

COMMUNITY REDEVELOPMENT AUTHORITY MINUTES
February 10, 2021

The Community Redevelopment Authority meeting was called to order at 5:00 p.m. by City Administrator Butcher. Committee members present were: Tim Moll, Scott Sloup, Jonathon Wilken, Ryne Seaman. Absent: None (Mike Hecker resigned from Board effective 2-3-2021). Other officials present: TIF Attorney Andrew Willis (Cline Williams), SCCDP President & CEO Jonathan Jank, and City Administrator Greg Butcher (recording proceedings). Others present: Shannon Meyer, Joe Wendt and Thomas Kayton.

Administrator Butcher announced that a copy of the Agenda for this meeting is posted on the north wall of the Municipal Building and copies are available on the north wall where a copy of the Open Meetings Act is also posted for public inspection.

1. ELECT CHAIR OF CRA

Administrator Butcher announced that Mike Hecker resigned from the Board effective February 3, 2021. He asked that the Board elect a Chairperson.

Moved by Sloup, seconded by Seaman that Tim Moll be nominated and elected as Chairperson. No other nominations were presented.

Aye: Seaman, Sloup, Wilken, Moll

Nay: None

Absent: None. Motion carried.

2. OLD TOWN SQUARE, LLC - 2A. PRESENTATION & REVIEW OF TIF APPLICATION

TIF Attorney Andrew Willis presented the Tax Increment Financing (TIF) application of Old Town Square, LLC for the renovation and rehabilitation of the buildings on the Project Site, which are located in the Commercial Business District. The Project is anticipated to eliminate the current blight and substandard conditions of the Project Site and will further the purposes of the Act in conformity with the Redevelopment Plan.

Redeveloper will renovate and redevelop Building 612 (4,866 square feet on the ground level and 3,876 square feet on the second level) and one-half of Building 606 (5,040 square feet on the ground level and 3,800 square feet on the second level) as shared office space. Only the first floor of each building is being renovated as part of this Project. The upstairs of Building 606 has four residential apartment units, which are all leased. Both buildings have basements, but the basements will not be leased to tenants. The Project will consist of two uses; office use and a restaurant/bakery use.

One of the tenants of the building will be Moore & Hawks PC, a public accounting (CPA) firm and affiliated entity to the Redeveloper. Moore & Hawks PC has recently expanded to Seward and the Moore & Hawks team based in Seward currently has 5 employees.

The office use shall encompass 4,866 square feet of Building 612 and 1,900 square feet of Building 606.

The remaining 3,140 square feet on the ground level of Building 606 will be renovated into a dual-purpose bakery and restaurant space, to be leased and operated by separate tenants. The intention is for one tenant to utilize the space as a bakery/cafe during the morning and lunch periods while a second tenant operates the space as a restaurant/bar in the evening.

Although one-half of Building 606 will internally be shared office space with Building 612, the exterior façades will have distinctive separation as two independent buildings. With respect to the façades, the exterior of both buildings will retain their historical brick façade, with front paneling removed and underlying brick façade repaired to historical appearance. New front façade windows will be installed on Building 612, including expansion of the windows to their original height, which is approximately double their current height. The existing façade windows will be repurposed as conference room walls on the interior. A new awning will be installed to accent the taller window height. The Building 606 ground level façade windows will be retained, but the entrance door will be relocated to provide access for the bakery/restaurant space.

All new electrical, data lines, plumbing, and HVAC will be installed for the ground level. Fire sprinkler systems will be installed throughout the basement, ground level, second level and attic of both buildings, including the existing apartments in Building 606.

2B. REVIEW OF REDEVELOPMENT PLAN AMENDMENT AND COST BENEFIT ANALYSIS

The Project is anticipated to have a base valuation of \$420,246. Pursuant to the Seward County Assessor's preliminary appraisal of the Project, the completed valuation of the project is \$941,221. The Redeveloper has requested \$136,700 in TIF Indebtedness. The Redeveloper estimates the total Project costs to be approximately \$1,166,869.

The Redeveloper intends to use the TIF to assist with the cost of site acquisition, which is approximately \$535,000.

The Redeveloper has stated that the Project would be financed in part in investor equity equal to 15% of the total costs and the remainder financed through a bank loan.

