



City of Grand Island

Tuesday, October 25, 2022

Council Session

Item E-3

Public Hearing on Redevelopment Plan for CRA No. 34 for Property Located North of Faidley Avenue and East of Claude Road, Grand Island, Nebraska for Commercial Purposes (KER Enterprises, LLC)

Council action will take place under Resolutions item I-3.

Staff Contact: Chad Nabity

Council Agenda Memo

From: Chad Nabity, AICP

Meeting: October 25, 2022

Subject: Site Specific Redevelopment Plan for CRA Area #34
KER Enterprises LLC – Castaways

Presenter(s): Chad Nabity, AICP CRA Director

Background

KER Enterprises LLC is proposing to develop property north of Faidley Avenue and east of Claude Road for commercial purposes including a family entertainment center with miniature golf, laser tag, axe throwing, duck pin bowling, and an arcade along with food and drink. The property is currently zoned B2 General Business and these uses would be consistent with the existing zoning. Staff has prepared a redevelopment plan for this property consistent with the TIF application.

The CRA reviewed the proposed development plan on September 21, 2022 and forwarded it to the Hall County Regional Planning Commission for recommendation at their meeting on October 5, 2022. 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 October 5, 2022. The Planning Commission approved Resolution 2023-02 in support of the proposed amendment, declaring the proposed amendment to be consistent with the Comprehensive Development Plan for the City of Grand Island. The CRA approved Resolution 409 forwarding the redevelopment plan along with the recommendation of the planning commission to the City Council for consideration.

Discussion

Tonight, Council will hold a public hearing to take testimony on the proposed plan (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 #34 and authorizes the CRA to execute a contract for TIF based on the plan amendment and to find that this project would not be financially feasible at this location without the use of TIF. The redevelopment plan amendment specifies that the TIF will be used to offset allowed costs for the acquisition of the property as well as the site work, grading, streets, utilities, and trails. The CRA will retain 25% of the TIF to reimburse the City for construction of Claude Road improvements. The cost benefit analysis included in the plan finds that this project meets the statutory requirements for as 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. The bond for this project will be issued for a period of 15 years. The proposed bonds for this project will be issued for the amount of \$1,420,596 and \$473,532 for a total of \$1,894,128

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 34
September 2022**

The Community Redevelopment Authority (CRA) of the City of Grand Island intends to amend the Redevelopment Plan for Area 34 within the city, pursuant to the Nebraska Community Development Law (the “Act”) and provide for the financing of a specific commercial project in Area 34.

Executive Summary:

Project Description

THE REDEVELOPMENT OF LOT 1 OF CRANE VALLEY NINTH SUBDIVISION, APPROXIMATELY 5.6 ACRES OF PROPERTY LOCATED FAIDLEY AVENUE AND EAST OF CLAUDE ROAD IN GRAND ISLAND FOR A COMMERCIAL PURPOSES INCLUDING A FAMILY ENTERTAINMENT CENTER.

