



City of Grand Island

Tuesday, August 23, 2016

Council Session

Item E-6

Public Hearing on Redevelopment Plan Amendment for CRA Area 18 located North of Old U.S. Highway 30 and East of Industrial Lane (Lots 2 and 3 of Commercial Industrial Park Sixth Subdivision) (Middleton Properties II., LLC)

Council action will take place under Resolutions item I-4.

Staff Contact: Chad Nabity

Council Agenda Memo

From: Chad Nabity, AICP
Meeting: August 23, 2016
Subject: Site Specific Redevelopment Plan for CRA Area 18
Presenter(s): Chad Nabity, AICP CRA Director

Background

In 2015, the Grand Island City Council declared property referred to as CRA Area 18 as blighted and substandard and approved a generalized redevelopment plan for the property. The generalized redevelopment plan authorized the use of Tax Increment Financing (TIF) for the acquisition of property, redevelopment of property, site preparation including demolition, landscaping and parking. TIF can also be used for improvements to and expansion of existing infrastructure including but not limited to: streets, water, sewer, drainage.

Middleton Properties II, LLC owns property at 2716 West Old Highway 30 and has submitted an application for Tax Increment Financing to aid in the construction of a new warehouse facility and renovation of the existing office space at that location. Staff has prepared a redevelopment plan for this property consistent with the TIF application.

The CRA reviewed the proposed development plan on July 13, 2016 and forwarded it to the Hall County Regional Planning Commission for recommendation at their meeting on August 10, 2016. The CRA also sent notification to the City Clerk of their intent to enter into a redevelopment contract for this project pending Council approval of the plan amendment.

The Hall County Regional Planning Commission held a public hearing on the plan amendment at a meeting on August 10, 2016. The Planning Commission approved Resolution 2016-09 in support of the proposed amendment, declaring the proposed amendment to be consistent with the Comprehensive Development Plan for the City of Grand Island.

Discussion

Tonight, Council will hold a public hearing to take testimony on the proposed plan amendment (including the cost benefit analysis that was performed regarding this

proposed project) and to enter into the record a copy of the plan amendment that would authorize a redevelopment contract under consideration by the CRA.

Council is being asked to approve a resolution approving the cost benefit analysis as presented in the redevelopment plan along with the amended redevelopment plan for CRA Area 18 and authorizes the CRA to execute a contract for TIF based on the plan amendment. The redevelopment plan amendment specifies that the TIF will be used to offset allowed costs for grading, site work, demolition, utility extensions necessary to facilitate the construction of a new warehouse, along with renovation of the existing office building at this site. The cost benefit analysis included in the plan finds that this project meets the statutory requirements for an eligible TIF project and that it will not negatively impact existing services within the community or shift additional costs onto the current residents of Grand Island and the impacted school districts. There are a minimum of \$340,000 of identified expenses eligible for Tax increment financing associated with the proposed redevelopment plan amendment. The bond for this project will be issued for a period of 15 years and will end upon final payment of the bond principal and any associated interest. The proposed bond for this project will be issued for the expected TIF proceeds for the 15 year period of \$247,561.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve the resolution
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

The CRA and Hall County Regional Planning Commission recommend that the Council approve the Resolution necessary for the adoption and implementation of this plan.

Sample Motion

Move to approve the resolution as submitted.

**Redevelopment Plan Amendment
Grand Island CRA Area 18
July
2016**

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to amend the Redevelopment Plan for Area 18 within the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the financing of a specific project in Area 18.

Executive Summary:

Project Description

THE REDEVELOPMENT OF PROPERTY LOCATED NORTH OF OLD U.S. HIGHWAY 30 AND EAST OF INDUSTRIAL LANE (LOTS 2 AND 3 OF COMMERCIAL INDUSTRIAL PARK SIXTH SUBDIVISION). A NEW WAREHOUSE AND RENOVATED OFFICE SPACE FOR MIDDLETON ELECTRIC,(A LOCAL BUSINESS) INCLUDING DEMOLITION OF AN EXISTING OBSOLETE STRUCTURE, RENOVATION OF THE EXISTING OFFICE BUILDING AND NECESSARY INFRASTRUCTURE AND GRADING IMPROVEMENTS.

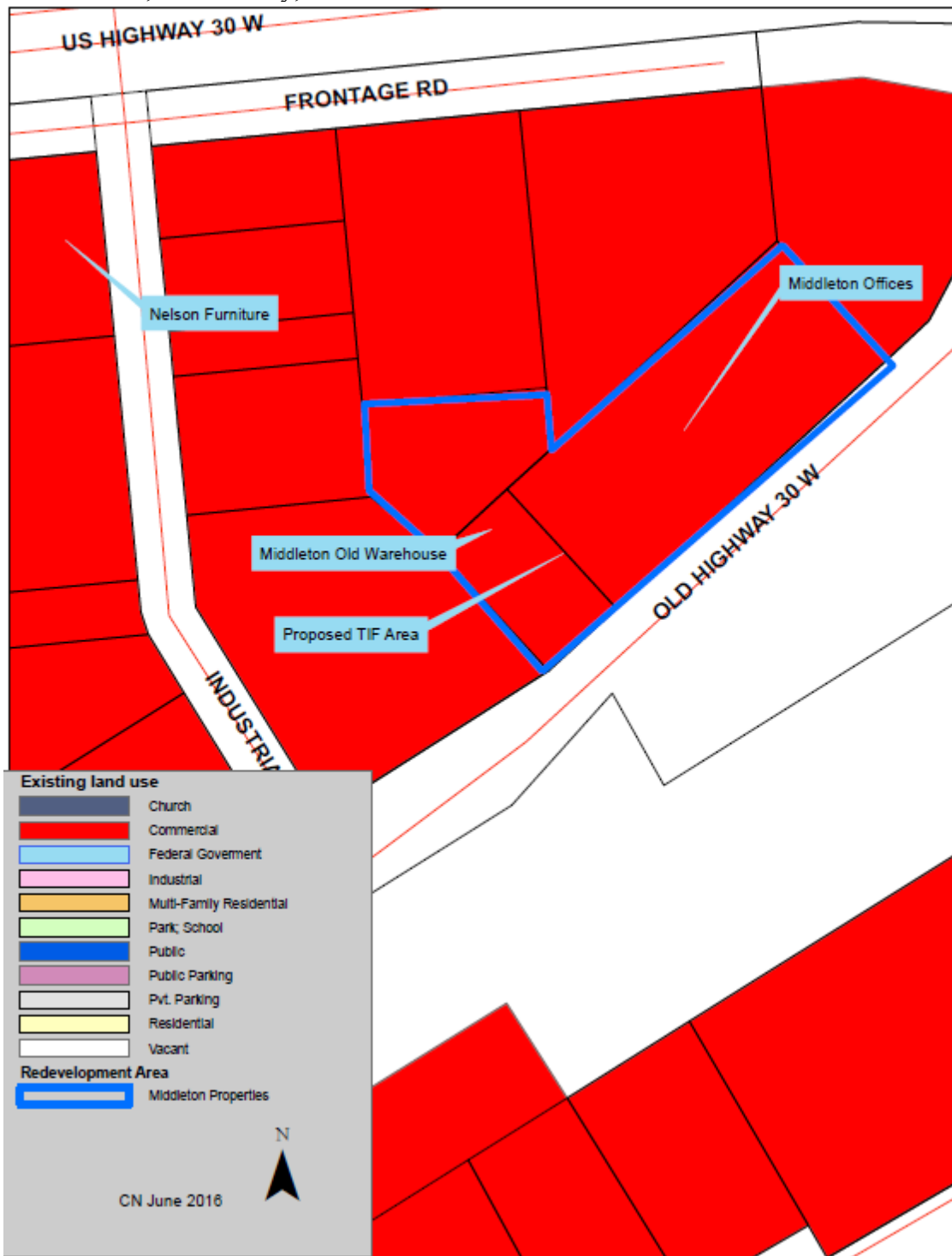
The use of Tax Increment Financing to aid in demolition, site clearance, rehabilitation and necessary infrastructure and grading improvements to redevelop 2716 and 2802 W. Old Highway 30 (Lots 2 and 3 of Commercial Industrial Park Sixth Subdivision in the City of Grand Island). The use of Tax Increment Financing is an integral part of the development plan and necessary to make this project affordable. The project will result in the construction of a new central warehouse and renovated office space for Middleton Electric. The developer has indicated that this development would not be considered for at this location without the use of TIF.