The Redeveloper intends to commence construction in the Spring of 2021. The office space improvements are anticipated to be completed in summer of 2021 and the restaurant/bakery improvements are anticipated to be completed by December 31, 2021.

Mr. Willis stated the Developer is aware that if the final assessment comes in lower, the Developer is responsible for any shortfall.

The Redeveloper has represented that without the use of TIF, this Project would not be feasible, and the Redeveloper could not develop this Project on the Project site. The Redeveloper has further represented that it does not intend to file an application with the Nebraska Department of Revenue to receive tax incentives under the ImagiNE Act.

There is no public acquisition of private property, relocation of families or businesses or the sale of property to accomplish the Project. The Redeveloper is the owner of the Project Site.

The Project includes the renovation and rehabilitation of the first floor of the existing buildings on the Project Site into office and restaurant uses. The Project will not materially affect the population density of the community.

The footprint of the building will not change and will meet the applicable land-coverage ratios and zoning requirements of the City.

No adverse impacts are anticipated with respect to traffic flow, street layouts, and street grades. The Project Site was designed for the commercial uses and the area should be able to support uses of the general type that comprise the Project. Further, additional traffic in downtown Seward is a stated goal of the City in order to enhance the vibrancy of the downtown area. The downtown infrastructure is anticipated to be sufficient for the intended uses.

The 2017 Downtown Revitalization Plan determined that, as a whole, there is a surplus of available parking spaces downtown compared to demand. While there are places where demand exceeds supply, there are virtually always available spaces within a block; therefore, no additional parking is needed at this time.

Pursuant to Article 34 of the City of Seward Zoning Ordinance, any use within the CBD - Downtown Seward District is exempt from the off-street parking requirements. The Project will need to meet or exceed the parking requirements set forth in the applicable zoning district, if any. It is the Redeveloper's obligation to satisfy the City's parking requirements.

The Project meets several goals of the Comprehensive Plan. The Project: invests in Downtown as a destination; promotes strong retail, restaurant, and service economy; focuses on business recruitment and incubation; and, supports and promotes the creation of community amenities that will attract and retain a young talented workforce.

Mr. Willis presented the Cost-Benefit Analysis:

a.	Redevelopment Project Valuation:	\$	420,246
b.	Projected Completed Project Assessed Valuation:	\$	941,221
c.	Projected Tax Increment Base:	\$	520,975
d.	Estimated Tax Levy:		1.749781
e.	Annual Projected Tax Shift:	\$	9,116

No substantial adverse effects are anticipated on the public infrastructure and community public service needs. All public infrastructure and community public services required to serve the Project exists. The City desires additional commercial activity downtown and this Project shall further the overall development goals of the City.

While the use of tax increment financing will defer receipt of a majority of new ad valorem real property taxes generated by the Project, the Project should generate immediate tax growth for the City. The Project will include an amount of personal property that will be on the property tax rolls upon its acquisition and installation. Additionally, the City should realize revenue from sales tax paid by the patrons of the tenant businesses occupying the buildings. The Project will also require and pay for City services. It is not anticipated that the Project will have any material adverse impact on

such City services but will generate revenue providing support for those services.

This Project will revitalize the Project Site, increase consumer traffic to the downtown area, and decrease the blighted and substandard conditions of the Redevelopment Area, all of which will benefit all employers in the downtown area. The shared office concept is new to Seward and will provide an alternative to traditional office leasing. This could encourage new businesses to locate downtown that otherwise would not commit to a traditional lease. Particularly with the landscape and concept of office leasing changing based on the COVID-19 pandemic, the shared office space, and daily or monthly fixed rate leasing may be an attractive lease for certain businesses. An additional restaurant/bakery is an important amenity in the community, which will allow for further growth of the community. Increasing the overall supply of restaurant amenities in the community is important to attracting future businesses and workers to the City.

The Project should have a material positive impact on private sector businesses in and around the area outside the boundaries of the Project.

It is not anticipated that the Project will have a material adverse impact on the student populations of the school district within the City. The school district should have the capacity to handle any minimal population increase from the Project.

The overall employment impacts of the project are unknown, but the Moore & Hawks tenant anticipates estimated growth of 2-5 additional employees. Starting staff salaries (recent college graduates) will be in the range of \$30-40k per year and competitive benefits, with salaries increasing as employees proceed through their career. Moore & Hawks also intends to offer internships for Concordia college students.