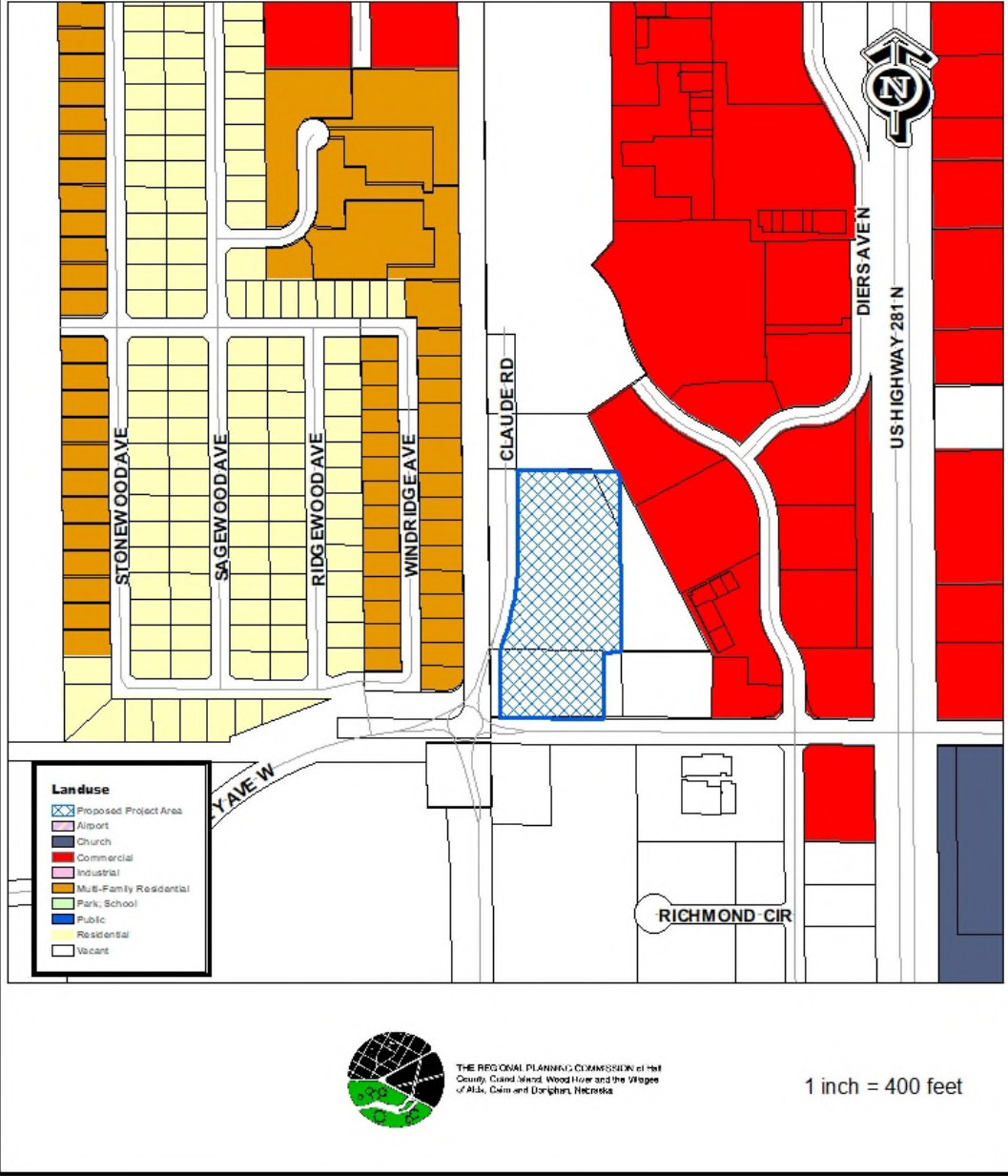
The use of Tax Increment Financing to aid in redevelopment expenses associated with acquisition, site work and planning for the development of a family entertainment center offering miniature golf, axe throwing, duck-pin bowling, laser tag, a redemption arcade and party rooms. The use of Tax Increment Financing is an integral part of the development plan and necessary to make this project affordable.

KER Enterprises LLC has purchased this property with the intent to develop it for the stated purpose. This project is in CRA Area 34. This redevelopment project includes two components. The first component supports the private project. The second component will support the construction of Claude Road between Faidley Avenue and State Street (the “Public Project”). The CRA will issue two TIF Notes. Seventy five percent of the TIF Revenue will be allocated to the TIF Note purchased by the Redeveloper. Twenty Five percent of the TIF Revenue will be allocated to the TIF Note to support the Public Project, which shall be assigned by the Redeveloper to the CRA. The CRA will enter into a contract with the City to install the Public Project. The City will be reimbursed for the Public Project by assignment of the TIF Note for the Public Project. The developer is responsible for and has provided evidence that they can secure adequate debt financing to cover the costs associated with this project. The Grand Island Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated over multiple 15 year periods beginning January 1, 2024 towards the allowable costs and associated financing for the development of this property.

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

Legal Descriptions: Lot 1 of Crane Valley Ninth Subdivision in the City of Grand Island, Nebraska (PID 400416174)

**TAX INCREMENT FINANCING - PROJECT SITE
EXISTING LANDUSE MAP**



Existing Land Use and Subject Property

The tax increment will be captured for the tax years the payments for which become delinquent in years 2024 through 2038 inclusive.

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 development of the property for commercial uses as previously described.

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 or any amendment to the redevelopment contract, consistent with this Redevelopment Plan. The plan anticipates that each phase of the development will constitute new effective date for the purposes of determining the period of fifteen years. 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 September 28, 2021.[§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 redevelop the property for permitted uses on this property as defined by the current and effective zoning regulations. **The Hall County Regional Planning Commission held a public hearing at their meeting on October 5, 2022 and passed Resolution 2023-02 confirming that this project is consistent with the Comprehensive Plan for the City of Grand Island.**

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 34 provides for real property acquisition and this plan amendment does not prohibit such acquisition. There is no proposed acquisition by the authority.