Middleton Properties L.L.C. owns the subject property and currently operates the Grand Island offices of Middleton Electric from this location. Middleton Electric also has offices and operations in Lincoln and Kearney. There is an old warehouse and off ice building on this property. The developer is proposing to replace the existing warehouse with one capable of serving as centralized storage for all three Middleton Electric locations and renovating the office space at the Grand Island offices. The developer is responsible for and has provided evidence that they can secure adequate debt financing to cover the costs associated with the site work and remodeling. The Grand Island Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated over the 15 year period beginning January 1, 2018 towards the allowable costs.

TAX INCREMENT FINANCING TO PAY FOR THE REHABILITATION OF THE PROPERTY WILL COME FROM THE FOLLOWING REAL PROPERTY:
Property Description (the “Redevelopment Project Area”)

2716 and 2802 W. Old Highway 30 in Grand Island Nebraska

Legal Descriptions: Lots 2 and 3 of Commercial Industrial Park Sixth Subdivision in Grand Island, Hall County, Nebraska.



Existing Land Use and Subject Property

This plan amendment provides for the issuance TIF Notes, the proceeds of which will be granted to the Redeveloper. The tax increment will be captured for up to 15 tax years the payments for which become delinquent in years 2018 through 2032 inclusive or as otherwise dictated by the contract.

The real property ad valorem taxes on the current valuation will continue to be paid to the normal taxing entities. The increase will come from the construction of a new ware housing space and remodeling of an existing office at this location as permitted in the M2 Heavy Manufacturing Zoning District.

Statutory Pledge of Taxes.

In accordance with Section 18-2147 of the Act and the terms of the Resolution providing for the issuance of the TIF Note, the Authority hereby provides that any ad valorem tax on the Redevelopment Project Area for the benefit of any public body be divided for a period of fifteen years after the effective date of this provision as set forth in the Redevelopment Contract, consistent with this Redevelopment Plan. Said taxes shall be divided as follows:

a. That portion of the ad valorem tax which is produced by levy at the rate fixed each year by or for each public body upon the redevelopment project valuation shall be paid into the funds, of each such public body in the same proportion as all other taxes collected by or for the bodies; and

b. That portion of the ad valorem tax on real property in the redevelopment project in excess of such amount, if any, shall be allocated to and, when collected, paid into a special fund of the Authority to pay the principal of; the interest on, and any premiums due in connection with the bonds, loans, notes, or advances on money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such Authority for financing or refinancing, in whole or in part, a redevelopment project. When such bonds, loans, notes, advances of money, or indebtedness including interest and premium due have been paid, the Authority shall so notify the County Assessor and County Treasurer and all ad valorem taxes upon real property in such redevelopment project shall be paid into the funds of the respective public bodies.

Pursuant to Section 18-2150 of the Act, the ad valorem tax so divided is hereby pledged to the repayment of loans or advances of money, or the incurring of any indebtedness, whether funded, refunded, assumed, or otherwise, by the CRA to finance or refinance, in whole or in part, the redevelopment project, including the payment of the principal of, premium, if any, and interest on such bonds, loans, notes, advances, or indebtedness.

Redevelopment Plan Amendment Complies with the Act:

The Community Development Law requires that a Redevelopment Plan and Project consider and comply with a number of requirements. This Plan Amendment meets the statutory qualifications as set forth below.

1. The Redevelopment Project Area has been declared blighted and substandard by action of the Grand Island City Council on August 25, 2015.[§18-2109] Such declaration was made after a public hearing with full compliance with the public notice requirements of §18-2115 of the Act.

2. Conformation to the General Plan for the Municipality as a whole. [§18-2103 (13) (a) and §18-2110]

Grand Island adopted a Comprehensive Plan on July 13, 2004. This redevelopment plan amendment and project are consistent with the Comprehensive Plan, in that no changes in the Comprehensive Plan elements are intended. This plan merely provides funding for the developer to rehabilitate the building for permitted uses on this property as defined by the current and effective zoning regulations.

3. The Redevelopment Plan must be sufficiently complete to address the following items: [§18-2103(13) (b)]

a. Land Acquisition:

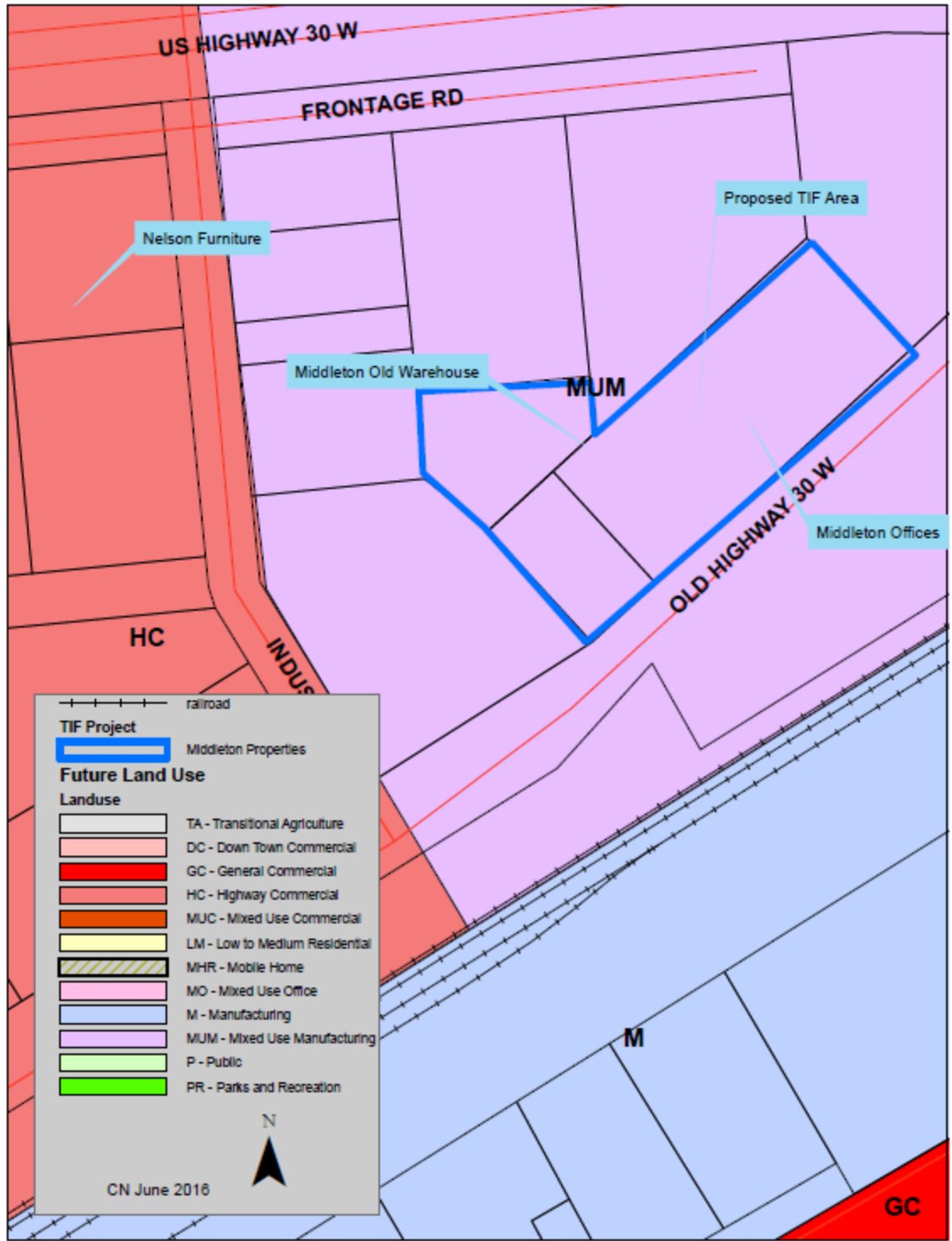
This Redevelopment Plan for Area 18 does not anticipate real property acquisition by the developer. There is no proposed acquisition by the authority.