The exterior of both buildings will retain their historical brick façade, with front paneling removed and underlying brick façade repaired to historical appearance.

The Project will facilitate the development of a blighted and substandard area of the City without the incurrence of significant public cost. The benefits of the Project appear to outweigh the costs.

2C., 2D., 2E. REDEVELOPMENT AGREEMENT, RESOLUTIONS

Mr. Willis presented the Redevelopment Agreement. He stated the Project consists of the renovation and redevelopment of two commercial buildings on the Project Site for use s commercial office space and a restaurant/bakery, and other associated improvements.

The Effective date will be January 1, 2022.

The minimum Project Valuation will be \$941,221, with a completion date of December 31, 2021. The TIF indebtedness will be \$136,700 and the CRA shall capture the Tax Increment for a total period not to exceed fifteen years.

The Redeveloper shall not convey, assign or transfer the Project site or any interest therein prior to the termination of the fifteen-year period commencing on the effective date without the prior written consent of the CRA.

The Redeveloper will be required to certify \$136,700 in eligible expenses upon Project completion.

Shannon Meyer, 306 East 6th Street, North Platte, NE, addressed the Board as one of three owners of Old Town Square, LLC and as redeveloper.

Moved by Seaman, seconded by Wilkin, that Resolution No. 2021-01 authorizing an amendment to the Redevelopment Plan and adopting a Cost Benefit Analysis for the Redevelopment Project in the Redevelopment Plan for Old Town Square, LLC Tax Increment Financing Redevelopment Project be approved.

Aye: Sloup, Wilken, Seaman, Moll

Nay: None

Absent: None. Motion carried.

Moved by Seaman, seconded by Wilkin, that Resolution No. 2021-02 authorizing and approving a Redevelopment Agreement, including the issuance of Tax Increment Indebtedness for a Redevelopment Project and other such actions under the Community Development Law for the Old Town Square, LLC Redevelopment Project be approved.

Aye: Sloup, Wilken, Seaman, Moll

Nay: None

Absent: None. Motion carried.

3. IHC PROPERTIES, LLC (IRONHIDE), 3A. PRESENTATION & REVIEW OF TIF APPLICATION

TIF Attorney Andrew Willis presented the Tax Increment Financing (TIF) application of IHC Properties, LLC for the construction of two 6,000 square foot commercial buildings on the Project Site and associated improvements. The buildings will be pre-engineered metal buildings with insulated metal panels and stone veneer on the façade. The Project is intended to create commercial space for multiple small businesses to occupy. Redeveloper will offer space for lease or purchase, with spaces between 2,000 and 12,000 square feet.

The Project Site is located in the Redevelopment Area of the Seward Regional Rail Campus. The Project Site generally consists of vacant and underdeveloped land.

3B. REVIEW OF REDEVELOPMENT PLAN AMENDMENT AND COST BENEFIT ANALYSIS

The Project is anticipated to have a base valuation of \$50,500 (current assessed value) and a minimum final valuation of approximately (County Assessor) \$661,060 upon completion. The Redeveloper estimates that the total Project costs shall be approximately \$920,627.30. Of these costs, approximately \$177,627.30 are TIF-eligible expenditures. Given a 5.5% interest rate for the TIF Note, the Project will support \$108,160 in TIF Indebtedness. In addition to the TIF indebtedness, Redeveloper has stated that the Project would be financed in part using investor equity.

Mr. Willis stated the application includes, but is not limited to: site acquisition, site preparation, grading, architectural and engineering fees and other eligible uses.

The Project is planned to begin construction in February 2021 and

complete construction in June 2021. The base year for the Project shall be 2021 and the effective date is January 1, 2022.

Mr. Willis presented the estimated TIF uses as:

Site Acquisition	\$ 100,627.30
Site Preparation	\$ 10,000.00
Grading	\$ 42,000.00
Site Preparation	\$ 20,000.00
Architectural & Engineering Fees	\$ 25,000.00
Total	\$ 177,627.30

Mr. Willis stated the Redeveloper is aware that if the final assessment comes in lower, the Redeveloper is responsible for any shortfall.