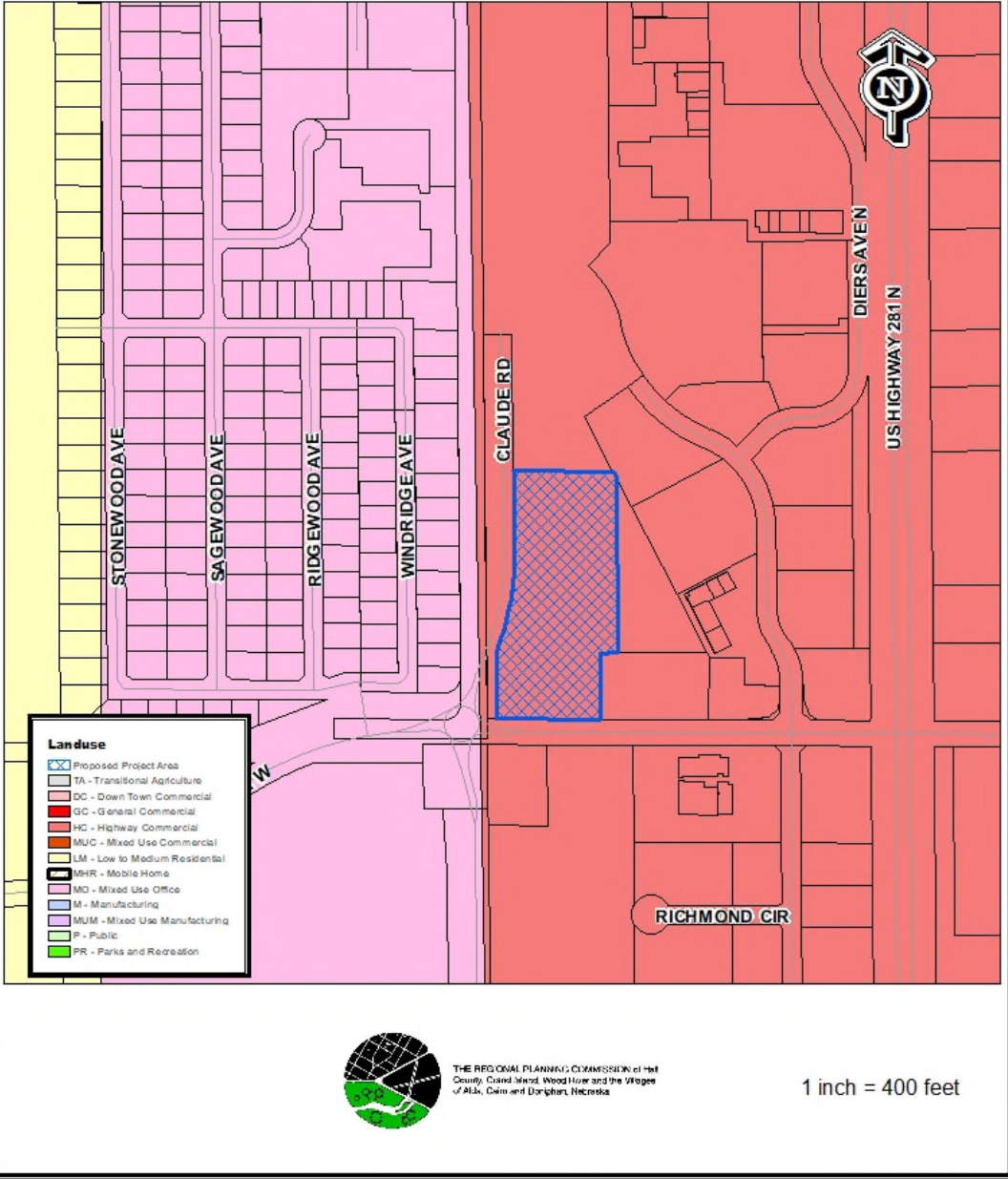
b. Demolition and Removal of Structures:

The project to be implemented with this plan does not provide for the demolition and removal of any structures on this property.

c. Future Land Use Plan

See the attached map from the 2004 Grand Island Comprehensive Plan. All of the area around the site in private ownership is planned for commercial development. This property is in private ownership. [§18-2103(b) and §18-2111] The attached map also is an accurate site plan of the area after redevelopment. [§18-2111(5)]