b. Demolition and Removal of Structures:

The project to be implemented with this plan provides for the demolition and removal of the existing warehouse on the property.

c. Future Land Use Plan

See the attached map from the 2004 Grand Island Comprehensive Plan. This property is in private ownership and surrounding properties are planned for mixed use manufacturing. The property south of Old Highway 30 is owned by the Union Pacific Rail Road. [§18-2103(b) and §18-2111] A site plan of the area after redevelopment is also attached as Exhibit A. [§18-2111(5)]



City of Grand Island Future Land Use Map

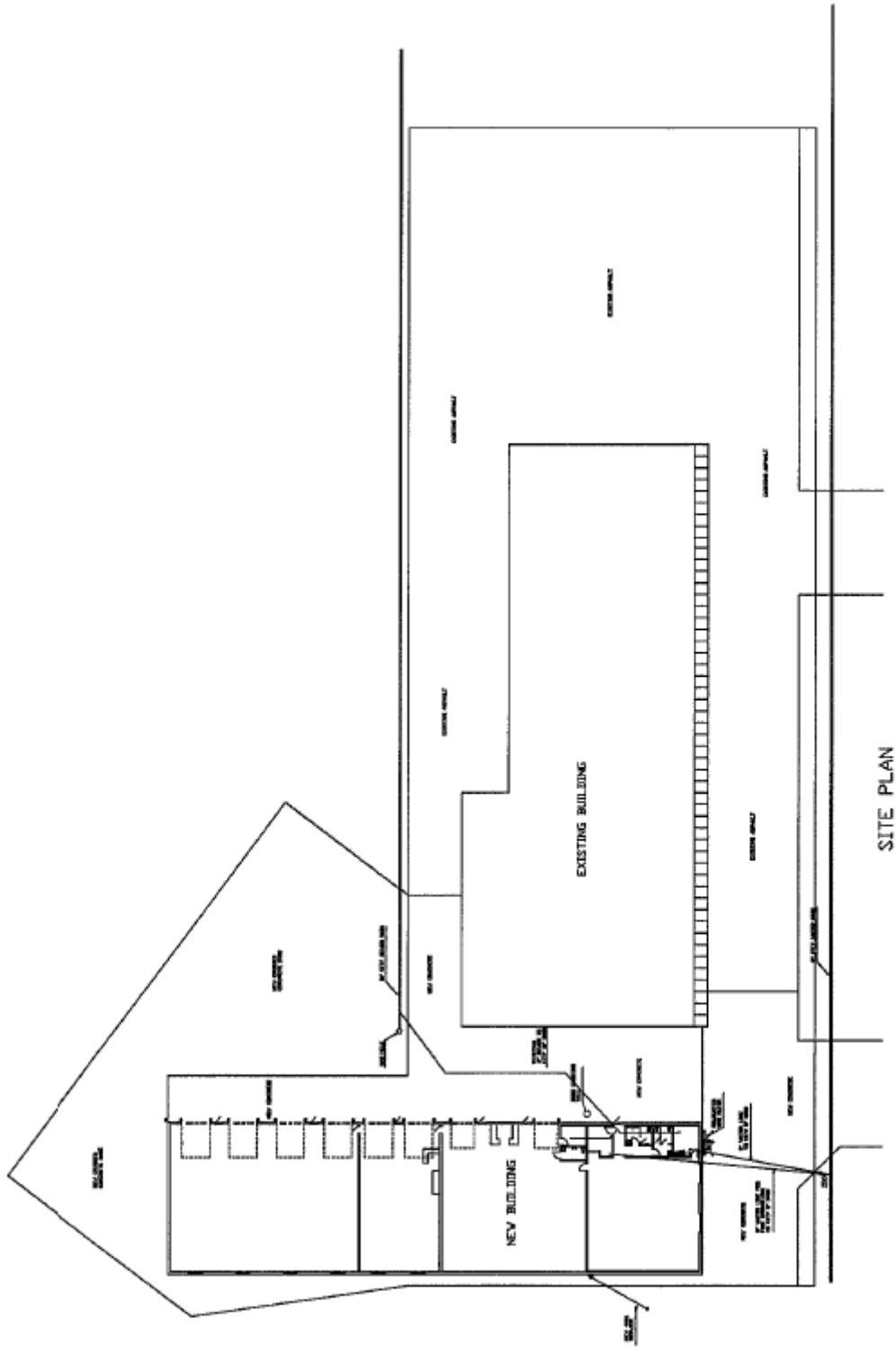


Exhibit A

Proposed Site Plan as developed.

d. Changes to zoning, street layouts and grades or building codes or ordinances or other Planning changes.

The area is zoned M2 Heavy Manufacturing zone. No zoning changes are anticipated with this project. No changes are anticipated in street layouts or grades. No changes are anticipated in building codes or ordinances. Nor are any other planning changes contemplated. [§18-2103(b) and §18-2111]

e. Site Coverage and Intensity of Use

The developer is proposing to build on the site within the constraints allowed by the current zoning district. The M2 zoning district allows for up to 65% of each lot to be covered with buildings. The proposed warehouse on lot 2 will cover approximately 48% of the lot. The office building on lot 3 will not be increased in size and is a conforming building. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sewer and water are available to support this development. No new services are anticipated with this development. However, the Redeveloper will install new gas, sewer, water and electrical lines to the new warehouse. Those improvements will be on site and not impact the city's main lines. Additionally, the Redeveloper will install a new manhole on the city sewer line.

. [§18-2103(b) and §18-2111]

4. The Act requires a Redevelopment Plan provide for relocation of individuals and families displaced as a result of plan implementation. No individuals or businesses will be relocated due to this development. [§18-2103.02]

5. No member of the Authority, nor any employee thereof holds any interest in any property in this Redevelopment Project Area. [§18-2106] No members of the authority or staff of the CRA has any interest in this property.

6. Section 18-2114 of the Act requires that the Authority consider:

a. Method and cost of acquisition and preparation for redevelopment and estimated proceeds from disposal to redevelopers.

