \$500,000 eligible basis in the property. The maximum award per MAG applicant is \$25,000 per year.
5. Qualifying businesses must:
 - (i) be a for-profit entity or proprietorship;
 - (ii) be located within Richardson County;
 - (iii) have at least 1 employee based in Richardson County; and
 - (iv) have at least 2 years of operations based in Richardson County.
6. Qualifying projects include the purchase or acquisition of: (i) machinery or equipment; (ii) dedicated utility or electrical components; (iii) dedicated computers and software; or (iv) design and engineering services required for acquisition, in each case for the modernization of the business. Qualifying projects must have a useful life at least 3 years and must be completed pursuant to a business plan with demonstrated cost benefit.
7. Initiative award priorities include modernization projects resulting in expansion of international trade, expansion of interstate trade, market share expansion, and product line expansion.
8. Initiative awards shall be made by the Executive Committee of the EDGE Board of Directors pursuant to these Initiative Rules and Regulations.
9. These Rules and Regulations may be amended from time to time by EDGE.

APPENDIX C

APPLICATION FORMS AND DOCUMENTS-MAG

FORM 1

**NEBRASKA ASSET MODERINATION INITIATIVE
MODERN ASSET GRANT APPLICATION**

Application can be submitted electronically, via e-mail to director@fallscityedge.com or mail to EDGE, 1705 Stone Street, PO Box 574, Falls City, Nebraska 68355.

Capitalized terms used in this Application form and not otherwise defined have meanings set forth in the Richardson County Asset Modernization Initiative Modern Asset Grant (MAG) Program Manual dated August 15, 2024.

1. Applicant Information:

Legal Name of Applicant: _____

Contact Person/Title: _____

Address: _____

Phone: _____ E-mail: _____

Type of Legal Structure of Business: _____

NAICS (SIC) Code: _____ NE Tax ID#: _____

2. Number of current full-time equivalent employees: _____; in County _____.

3. If an Award is received, will employees be retained or additional employees hired within next 3 years?

Yes No If yes, jobs to be created _____ and/or retained _____

4. Current total value of Applicant's net depreciable, Richardson County, Nebraska-based assets: \$ _____.

5. Other information about the asset(s) to be acquired (complete MAG Form 2 Worksheet to list the asset(s) to be acquired):

- a) Will the acquired asset(s), be used exclusively in Richardson County, Nebraska? Yes No
- b) Is/Are the asset(s) mobile, wheeled or temporary? Yes No
- c) Is/Are the asset(s) for residential housing development, farming or ranching? Yes No
- d) Will the asset(s) be used in connection with Passive Real Estate Ownership? Yes No

6. Modernization Outcome(s):

- a) Will acquisition of assets expand or increase efficiency of production? Yes No
- b) Will acquisition of assets add a new product line for the business? Yes No

c) Will acquisition of assets grow international markets for the Applicant?

Yes No

NOTE: Additional attachments may be provided for questions 7-10.

7. Business Plan: Provide a brief summary of how the new asset(s) will be used in the Applicant's business plan over the next three years.

8. Asset Integration: Describe the integration of the asset(s) described in Form 2, Worksheet into your current production facilities. In addition to the cost of asset acquisition, describe what additional costs, such as building or special utility services and design fees you expect to incur. Provide a cost estimate for the entire modernization project.

9. Cost Benefit Analysis: Describe the business impacts you expect from the investment in the asset(s) to be acquired such as changes in volume of production, quality of production, costs per unit, productivity of employees, etc.

10. Economic Impact: What effect will the asset(s) acquired have on the economic base of your community and the State, including local and state tax base and revenues?

- 11. Additional Representation:** Applicant represents the following:
- a) it is an Eligible Business (see Section 3.1 of Program Manual);
 - b) if an Award is received, the amount of the Award, together with any other Awards received by the Applicant, together with any Related Party (see Appendix A, Definitions, or Program Manual) to the Applicant, will not exceed the Program Maximum (see Appendix A, Definitions, of Program Manual);
 - c) the Award, if received, will be used by the Applicant on connection with the acquisition of Modernization Assets (see Appendix A, Definitions, of Program Manual) for an Eligible Project (see Section 3.2, or Program Manual);
- and
- d) the Modernization Assets have a useful life of at least 3 years
 - e) the Modernization Assets have not been placed into service as of the date of this application; and
 - f) The Modernization Assets will be used in Richardson County business.

12. Certification and Acknowledgement:

- a) Applicant certifies that the foregoing is accurate and complete and hereby agrees to provide to EDGE any additional information requested to verify the statements in this application and hereby grants EDGE access to the Applicant's place of business, financial records and tax files for the purpose of verifying the information provided in this application.
- b) Applicant acknowledges that if the foregoing is determined to contain misrepresentations, all funds awarded in connection with this application will be returned to EDGE.
- c) Applicant agrees to report to the County Assessor the taxable asset(s) acquired under the Richardson County Asset Modernization Initiative.
- d) Applicant understands that information with respect to any Awards made by EDGE may be public information that EDGE intends to make available to the public the identity and location of Award recipients, the type of business and the amount of the Award. The Applicant agrees to the publication of such information.

Authorized Official Name and Title

Authorized Signature

Date

MAG Form 2	Richardson County Asset Modernization Initiative Modern Asset Grant Worksheet	
Name of Applicant	NAICS Code #	Nebraska Tax Identification Number

1.a) Location(s) where asset(s) will be used _____

b) List below the asset(s) proposed to be acquired and placed in service. See Section 4.3 in Richardson County Asset Modernization Initiative Program Manual for additional guidance.

Description of Asset	New	Used	Cost of Asset or Lease Capitalized Cost	Lease Term (if applicable)	Estimated placed in-service date
			\$		
			\$		
			\$		
			\$		
			\$		

c) Calculate below the Eligible Basis of the asset(s) proposed to be acquired and placed in service. See Section 4.3 in Richardson County Asset Modernization Initiative Program Manual for additional guidance.

Type of Asset	Purchased Asset: useful life for depreciation purposes Leased Asset: lease term		(A) Total asset cost or Lease Capitalized Cost	(B) Applicable percentage	(C) Eligible Basis (Multiply Column A by Column B)
New	(i)	3 or more but less than 5	\$	35%	\$
	(ii)	5 or more but less than 7	\$	70%	\$
	(iii)	7 or more	\$	100%	\$
Used	(iv)	3 or more but less than 5	\$	35%	\$
	(v)	5 or more but less than 7	\$	70%	\$
	(vi)	7 or more	\$	100%	\$
2. Total Eligible Basis, add lines (i) thru (vi)					\$
3. Award Percentage					X .05
4. Calculate the Amount Requested: Multiply Line 2 by Line 3. If more than \$25,000, enter \$25,000.					\$

For Internal EDGE Use:

Date of Reservation of Letter: _____

A MAG Award Reservation is approved in the amount of \$ _____

This Reservation expires on _____.