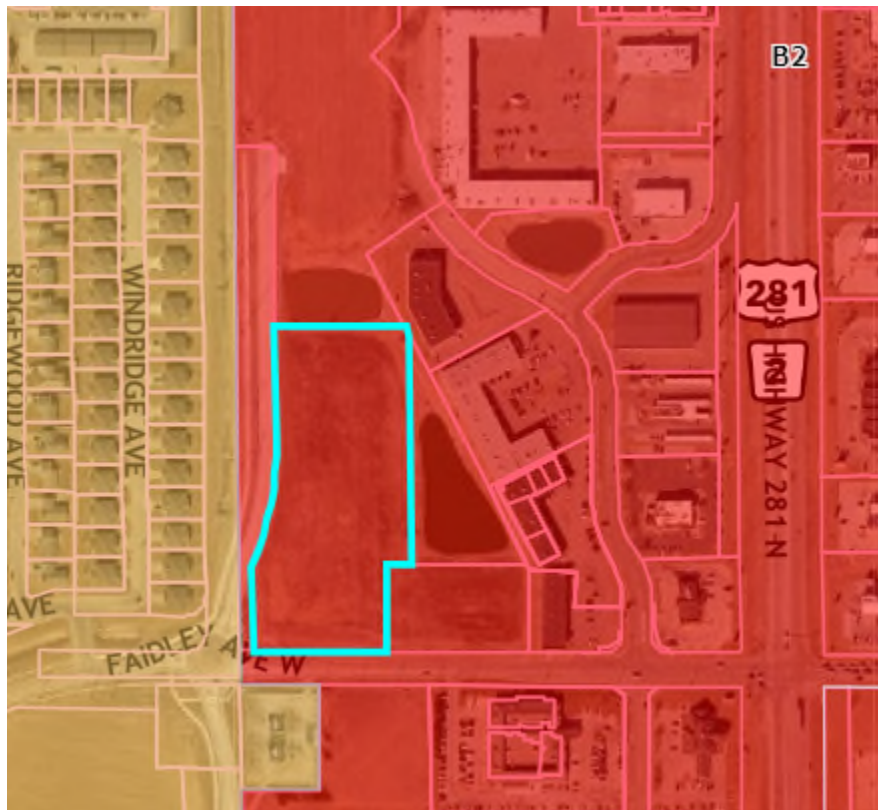
**TAX INCREMENT FINANCING - PROJECT SITE
FUTURE LANDUSE MAP**



City of Grand Island Future Land Use Map

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

The area is zoned B2 General Business. The future land use map calls for commercial uses at this location. No new utilities are anticipated and needed to support this project. This project will be used in part to fund portions of Claude Road north of this location up to State Street. Up to 25% of the total tax increment generated by this project will be dedicated to paying for those improvements. No changes are anticipated in building codes or other ordinances. No other planning changes contemplated. [§18-2103(b) and §18-2111]



Current Zoning on the Site

e. Site Coverage and Intensity of Use

The B2 zoning district allows for a wide variety of commercial uses including entertainment centers like the one proposed. The minimum lot size in the B2 zone is 3000 square feet and the maximum ground coverage is 100%. *Appendix A of this plan includes the developer's vision for the development.* [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sanitary sewer and water are available to support this development. Both sanitary sewer and water will need to be extended throughout the site. TIF revenues will be used to offset the cost of these public utility improvements.

Electric utilities are sufficient for the proposed use of this property. Electric lines, transformers, and conduit will need to be extended throughout the property.

No other publicly owned utilities would be impacted by the development. [§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. This property is vacant and has been vacant for more than 1 year; no relocation is contemplated or necessary. [§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 have 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 purchase price of the property is \$1,253,335 as an eligible expense. The estimated costs of utilities including sewer and water is \$400,295. Streets and drainage are estimated at \$299,760. Sitework and grading are estimated at \$397,490. Planning activities including engineering, architecture, legal fees and government fees are estimated at \$186,461. The total of the eligible expenses for this project is estimated by the developer at \$2,537,341.

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 \$1,420,596 from the proceeds of the TIF. The project will include the project as describe in this plan and costs associated with building Claude Road between this property and State Street. The revenues shall be split with 75% dedicated to the entertainment center project paid to the developer and 25% dedicated to Claude Road and paid to the city for those expenses. 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, 2024 through December 2038.

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. This amendment, in and of itself will promote consistency with the Comprehensive Plan. This will have the intended result of preventing recurring elements of unsafe buildings and blighting conditions. This will accomplish the goal of providing for the development of Claude Road and reducing congestion along Diers Avenue within the City of Grand Island and encouraging infill development.