The developer owns this property. Demolition of the existing warehouse including asbestos removal is estimated at \$69,000 and is a TIF eligible expense. Site preparation including grading, dirt work, and well abandonment is expected to cost about \$90,000 and is a TIF eligible expense. Architecture, engineering and survey cost for the project are estimated at \$63,400. Utility connections and extensions and drive access for the new warehouse are estimated to cost \$60,000 and are a TIF eligible expense. Renovation of the existing office building is expected to cost about \$46,000 and is an eligible expense.

The blight study for this area along with attorney's fees for the applicant, are \$8,000. Costs for legal services fees advertising and accounting for the CRA and City of Grand Island are an additional \$ 5,600 of eligible expenses. The total of eligible expenses for this project is \$ 342,000.

No property will be transferred to redevelopers by the Authority. The developer will provide and secure all necessary financing.

b. Statement of proposed method of financing the redevelopment project.

The developer will provide all necessary financing for the project. The Authority will assist the project by granting the sum of \$247,561 from the proceeds of the TIF Indebtedness issued by the Authority. This indebtedness will be repaid from the Tax Increment Revenues generated from the project. TIF revenues shall be made available to repay the original debt and associated interest after January 1, 2017 through December 2031. The developer will use the TIF Note to secure debt financing in the amount of \$173,919 with \$ 247,561 to be paid to the note holder during the term of the financing.

c. Statement of feasible method of relocating displaced families.

No families will be displaced as a result of this plan.

7. Section 18-2113 of the Act requires:

Prior to recommending a redevelopment plan to the governing body for approval, an authority shall consider whether the proposed land uses and building requirements in the redevelopment project area are designed with the general purpose of accomplishing, in conformance with the general plan, a coordinated, adjusted, and harmonious development of the city and its environs which will, in accordance with present and future needs, promote health, safety, morals, order, convenience, prosperity, and the general welfare, as well as efficiency and economy in the process of development, including, among other things, adequate provision for traffic, vehicular parking, the promotion of safety from fire, panic, and other dangers, adequate provision for light and air, the promotion of the healthful and convenient distribution of population, the provision of adequate transportation, water, sewerage, and other public utilities, schools, parks, recreational and community facilities, and other public requirements, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of insanitary or unsafe dwelling accommodations or conditions of blight.

The Authority has considered these elements in proposing this Plan Amendment. This amendment, in and of itself will promote consistency with the Comprehensive Plan. This will have the intended result of preventing recurring elements of blighted conditions including renovating and rebuilding older buildings within the area.

8. Time Frame for Development

Development of this project is anticipated to be completed between September of 2016 and December of 2017. Excess valuation should be available for this project for 15 years beginning with the 2017 tax year.

9. Justification of Project

Demolition, extension of utilities and substantial site grading are necessary to facilitate rebuilding at this site. The redevelopment of this property by Middleton Electric will result in greater investment by the company in their Grand Island location and will keep their employee base within the Grand Island area.

10. Cost Benefit Analysis Section 18-2113 of the Act, further requires the Authority conduct a cost benefit analysis of the plan amendment in the event that Tax Increment Financing will be used. This analysis must address specific statutory issues.

As authorized in the Nebraska Community Development Law, §18-2147, *Neb. Rev. Stat.* (2012), the City of Grand Island has analyzed the costs and benefits of the proposed Redevelopment Project, including:

Project Sources and Uses. Approximately \$247,561 in public funds from tax increment financing provided by the Grand Island Community Redevelopment Authority will be required to complete the project. This investment by the Authority will leverage \$662,715 in private sector financing; a private investment of \$2.74 for every TIF dollar invested.

Use of Funds.			
Description	TIF Funds	Private Funds	Total
Demolition	\$68,488		\$68,488
Site Preparation	\$90,295		\$90,295
Utilities and Drive Access	\$16,148	\$53,515	\$59,663
Arch/Engineering/Planning	\$18,586	\$44,874	\$63,460
Building Costs		\$467,356	\$467,356
Renovation	\$46,044		\$46,044
Landscaping/Lighting/Parking		\$123,970	\$123,970
Fees Legal Study	\$18,000		\$18,000
TOTALS	\$247,561	\$689,715	\$937,276

Tax Revenue. The property to be redeveloped is anticipated to have a January 1, 2016, valuation of approximately \$116,960. Based on the 2015 levy this would result in a real property tax of approximately \$2,365. It is anticipated that the assessed value will increase by \$820,000 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$16,500 annually. The tax increment gained from this Redevelopment Project Area would not be available for use as city general tax revenues, for a period of 15 years, or such shorter time as may be

required to amortize the TIF bond, but would be used for eligible private redevelopment costs to enable this project to be realized.

Estimated 2016 assessed value:	\$ 116,960
Estimated value after completion	\$ 936,667
Increment value	\$ 819,707
Annual TIF generated (estimated)	\$ 16,504
TIF bond issue	\$ 247,561

(a) Tax shifts resulting from the approval of the use of Tax Increment Financing;

The redevelopment project area currently has an estimated valuation of \$116,960. The proposed redevelopment will create additional valuation of \$819,707. No tax shifts are anticipated from the project. The project creates additional valuation that will support taxing entities long after the project is paid off.

(b) Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the redevelopment project;

This plan provides for the placement of a new manhole in the city's sewer line. No additional public service needs have been identified. Existing water and waste water facilities will not be impacted by this development. The electric utility has sufficient capacity to support the development. It is not anticipated that this will impact schools. Fire and police protection are available and should not be negatively impacted by this development.

(c) Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project;

This will have minimal impact on employers or employees within the redevelopment project area. It will create the opportunity for additional employees within Middleton Electric in the Grand Island area.

(d) Impacts on other employers and employees within the city or village and the immediate area that are located outside of the boundaries of the area of the redevelopment project; and

This project will not have a negative impact on other employers in any manner different from any other expanding business within the Grand Island area. The Grand Island labor market is tight but this will create additional full time jobs in the regions. This will allow a local company to expand in our community.

(e) Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the redevelopment project.

Time Frame for Development

Development of this project is anticipated to be completed between September of 2016 and August of 2017. The base tax year should be calculated on the value of the property as of January 1, 2016. Excess valuation should be available for this project for 15 years beginning in 2017 with taxes due in 2018. Excess valuation will be used to pay the TIF Indebtedness issued by the CRA per the contract between the CRA and the developer for a period not to exceed 15 years or an amount not to exceed \$247,561 the projected amount of increment based upon the anticipated value of the project and current tax rate. Based on the estimates of the expenses of the rehabilitation the developer will spend more than \$340,000 on TIF eligible activities.

BACKGROUND INFORMATION RELATIVE TO TAX INCREMENT FINANCING REQUEST

Project Redeveloper Information

Business Name: **Middleton Properties II, LLC**

Address: **2716 West Old Hwy 30, Grand Island, NE 68803**

Telephone No.: **(308) 382-2550**

Fax No.: **(308) 382-3442**

Contact: **Tom Middleton**

Brief Description of Applicant's Business: **Ownership and rental of commercial real estate properties located at 2716 West Old Highway 30 in Grand Island, Nebraska.**

Present Ownership Proposed Project Site: **Middleton Properties, LLC**

Proposed Project: Building square footage, size of property, description of buildings – materials, etc. Please attach site plan, if available.