Mr. Willis stated the Comprehensive Plan identifies the future land use of the Project Site as industrial. The Rail Site, in general, has been the focus for a variety of industrial and commercial uses, identifying the Highway 15 Corridor as a primary location for industrial and commercial development.

The Redeveloper has represented that without the use of TIF, this Project would not be feasible, and the Redeveloper could not develop this Project on the Project site. The Redeveloper has also represented that it does not intend to file an application with the Nebraska Department of Revenue to receive tax incentives under the Imagine Nebraska Act.

There will be no public acquisition of private property, relocation of families or businesses, or the sale of property is necessary accomplish the Project. Redeveloper recently purchased and owns the Project Site.

The proposed Project on the Project Site is a commercial project, involving the construction of two (2) commercial building. The Project will not significantly affect population density in the project area.

Each commercial building will be 6,000 square feet (12,000 square feet total) on the approximately 1-acre lot. The Project will meet the applicable land-coverage ratios and zoning requirements as required by the City of Seward.

There are no adverse impacts anticipated with respect to traffic flow, street layouts, and street grades. The public improvements included in the Project together with the existing infrastructure is anticipated to be sufficient for the intended uses of the Project Site upon completion of the Project. TIF from further development of the Rail Campus Area is anticipated to pay for additional infrastructure that would benefit the Project Site, but no such anticipated future improvements are necessary for the use and operation of the Project.

There are 25 parking stalls shown on the preliminary site plan for the Project Site. However, the exact parking requirements cannot be determined because the use types have yet to be determined. The exact parking requirements will be determined based on actual use of the buildings, and Redeveloper shall be responsible for meeting said requirements.

The Project Site is located in a BP Business Park District zone. Once the use types are determined, Redeveloper shall be responsible for obtaining

all necessary zoning approvals. Approval of this Plan Amendment does not authorize any use that does not comply with the City of Seward zoning ordinance. Redeveloper will be responsible for complying with the City of Seward zoning ordinance, and will obtain any zoning, building code, or ordinance changes that are necessary for the Project.

Mr. Willis presented the Cost-Benefit Analysis:

a.	Redevelopment Project Valuation:	\$	50,500
b.	Projected Completed Project Assessed Valuation:	\$	661,060
c.	Projected Tax Increment Base:	\$	610,560
d.	Estimated Tax Levy:		1.749781
e.	Annual Projected Tax Shift:	\$	10,683

It is not anticipated the Project will have substantial adverse effects on the public infrastructure and community public service needs. All public infrastructure and community public services required to serve the Project exist or will be constructed as part of the Project. Two (2) commercial buildings will be constructed on the currently vacant lot.

The Project will create material tax and other public revenue for the City and other local taxing jurisdictions. The business(es) operated on the Project Site should generate immediate sales tax and personal property tax revenue otherwise not produced. The Project will also require and pay for City services.

It is not anticipated that the Project will have a material adverse impact on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project. The Project will create commercial space for lease or purchase, which should expand existing and attract new businesses.

It is not anticipated the Project will have a material adverse impact on the student populations within the City.

It is anticipated that the Project will create and/or retain jobs in the City by expanding existing and attracting new businesses. Redeveloper has identified a need for commercial space in the City and this Project shall fill that need, but the lease rates will not be feasible for small businesses without the use of TIF to help finance some of the public improvements.

The Project will facilitate the development of a blighted and substandard area of the City without the incurrence of significant public cost. Additionally, the Project will increase property tax revenue in the long-term. The benefits of the Project appear to outweigh the costs.

3C., 3D., 3E. REDEVELOPMENT AGREEMENT, RESOLUTIONS

Mr. Willis presented the Redevelopment Agreement. He stated the Project consists of the construction of two 6,000 square foot commercial buildings on the Project Site and associated improvements.

The Effective date will be January 1, 2022.

The minimum Project Valuation will be \$661,060, with a completion date of December 31, 2021. The TIF indebtedness will be \$108,160 and the CRA shall capture the Tax Increment for a total period not to exceed fifteen years.

The Redeveloper shall not convey, assign or transfer the Project site or any interest therein prior to the termination of the fifteen-year period commencing on the effective date without the prior written consent of the CRA.

The Redeveloper will be required to certify \$108,160 in eligible expenses upon Project completion.