8. Time Frame for Development

Development of this project is anticipated to begin in the 2022 year. The commercial build out will occur before the end of 2023. Claude Road will be extended as is feasible and budget permits. Excess valuation should be available 15 years beginning with the 2024 tax year.

9. Justification of Project

Family entertainment options are somewhat limited in Grand Island and this has been exacerbated with the loss of Skate Island and the entertainment options at that facility. This is an opportunity to encourage new uses that will increase tourism opportunities and capture local entertainment dollars.

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.* (2019), the City of Grand Island has analyzed the costs and benefits of the proposed Redevelopment Project, including:

Project Sources and Uses. Approximately \$1,420,596 in public funds from tax increment financing provided by the Grand Island Community Redevelopment Authority will be required to complete the project. The project should generate an additional \$473,532 that will be available to the City for improvements in the Claude Road corridor. This investment by the Authority will leverage \$5,917,138 in private sector financing and investment; a private investment of \$4.17 for every TIF dollar invested. In addition, over \$440,000 will be generated for Claude Road.

Use of Funds Description	Source of funds		
	TIF Funds	Private Funds	Total
Site Acquisition	\$1,253,335		\$1,253,335
Building Costs		\$4,434,755	\$4,434,755
Sewer		\$10,370	\$10,370
Water		\$316,315	\$316,315
Electric		\$73,610	\$73,610
Public Streets/ sidewalks		\$299,760	\$299,760
Site prep/ Dirt work	\$167,261	\$230,229	\$397,490
Planning (Arch. & Eng.)		\$167,500	\$167,500
Financing fees/ audit		\$365,638	\$365,638
Legal/ TIF contract		\$11,461	\$11,461
Other		\$7,500	\$7,500
25% for Claude Road	\$473,532		
Total	\$1,894,128	\$5,917,138	\$7,337,734

Tax Revenue. The property to be redeveloped is anticipated to have a January 1, 2023 valuation of approximately \$375,297. Based on the 2021 levy this would result in a real property tax of approximately \$8,138. It is anticipated that the assessed value will increase by \$5,823,482 upon full completion, as a result of the site redevelopment. This development will result in an estimated tax increase of over \$126,275 annually. The tax increment gained from this Redevelopment Project Area would not be available for use as city general tax revenues, for the period of the bonds, but would be used for eligible private redevelopment costs to enable this project to be realized.

Estimated 2023 assessed value:	\$	375,297
Estimated value after completion	\$	6,198,779
Increment value	\$	5,823,482
Annual TIF generated (estimated)	\$	126,275
TIF bond issue	\$	1,894,128

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

The redevelopment project area currently has an estimated valuation of \$375,297. The proposed redevelopment will create additional valuation of \$5,823,482. The project creates additional valuation that will support taxing entities long after the project is paid off along with providing provide for the development and construction of Claude Road. The tax shift from this project will be equal to the total of the bond principal of \$1,894,128 if fully funded and any associated interest on the bond to be assigned with contract approval.

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

Existing water and waste water facilities will not be negatively impacted by this development. The electric utility has sufficient capacity to support the development. This is infill development with services connecting to existing line with capacity. This development will not result additional students for Grand Island Public Schools. Fire and police protection are available and should not be negatively impacted by this development though there will be some increased need for officers and fire fighters as the City continues to grow whether from this project or others.

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

This development is expected to result in 9 full time staff and 55-60 part time employees to staff the facility.

(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 different from any other expanding business within the Grand Island area. Grand Island does have tight labor market and part of that is due to the availability and cost of housing.

(e) Impacts on student populations of school districts within the City or Village:

This development is not expected to have any direct impact on student populations as it does not involve residential uses.

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

Twenty Five percent of the increment generated approximately \$440,000 will be made available to the City of Grand Island for the development of Claude Road to the north and west of this property.

Time Frame for Development

Development of this project is anticipated to be completed between Fall of 2022 and the end of 2023. The base tax year should be calculated on the value of the property as of January 1, 2023. Excess valuation should be available for this project beginning in 2024 with taxes due in 2025. 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 a base amount of \$1,894,128 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 at least \$2,500,000 on TIF eligible activities without including City expenditures on Claude Road.