The primary project site is a warehouse and office facility located at 2716 West Old Highway 30 in Grand Island, Nebraska. One of the existing structures will be demolished along with nearby concrete parking and drives. The lot will be raised 18” to match adjacent grade and improve drainage with new concrete parking and drives installed. A new 65’ X 230’ (14,950 square foot) steel building will be erected containing approximately 11,580 square feet of warehousing with the remaining 3,370 square feet of space dedicated to office space, conference rooms, and restrooms. In addition, the exterior of an existing building that is not being demolished will be repainted along with the installation of new interior carpeting and lighting (see site plan Exhibit A).

If Property is to be Subdivided, Show Division Planned: **N/A**

Name, Address, Phone & Fax Numbers of Architect, Engineer and General Contractor:

Architect: Mike Kennedy
1722 Holland Drive
Grand Island, NE 68803
(308) 380-2991

Engineer: Olsson Associates
201 East 2nd Street
Grand Island, NE 68801
(308) 384-8750

General Contractor: Starostka Group Unlimited
429 Industrial Lane
Grand Island, NE 68803
(308) 385-0636

Estimated Real Estate Taxes on Project Site Upon Completion of Project:
(Please Show Calculations)
\$18,859 (See Exhibit B for detailed calculation)

Project Construction Schedule:

Construction Start Date: Upon TIF application acceptance

Construction Completion Date: 180 days after acceptance

If Phased Project:

_____ Year _____ % Complete

_____ Year _____ % Complete

_____ Year _____ % Complete

XII. Please Attach Construction Pro Forma (see Exhibit C)

XIII. Please Attach Annual Income & Expense Pro Forma (see Exhibit D)

(With Appropriate Schedules)

TAX INCREMENT FINANCING REQUEST INFORMATION

Describe Amount and Purpose for Which Tax Increment Financing is Requested:

\$247,561 of tax increment financing (based on a 0% lending rate) is being requested to assist in the construction and renovation of commercial warehouse and office space located at 2716 West Old Highway 30 in Grand Island, Nebraska. The project involves the demolition and replacement of an existing office and warehousing structure and concrete parking with a new steel building and parking along with grading work to improve drainage. The TIF funds will enable the project to be undertaken, resulting in vast improvements to the condition of the current location.

Statement Identifying Financial Gap and Necessity for use of Tax Increment Financing for Proposed Project:

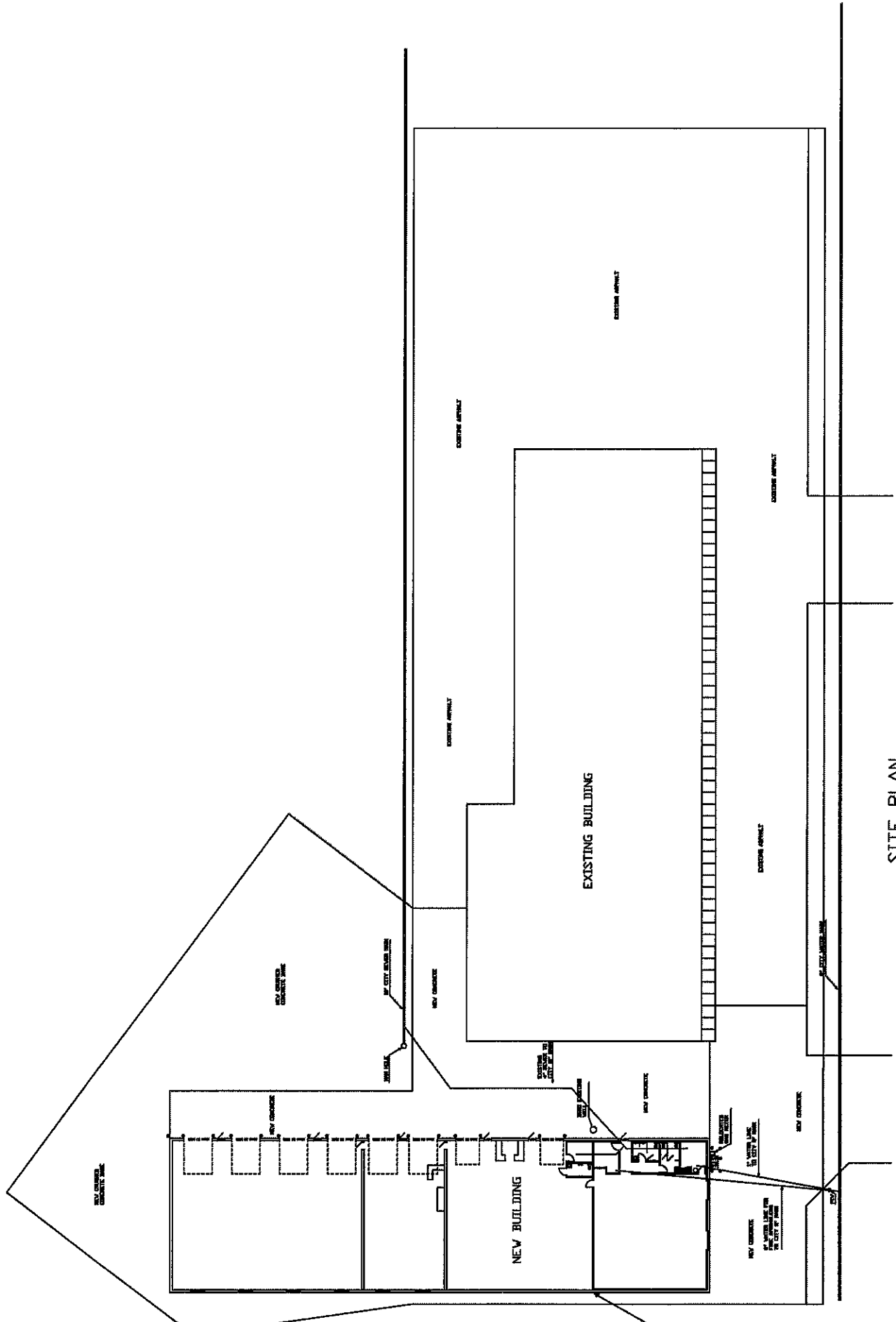
Tax increment financing is an integral and essential component to project completion which is contingent upon receipt of the expected tax increment assistance. Feasibility is dependent on TIF funds that will enable the creation of adequate economics in leasing the property at a competitive rate in the specified area (See also Exhibit E for capitalization rate analysis).

Municipal and Corporate References (if applicable). Please identify all other Municipalities, and other Corporations the Applicant has been involved with, or has completed developments in, within the last five (5) years, providing contact person, telephone, and fax numbers for each:

See Exhibit F

XIV. Please Attach Applicant’s Corporate/Business Annual Financial Statements for the Last Three Years.

N/A – applicant is a new legal entity



**Middleton Properties II, LLC
 Tax Increment Financing Request
 Estimated Real Estate Taxes on Project Site Upon Completion of Project**

Existing Assessed Value and Real Estate Tax on Project Site

Parcel Number	Assessed Value (2015)			Taxes
	Improvements	Land	Total	
400146762	95,961	20,999	116,960	2,355
	95,961	20,999	116,960	2,355

Estimated Real Estate Taxes on Project Site Upon Completion of Project

	2015 Assessment
2015 taxes assessed on site prior to project commencement	2,355
Divided by base assessed value	116,960
Estimated tax rate	2.013410%
Proposed assessed value	936,667
Estimated annual real estate tax after project completion	18,859
Less existing annual real estate tax	(2,355)
Estimated increase in annual real estate tax	16,504
	15
Requested TIF assistance at zero percent lending rate	247,561