Troy Bridgford, 1862 Hardwood St, Lincoln, addressed the Board as one of four owners of IHC Properties, LLC and as redeveloper.

Joseph Wendt, 3301 S 7th St, Suite C, Lincoln, NE 68502, addressed the Board as one of four owners of IHC Properties, LLC and as redeveloper.

Seaman inquired about potential lease tenants within the "spec" buildings. The redevelopers noted they had a number of letters of intent for potential leases, but no formal leases signed pending the outcome of the TIF financing and final formulation of lease rates. Seaman noted that he would like to see speculative projects such as these that utilize TIF, be recruiting tenants which are not taking businesses from other currently leased properties. Seaman requested to see the letters of intent before a vote should be taken and the redevelopers said they would be able to comply with that request.

Moved by Wilken, seconded by Sloup, to proceed with the City Council public hearing on this item and to return it to the CRA at the next meeting for recommendation on the pending items.

Aye: Sloup, Wilken, Moll, Seaman

Nay: None

Absent: None. Motion carried.

4. ARROWHEAD ESTATES, LLC, 4A. UPDATE - PRESENTATION & REVIEW OF TIF APPLICATION

TIF Attorney Andrew Willis stated this project was presented to the CRA on November 10, 2020. The CRA forwarded the Application and Plan Amendment to the Planning Commission and Seward City Council for the purpose of conducting public hearings prior to acting or recommendation by the CRA.

The greatest concern presented seemed to be with the financial impact on the School District for an increased residential population, without the tax support for 15 years.

On November 16, 2020, the Planning Commission conducted a public hearing on the Project and adopted a resolution recommending approval of the Redevelopment Plan.

On November 17, 2020, the Seward City Council conducted a public hearing on the Project. A recommendation, without formal vote, was that all representatives of the CRA, Council, School Board, Arrowhead Estates, LLC and any other interested parties meet to further discuss the development and future residential developments prior to the next CRA meeting.

Mr. Willis provided a brief refresher on the Project. He stated this is a Tax Increment Financing (TIF) application of Arrowhead Estates, LLC for the construction of 29 single family homes and associated improvements on the

Project Site. The Project will include trails, parks and greenspace, and the necessary public infrastructure to support the residential development. The Project is located in Twin Oaks Development Seventh Addition.

The Project Site has been identified by the City as a target area for residential development. The Comprehensive Plan sets forth a development concept for the "South 15 Neighborhood", which includes the Project Site. The ground is currently vacant and zoned agricultural.

The Project Site will be subdivided and replatted for residential development. The single-family homes will be constructed on 29 lots with an average lot size of approximately 8,400 square feet (70' x 120'). This master plan includes approximately 95 single family lots and 50 townhome lots, but the Project will only include 29 single family lots. The Master Plan is included solely as a reference and graphical depiction. No further development of potential subsequent phases or lots beyond the 29 lots are included in the Project or this Redevelopment Plan Amendment.

Thomas Kayton, 1237 280th Rd, Seward, appeared on behalf of the redeveloper and discussed the most recent activity and negotiations on this project. Kayton had presented the item to the School Board of the Seward Public School District. The School Board recommended that should the City proceed with this project that the TIF time limit be limited to 10 years total.

Seaman, who identified that he also serves as Chair of the Seward School Board, reiterated the school board's discussion on this project.

Seaman noted that the numbers being discussed at the current CRA meeting did not match those presented at the School Board meeting just a few nights prior. He felt they he could not give an informed recommendation on the project without correct numbers and that the item should be table once again to clarify that.

The board engaged in a discussion on the definition of "workforce housing" and what price/sales levels would fill that definition. City Administrator Greg Butcher noted that all peripheral items should be discussed now as to avoid delaying this item further once the numbers were reviewed and represented.

Moved by Seaman, seconded by Wilken, to table the item to the next meeting of the Community Redevelopment Authority.

Aye: Sloup, Wilken, Moll, Seaman
Nay: None
Absent: None. Motion carried.

5. ADJOURNMENT

Moved by Wilken, seconded by Seaman, that the meeting be adjourned.

Aye: Seaman, Sloup, Wilken, Moll, Hecker
Nay: None
Absent: None. Motion carried.

Greg Butcher

City Administrator, Recording Secretary