BACKGROUND INFORMATION RELATIVE TO TAX INCREMENT FINANCING REQUEST

Project Redeveloper Information

Business Name:

KER ENTERPRISES, LLC

Address:

605 SANDALWOOD DR, GRAND ISLAND, NE 68803

Telephone No.: **308-379-5125**

Fax No.:

Email: **KISSLER.BRAD@GMAIL.COM**

Contact:

BRAD KISSLER

Application Submission Date: _____

Brief Description of Applicant's Business:

KER Enterprises, LLC is organized as a Nebraska LLC. Subsequent to the project's completion, which is pending this Tax Increment Financing application (TIF) approval, the company and affiliates will operate Castaways Entertainment Center, a family fun center. The facility will include a restaurant/bar area, miniature golf, axe throwing, duck-pin bowling, laser tag, redemption arcade, and party rooms.

Legal Description/Address of Proposed Project

Crane Valley Ninth Sub Lot 1, Hall County Nebraska (Parcel 0400416174)

Community Redevelopment Area Number _____

Present Ownership Proposed Project Site:
KER Enterprises, LLC

Is purchase of the site contingent on Tax Increment Financing Approval? Yes No

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

Building square footage will be approximately 20,000 square feet

Parking square footage will be approximately 35,781 square feet for 111 parking stalls

If Property is to be Subdivided, Show Division Planned:

VI. Estimated Project Costs:

Acquisition Costs:

A. Land	\$ 1,253,335
B. Building	\$ _____

Construction Costs:

A. Renovation or Building Costs:	\$ 4,434,755
B. On-Site Improvements:	
Sewer	\$ 10,370
Water	\$ 316,315
Electric	\$ 73,610
Gas	\$ _____
Public Streets/Sidewalks	\$ _____

Private Streets	\$ 299,760
Trails	\$ _____
Grading/Dirtwork/Fill	\$ 397,490
Demolition	\$ _____
Other	\$ _____
Total	\$ 6,785,635

Soft Costs:

A. Architectural & Engineering Fees:	\$ 167,500
B. Financing Fees:	\$ 365,638
C. Legal	\$ 11,461
D. Developer Fees:	\$ _____
E. Audit Fees	\$ _____
F. Contingency Reserves:	\$ _____
G. Other (Please Specify) Accounting	\$ 7,500
TOTAL	\$ 7,337,734

Total Estimated Market Value at Completion: \$ 6,737,800

Source for Estimated Market Value Market value arrived at using the lesser of cost or estimated assessed value provided by Hall County Assessor

Source of Financing:

A. Developer Equity:	\$ 603,400
B. Commercial Bank Loan:	\$ 4,840,206
C. Tax Credits:	
1. N.I.F.A.	\$ _____
2. Historic Tax Credits	\$ _____
3. New Market Tax Credits	\$ _____
4. Opportunity Zone	\$ _____
D. Industrial Revenue Bonds:	\$ _____
E. Tax Increment Assistance: See Note 1	\$ 1,894,128
F. Enhanced Employment Area	\$ _____

G. Nebraska Housing Trust Fund \$ _____
 H. Other \$ _____

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

Peace Studio Architects
 1835 Kings Hwy, Suite B
 Lincoln, NE 68502

**Estimated Real Estate Taxes on Project Site Upon Completion of Project:
 (Please Show Calculations)**

\$126,275 - See Exhibit B

Project Construction Schedule:

Construction Start Date:
November 1, 2022

Construction Completion Date:
March 31, 2024

If Phased Project:

<u>N/A</u>	Year	_____	% Complete
_____	Year	_____	% Complete
_____	Year	_____	% Complete
_____	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:

\$1,894,128 of tax increment financing (based on a 0% lending rate) is being requested to assist in the construction of the Castaways Entertainment Center located in the Crane Valley Subdivision of Hall County, which is intended to provide entertainment for the entire family. The project involves the construction of one large building, as well as concrete work for foundations and access areas, appropriate sewer and electrical hookups to the city water and electric facilities. Further significant costs will be incurred in setting up individual sections of the overall facility for the differing entertainment activities

The TIF funds will enable the project to be undertaken and will result in vast improvements to the current location and localized area in Grand Island, NE, affording family entertainment for both the community and outside-community visitors.