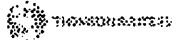
		Rate	Principal
Principal debt service at indicated rate			
With annual note payments	PVA	5.00%	171,307
With monthly note payments	PVA	5.00%	173,919

Exhibit B

HALL COUNTY ASSESSOR'S OFFICE

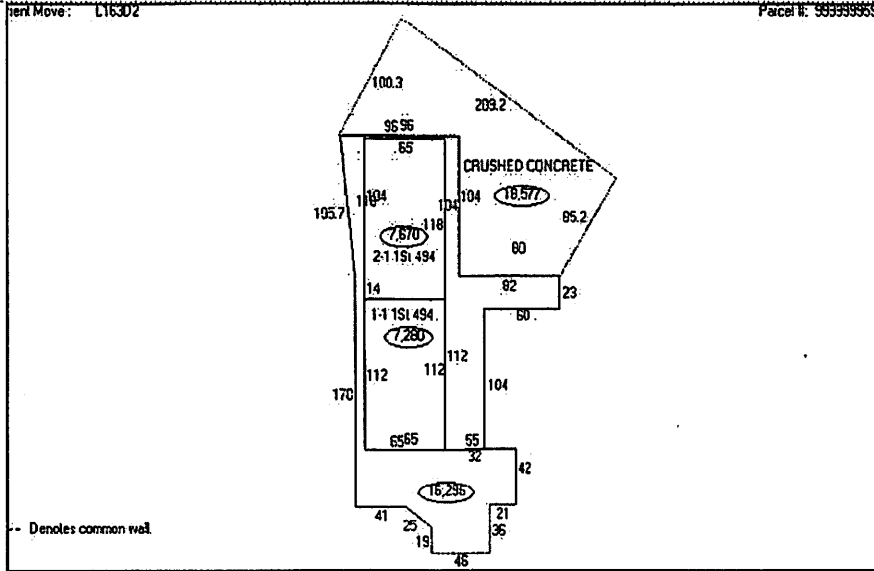


Commercial Property Record Card -Inactive Record



Data Provided By: JANET L. PELLAND County Assessor. Printed on 04/18/2016 at 03:57:68P

Parcel Information		Ownership Information	
Parcel Number	99999959	Current Owner	MIDDLETON ELECTRIC, INC
Map Number		Address	2716 W OLD HWY 30
Situs	What if Middleton Elec(146762 &PT 367	City St. Zip	GRAND ISLAND, NE 68803-5273
Legal	MISC TR 20-11-9 NE4NW4 & COMM IND PARK 4TH SUB LT 2 (49823 SF)	Cadastral #	
Property Data			
Neighborhood	495	Topography	
Lot Width		Street	
Lot Depth		Utilities	
Units Buildable	49823	Amenities 1	2 LAND VALUE
Value Method	SF	Amenities 2	
		Number of Units	49823
		Unit Value	1.20
		Adjustment	
		Lot Value	59,784



Building Data														
Bldg.	Sec.	Code	Description	Year	Cls.	Qual.	Cond.	Area	Perm.	Stor.	Hght.	Sec. RCN	Phys. Func.	RCNLD
			CRUSHED CONCRETE B	2016				18,577				13,933	-33%	18,531
			PAVING, CONCRETE	2016				16,296				68,280		68,280
1	1	494	INDUSTRIALS, LIGHT-MFTG.	2016	S	300	40	7,280	354	1	13	368,222		368,222
2	1	494	INDUSTRIALS, LIGHT-MFTG.	2016	S	300	40	7,670	366	1	18	421,850		421,850

Cost Approach From Marshall & Swift				Potential Gross Income			
Total Building Area	14,950						
Total Building RCN	790,072						
Total Refinements	82,213						
Total Replacement Cost New	872,285						
Total Phys. & Func. Depreciation	4,598						
RCN Less Phys. & Func. Depreciation	876,883						
Economic Depreciation							
Accrued Economic depreciation							
Total RCN Less Depreciation	876,883						
Additional Lump Sums							
Land Value	59,784						
Total Cost Value	936,667						
Value Per Res Unit							
Value Per Sq. Ft.	62.65						
							936,667

*DATA USED FOR COST CALCULATIONS SUPPLIED BY MARSHALL & SWIFT which hereby reserves all right herein.

		BUDGET			
		MIDDLETON ELECTRIC			
		STAROSTKA GROUP UNLIMITED			
		429 INDUSTRIAL LANE			
		GRAND ISLAND, NE 68803			
1.005	BLIGHTED STUDY	\$5,000.00			
1.007	ATTORNEY FEES	\$3,000.00			
1.008	MISC OFFICE				
1.020	SEMI TRUCK HAULS				
1.030	MOTEL COSTS				
1.046	FUEL, TRAVEL				
1.048	WELL ADBANDONMENT	\$3,301.00			
1.051	CIVIL ENGINEER	\$2,500.00			
1.052	SURVEY / AND TOPO	\$2,200.00			
1.053	SOIL TEST	\$1,967.00			
1.055	ARCHITECT FEES	\$33,760.00			
1.060	BUILDING PERMIT				
1.100	PER DIEM				
1.300	BLUEPRINTS/REPRODUCTIONS				
1.510	TEMPORARY POWER				
1.515	DUMPSTER FEES				
1.527	WINTER PROTECTION				
1.580	JOB TRAILER				
1.600	SMALL TOOLS / EQUIPMENT				
1.610	RENTAL EQUIPMENT				
	SITework:				
2.059	DEMO	\$49,038.00			
2.200	DIRTWORK ALLOWANCE	\$85,027.00			
2.509	ASPHALT / CONCRETE PAVING (Driveways)	\$26,515.00			
3.120	TRASH ENCLOSURE				
3.550	CONCRETE PUMPING				
15.600	UTILITIES TO BUILDING	\$30,366.00	gas line, water, sewer, fire main, electrical		
15.700	UTILITIES FOR CITY	\$2,782.00	man hole		
	BUILDING CONSTRUCTION:				
3.154	ANCHOR BOLT 2" INS.				
3.200	REBAR - MESH				
3.386	SITE RAMP - DOCK				
4.200	MASONRY				
5.100	STEEL BLDG				
5.400	STEEL ERECTION				
5.500	STEPS				
5.600	DOCK LEVELER				
6.100	ROUGH CARPENTRY				
6.120	LUMBER & ACCESSORIES				
6.240	CABINETS				
7.920	CAULKING / SEALANTS				
8.360	ROLLUP WDW - OH DOOR				
8.410	ALUM. STORE FRONTS				
8.510	WINDOW 10 EACH				
8.511	DRIVE UP WINDOW LABOR				
8.700	H.M. DRS / FRS/ HDWE				
9.200	DRYWALL SUB				
9.510	ACOUSTICAL CEILINGS				
9.910	PAINTING				
9.970	TILE BATH				
10.800	TOILET PARTITIONS-ACCESS				
9.520	CARPET IN VESTIBULE				
13.915	FIRE PROTECTION				
15.500	HVAC				
15.400	PLUMBING				
16.100	ELECTRICAL				
17.100	EXTRA WORK	\$19,450.00	asbestos abatement		
	CITY SUBDIVISION WORK	\$25,000.00			
	TOTAL:	\$289,906.00			
	Site work on new building from above	\$289,906.00			
	Rehabilitation of existing building	\$46,044.25			
	TIF Qualified Costs	\$335,950.25			
1.065	CONTINGENCY	\$4,000.00			
2.509	ASPHALT / CONCRETE PAVING (Parking)	\$106,061.00			
2.900	LANDSCAPING	\$6,483.00			
2.901	SITE LIGHTING	\$7,426.00			
3.100	CONCRETE SUB - BLDG	\$78,493.00	footing		
	Steel Building cost	\$388,863.00			
	Total Costs	\$927,276.25			

Exhibit C

Exhibit D
Annual Income & Expense Pro Forma

MIDDLETON PROPERTIES II, LLC

**PROJECTED STATEMENTS OF RECEIPTS AND DISBURSEMENTS UNDER VARIOUS TAX INCREMENT FINANCING
SCENARIOS DETAILED IN NOTE A – CASH BASIS**

Year Ending December 31, 2017

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INTRODUCTION

The projection in this illustration presents the entity's, Middleton Properties II, LLC, projected receipts and disbursements under the hypothetical assumptions in Note A on the cash basis for the twelve months ending December 31, 2017.