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 the 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 operating the new development at a competitive rate in the specified area (See Exhibit E for the 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:

**Home Federal Bank
221 S Locust St
Grand Island, NE 68801
308-382-4000**

**CMBA Architects
208 N Pine St #301
Grand Island, NE 68801
308-384-4444**

**Post Office Box 1968
Grand Island, Nebraska 68802-1968
Phone: 308 385-5240
Fax: 308 385-5423
Email: cnabity@grand-island.com**

**KER Enterprises, 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 (2022)			Taxes	Sq Feet	Mil Rate
	Improvements	Land	Total			
400416174	-	375,297	375,297	8,137.86	250,198	2.1683786%

Estimated Real Estate Taxes on Project Site Upon Completion of Project

	<u>2022 Assessment</u>	<u>Note 1 Limitation</u>
2022 taxes assessed on site prior to project commencement	8,138	
Divided by base assessed value	<u>375,297</u>	
Estimated tax rate	2.168380%	
Projected costs increasing taxable value	5,823,482	
Less base assessed on demolished building(s)	-	
Projected increase in taxable value (TIF Increment)	<u>5,823,482</u>	
Base assessed value	<u>375,297</u>	
Proposed assessed value	<u>6,198,779</u>	
Estimated annual real estate tax after project completion	134,413	
Less existing annual real estate tax	<u>(8,138)</u>	
Estimated increase in annual real estate tax	126,275	157,989
	<u>15</u>	<u>15</u>
Requested TIF assistance at zero percent lending rate	1,894,128	2,369,841
Principal debt service at indicated rate	<u>Rate</u>	<u>Principal</u>
With annual note payments	PVA 5.50%	<u>1,267,498</u>
With monthly note payments	PVA 5.50%	<u>1,287,865</u>
		<u>1,585,831</u>
		<u>1,611,314</u>

Notes:

- 1.) This column represents requested financing in the event the tax increment over 15 years exceeds actual qualified TIF costs. Requested TIF assistance is limited to qualified costs.

Exhibit B

**KER Enterprises, LLC
Project Cost Summary**

Description	Total	TIF Qualified (Q) Non-Qualified (NQ)
TIF non-qualified general conditions	2,160,585	NQ
TIF qualified sitework	397,490	Q
TIF non-qualified sitework	108,680	NQ
Subtotal	<u>506,170</u>	
TIF qualified concrete	299,760	Q
TIF non-qualified concrete	314,600	NQ
Subtotal	<u>614,360</u>	
Metals	444,000	NQ
Overhead doors	18,700	NQ
Hollow metal door	112,050	NQ
Drywall	303,000	NQ
Painting	93,000	NQ
TIF qualified plumbing	326,685	Q
TIF non-qualified plumbing	226,920	NQ
Subtotal	<u>553,605</u>	
TIF qualified electrical	73,610	Q
TIF non-qualified electrical	820,720	NQ
Subtotal	<u>894,330</u>	
Total project costs per construction pro-forma	<u>5,699,800</u>	
Other costs:		
Land	1,253,335	Q
Financing	365,638	NQ
Legal & accounting	18,961	Q
Total project costs	<u>7,337,734</u>	
Total TIF qualified costs (Q)	2,369,841	
Total TIF non-qualified costs (NQ)	4,967,893	
Total project costs	<u>7,337,734</u>	

Exhibit C

**KER Enterprises, LLC
Tax Increment Financing Application
Capitalization Rate Analysis**

	<u>With Tax Increment Financing</u>	<u>Without Tax Increment Financing</u>
Net cash receipts (disbursements)	(330,423)	(456,698)
Add back: debt service	<u>575,862</u>	<u>575,862</u>
Net operating income	245,439	119,164
 Divided by fair market value	 6,737,803	 6,737,803
Equals capitalization rate	3.64%	1.77%

Exhibit E

KER Enterprises, LLC

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

Twelve Months Ending After Project Completion

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INTRODUCTION

The projection in this illustration presents the entity's, KER Enterprises, LLC's, projected receipts and disbursements under the hypothetical assumptions in Note A on the cash basis for the twelve months ending after project completion.

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To Management of
KER Enterprises, LLC
Grand Island, NE

Management is responsible for the accompanying projection of KER Enterprises, LLC, which comprise projected statements of receipts and disbursements under various tax increment financing scenarios detailed in Note A – cash basis of KER Enterprises, LLC (see introduction), for the twelve months ending after project completion, and the related summaries of significant assumptions in accordance with guidelines for the presentation of a projection established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the projection nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this projection.

Even if the tax increment financing (TIF) scenarios outlined occurs, the projected results may not be achieved, as there will usually be differences between the projection 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 substantially all disclosures and the summary of significant accounting policies required by the guidelines for presentation of a projection established by the AICPA other than those related to the significant assumptions. If the omitted disclosures and accounting policies were included in the projection, they might influence the user's conclusions about KER Enterprises, LLC'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.

The accompanying projection and this report are intended solely for the information and use of KER Enterprises, LLC, the Grand Island 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.