**SCHROEDER
&
SCHREINER,
P.C.**

CERTIFIED
PUBLIC
ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REPORT

Middleton Properties II, LLC
Grand Island, NE

We have compiled the accompanying projected statements of receipts and disbursements under various tax increment financing scenarios detailed in note A – cash basis of Middleton Properties II, LLC (see Introduction), for the year ending December 31, 2017, in accordance with attestation standards established by the American Institute of Certified Public Accountants. The accompanying projected information was prepared for use in a tax increment financing request to the Grand Island, NE Community Redevelopment Authority.

A compilation is limited to presenting in the form of a projection information that is the representation of management and does not include evaluation of the support for the assumptions underlying the projection. We have not examined the projection and, accordingly, do not express an opinion or any other form of assurance on the accompanying statement or assumptions. Furthermore, even if the tax increment financing (TIF) scenarios outlined did not take place, there will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a projection established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the projection, they might influence the user's conclusions about the Company's net cash receipts and disbursements for the projection period. Accordingly, this projection is not designed for those who are not informed about such matters.

This accompanying projection and this report are intended solely for the information and use of Middleton Properties II, LLC, the Grand Island, NE Community Redevelopment Authority, the Grand Island City Council, and certain individuals and organizations involved in the tax increment financing application process and are not intended to be and should not be used by anyone other than these specified parties.

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68803
P.O. Box 520
Grand Island, NE
68802-0520
PH: 308-381-1355
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EMAIL:
info@ss-cpas.com
WEBSITE:

Schroeder & Schreiner, P.C.

Grand Island, NE
May 24, 2016

MIDDLETON PROPERTIES II, LLC

**PROJECTED STATEMENTS OF RECEIPTS AND DISBURSEMENTS UNDER VARIOUS TAX INCREMENT FINANCING
SCENARIOS DETAILED IN NOTE A - CASH BASIS**

Year Ending December 31, 2017

	<u>With Tax Increment Financing</u>	<u>Without Tax Increment Financing</u>
Gross Taxable Income:		
Rental income	\$ 89,700	\$ 89,700
Tenant real estate tax reimbursement	-	-
	<u>89,700</u>	<u>89,700</u>
Tax Deductions:		
Interest expense - TIF debt	8,515	-
Interest expense - Non-TIF debt	24,697	31,509
Snow removal	2,000	2,000
Real estate tax (existing)	2,355	2,355
Real estate tax (TIF increment)	16,504	16,504
Repairs and maintenance	10,000	10,000
Professional fees	2,500	2,500
Depreciation and amortization	18,772	25,120
	<u>85,343</u>	<u>89,988</u>
 Taxable income	 4,357	 (288)
 Adjustments to Arrive at Net Cash Receipts (Disbursements)		
Depreciation & amortization	18,772	25,120
TIF non-shareholder capital contribution	16,504	-
Principal debt service - TIF	(7,989)	-
Principal debt service - Non-TIF	(23,175)	(29,566)
Member contribution (distribution):		
Estimated for Federal Income Tax benefit (expense)	(1,725)	114
Estimated for State Income Tax benefit (expense)	(298)	20
	<u>2,089</u>	<u>(4,312)</u>
 Net cash receipts (disbursements)	 <u>\$ 6,446</u>	 <u>\$ (4,600)</u>

See the summary of significant assumptions and the independent accountants' report.
Schroeder & Schreiner, P.C.

MIDDLETON PROPERTIES II, LLC

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS

Year Ending December 31, 2017

NOTE A – NATURE AND LIMITATION OF PROJECTIONS

The accompanying projection presents, to the best of Middleton Properties II, LLC's, (Middleton's) knowledge and belief, cash receipts and disbursements for the year ending December 31, 2017 to be generated by a warehouse and office facility (e.g. "the project") located in Grand Island, Nebraska. Stated cash receipts and disbursements are intended to convey results of operations after the anticipated 2016 completion of the project assuming funding of the estimated construction costs of \$927,276 both with, and in the absence of, tax increment financing assistance. The projection reflects their judgment as of May 24, 2016, the date of this projection, of the expected conditions and their expected course of action. Actual results are likely to differ from the projected results because events and circumstances frequently do not occur as expected. Those differences may be material. The assumptions disclosed herein are those that management believes are significant to the projections. The projected information was prepared for use in a tax increment financing request to the Grand Island, Nebraska Community Redevelopment Authority.

NOTE B – BASIS OF ACCOUNTING

The presentations of cash receipts and disbursements for the projection period and the year ending December 31, 2017 portray results using the cash basis of accounting. The results of this basis differ from those using generally accepted accounting principles primarily because the cash basis does not recognize assets other than cash and the debt principal outstanding under the tax increment financing or construction or building loan(s).

NOTE C – CASH RECEIPTS

Middleton Properties II, LLC is a lessor of a 14,950 square foot warehouse and office building. Rental revenue has been determined based on the historical experience of the company (and related parties) in leasing space to tenants in the existing location as well as prevailing rent per square foot for similar real estate in the same locale. The projection assumes full occupancy of the available space. It is assumed that no disparity exists between office and warehouse spaces in arriving at the \$6 per square foot annual rental rate applied.

The projection includes two scenarios dependent on whether or not the tax increment financing (TIF) request is approved. In the event of TIF approval, Middleton will receive additional TIF revenue from the County based on the anticipated increase in the assessed value generated by the proposed project and the additional real estate tax that increase will generate. Both the TIF financing and real estate taxes are subject to the final determination of assessed value.

NOTE D – CASH DISBURSEMENTS

Interest expense and principal debt service are based on the assumption that with the exception of any TIF financing assistance, the entire renovation project will be financed through capital contributions from the owners and additional debt incurred to cover the anticipated construction costs.

TIF debt is based on an initial \$173,919 principal balance that can be serviced with the anticipated incremental real estate tax generated by the project. The loan is expected to have a 15-year term with scheduled monthly payments of \$1,375 (annual \$16,504) and an interest rate of approximately 5.0 percent.

See independent accountants' report
Schroeder & Schreiner, P.C.

MIDDLETON PROPERTIES II, LLC

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS, Continued

Year Ending December 31, 2017

NOTE D – CASH DISBURSEMENTS, continued

The remaining construction costs, not funded through tax increment financing, will be satisfied with \$248,889 of additional capital contributions and bank debt for the residual obligation. These loans are expected to have a 15-year term with an interest rate of approximately 5.0 percent. Scenarios contemplating the denial of tax increment financing will assume bank debt with the same terms as that on the TIF debt.

Projected real estate tax is expected to equal the current tax (for the 2015 year) plus additional tax generated by applying the current levy rate to the anticipated increase in assessed value to be generated by the renovation project.

Projected costs for snow removal, repairs and maintenance, and professional fees are all based on Middleton's experience in renting similar real estate in the same local or estimates arrived at from knowledge of comparable lessors. Utilities, insurance, and other unstated costs are to be paid by the tenant.

Projected member distributions to cover estimated individual income tax (or contributions to reflect estimated income tax benefits) are based on anticipated taxable pass-through income and the highest marginal Federal and State income tax rates of 39.6 percent and 6.84 percent respectively, expected to be in effect during the projection period. Although not a cash expenditure, estimated depreciation has been calculated and included in the projection to arrive at net taxable income used in determining these member distributions / contributions. Estimated capitalized costs are depreciated under either the straight line method for 39-year life building components or the 150 percent declining balance method for 15-year life paving components. In the scenario assuming tax increment financing, the estimated depreciable basis of the building component has been reduced to reflect non-depreciable costs financed by non-shareholder TIF capital contributions.

See independent accountants' report
Schroeder & Schreiner, P.C.

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**Middleton Properties II, LLC
Tax Increment Financing Application
Capitalization Rate Analysis**

	<u>With Tax Increment Financing</u>	<u>Without Tax Increment Financing</u>
Net operating income	70,822	56,475
Divided by fair market value	1,040,741	1,040,741
Equals capitalization rate	6.80%	5.43%

Exhibit E

**Middleton Properties, LLC
Tax Increment Financing Request
Municipal and Corporate References**

Name of Reference	Contact Person	Telephone Number	Fax Number
Chief Construction Company	Roger Bullington	(308) 389-7222	
Exchange Bank	Tony Porter	(308) 382-2900	
Five Points Bank	Ed O'Boyle	(308) 384-5350	
Five Points Bank	Tim Wojcik	(308) 384-5350	
Insur Insurance	Jeff Schultz	(308) 382-8000	
Jerry's Sheet Metal Heating & Cooling, Inc.	KC Hehnke	(308) 384-2881	
Leininger, Smith, Johnson, Baack, Placzek & Allen Law Firm	Andy Baack	(308) 382-1930	
O'Connor Enterprises	Ray O'Connor	(308) 381-2497	
Schroeder & Schreiner, P.C.	Bruce Schreiner	(308) 381-1355	
Shamberg, Wolf, McDermott & Depue	Ron Depue	(308) 384-1635	

Exhibit F

**COMMUNITY REDEVELOPMENT AUTHORITY
OF THE CITY OF GRAND ISLAND, NEBRASKA**

RESOLUTION NO. 224

**RESOLUTION OF THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY
OF GRAND ISLAND, NEBRASKA, SUBMITTING A PROPOSED
REDEVELOPMENT PLAN TO THE HALL COUNTY REGIONAL PLANNING
COMMISSION FOR ITS RECOMMENDATION**

WHEREAS, this Community Redevelopment Authority of the City of Grand Island, Nebraska ("Authority"), pursuant to the Nebraska Community Development Law (the "Act"), prepared a proposed redevelopment plan (the "Plan") a copy of which is attached hereto as Exhibit 1, for redevelopment of an area within the city limits of the City of Grand Island, Hall County, Nebraska; and

WHEREAS, the Authority is required by Section 18-2112 of the Act to submit said to the planning board having jurisdiction of the area proposed for redevelopment for review and recommendation as to its conformity with the general plan for the development of the City of Grand Island, Hall County, Nebraska;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

The Authority submits to the Hall County Regional Planning Commission the proposed Plan attached to this Resolution, for review and recommendation as to its conformity with the general plan for the development of the City of Grand Island, Hall County, Nebraska.

Passed and approved this 13th day of July, 2016.

COMMUNITY REDEVELOPMENT
AUTHORITY OF THE CITY OF
GRAND ISLAND, NEBRASKA.

By 
Chairperson

ATTEST:


Secretary

Middleton Properties II, LLC

**COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY
OF GRAND ISLAND, NEBRASKA**

RESOLUTION NO. 225

RESOLUTION OF THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA, PROVIDING NOTICE OF INTENT TO ENTER INTO A REDEVELOPMENT AFTER THE PASSAGE OF 30 DAYS AND OTHER MATTERS

WHEREAS, this Community Redevelopment Authority of the City of Grand Island, Nebraska ("Authority"), has received an Application for Tax Increment Financing under the Nebraska Community Development Law (the "Act") on a project within Redevelopment Area 18, from Middleton Properties II, LLC, (The "Developer") for redevelopment of an area within the city limits of the City of Grand Island as set forth in Exhibit 1 attached hereto area; and

WHEREAS, this Community Redevelopment Authority of the City of Grand Island, Nebraska ("Authority"), is proposing to use Tax Increment Financing on a project within Redevelopment Area 18;

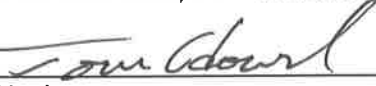
NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. In compliance with section 18-2114 of the Act, the Authority hereby gives the governing body of the City notice that it intends to enter into the Redevelopment Contract, attached as Exhibit 1, with such changes as are deemed appropriate by the Authority, after approval of the redevelopment plan amendment related to the redevelopment project described in the Redevelopment Contract, and after the passage of 30 days from the date hereof.

Section 2. The Secretary of the Authority is directed to file a copy of this resolution with the City Clerk of the City of Grand Island, forthwith.

Passed and approved this 13th day of July, 2016.

COMMUNITY REDEVELOPMENT
AUTHORITY OF THE CITY OF
GRAND ISLAND, NEBRASKA,

By 
Chairperson

ATTEST:


Secretary

Middleton Properties II, LLC

Resolution Number 2016-09

HALL COUNTY REGIONAL PLANNING COMMISSION

A RESOLUTION RECOMMENDING APPROVAL OF A SITE SPECIFIC REDEVELOPMENT PLAN OF THE CITY OF GRAND ISLAND, NEBRASKA; AND APPROVAL OF RELATED ACTIONS

WHEREAS, the Chairman and Board of the Community Redevelopment Authority of the City of Grand Island, Nebraska (the "Authority"), referred that certain Redevelopment Plan to the Hall County Regional Planning Commission, (the "Commission") a copy of which is attached hereto as Exhibit "A" for review and recommendation as to its conformity with the general plan for the development of the City of Grand Island, Hall County, Nebraska, pursuant to Section 18-2112 of the Community Development Law, Chapter 18, Article 21, Reissue Revised Statutes of Nebraska, as amended (the "Act"); and

WHEREAS, the Commission has reviewed said Redevelopment Plan as to its conformity with the general plan for the development of the City of Grand Island, Hall County;

NOW, THEREFORE, BE IT RESOLVED BY THE HALL COUNTY REGIONAL PLANNING COMMISSION AS FOLLOWS:

Section 1. The Commission hereby recommends approval of the Redevelopment Plan.

Section 2. All prior resolutions of the Commission in conflict with the terms and provisions of this resolution are hereby expressly repealed to the extent of such conflicts.

Section 3. This resolution shall be in full force and effect from and after its passage as provided by law.

DATED: August 10, 2016.

HALL COUNTY REGIONAL PLANNING COMMISSION

By: [Signature] Chair

ATTEST:

By: [Signature] Secretary

Middleton Properties II, LLC