Grand Island, NE
September 1, 2022

KER Enterprises, LLC

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

Twelve Months Ending After Project Completion

	With Tax Increment Financing	Without Tax Increment Financing
Gross Taxable Income:		
Gross Revenue	\$ 954,861	\$ 954,861
Tax increment financing (TIF) revenue	126,275	-
	1,081,136	954,861
Tax Deductions:		
Interest expense - TIF debt	69,413	-
Interest expense - Non-TIF debt	295,715	365,128
Real estate tax (existing)	8,138	8,138
Real estate tax (TIF increment)	126,275	126,275
Real estate tax (increment in excess of allowed TIF qualified costs)	-	-
Cost of Goods Sold	104,741	104,741
Utilities	18,700	18,700
Insurance	24,000	24,000
Professional Services	4,500	4,500
Wages	173,485	173,485
Other cash expenses	375,858	375,858
Depreciation and amortization	140,059	140,059
	1,340,884	1,340,884
Taxable loss	(259,748)	(386,023)
Adjustments to Arrive at Net Cash Receipts (Disbursements)		
Depreciation & amortization	140,059	140,059
Principal debt service - TIF	(56,862)	-
Principal debt service - Non-TIF	(153,872)	(210,734)
	(70,675)	(70,675)
Net cash receipts	\$ (330,423)	\$ (456,698)

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

KER Enterprises, LLC

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS

Twelve Months Ending After Project Completion

NOTE A – NATURE AND LIMITATION OF PROJECTIONS

The accompanying projection presents, to the best of KER Enterprises, LLC's knowledge and belief, cash receipts and disbursements for the twelve months ending after project completion to be generated by and entertainment establishment located in Grand Island, Nebraska. Stated cash receipts and disbursements are intended to convey results of operations after the anticipated 2024 completion of phase 1 of the project, assuming funding of the estimated construction and acquisition costs of \$7,337,734 both with, and in the absence of, tax increment financing assistance. The projection reflects their judgment as of September 1, 2022, 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 Community Redevelopment Authority.

NOTE B – BASIS OF ACCOUNTING

The presentations of cash receipts and disbursements for the projection period and the twelve months ending after project completion 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

KER Enterprises, LLC and its affiliates will be the owner and operating entity for Cataways Entertainment Center, a family fun center. This projection considers only expected operating results from the first year of operation of building completion. Revenue has been determined based on the knowledge and experience of the owners of KER Enterprises, LLC (and related parties) in the operation of similar facilities in the same locale.

The projection includes two scenarios dependent on whether or not the tax increment financing (TIF) request is approved. In the event of TIF approval, KER Enterprises, LLC 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 construction project will be financed through \$603,400 of capital contributions from the owners of KER Enterprises, LLC with additional debt incurred to cover the remaining anticipated construction and improvement costs.

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

KER Enterprises, LLC

SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS, Continued

Twelve Months Ending After Project Completion

NOTE D – CASH DISBURSEMENTS, Continued

TIF debt is based on an initial \$1,287,865 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 \$10,523 (annual \$126,275) and an interest rate of approximately 5.5%. This debt reflects only that incurred to cover the first year after completion of the project.

The remaining construction and land acquisition costs, not funded through tax increment financing, will be satisfied with \$603,400 of capital contributions for land already owned and \$5,446,469 of bank debt for the residual obligation. All remaining non-TIF construction debt will have a 20-year term. All loans will have an annual interest rate of approximately 5.5%. Scenarios contemplating the denial of tax increment financing will assume bank debt replacing TIF financing at the same 15-year term and 5.5% annual interest rate as the equivalent TIF financing.

Projected real estate tax is expected to equal the current tax (for the 2022 year) plus additional tax generated by applying the current levy rate to the anticipated increase in assessed value to be generated by the construction project.

Projected costs for area water, sewer and utilities; insurance; repairs and maintenance; professional fees; and other costs are all based on the experience of KER Enterprises, LLC's members.

This projection estimates a taxable loss under all reporting scenarios. Accordingly, in anticipation of passive activity loss limitations restricting the use of said losses, no member distributions to cover estimated individual income tax (or contributions to reflect estimated income tax benefits) based on tax law provisions expected to be in effect during the projection period have been considered. Although not a cash expenditure, estimated depreciation has been calculated and included in the projection to arrive at net taxable income. Estimated capitalized costs are depreciated under the straight-line method for 39-year life building components.

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

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

RESOLUTION NO. 405

RESOLUTION OF THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY
OF GRAND ISLAND, NEBRASKA, SUBMITTING A PROPOSED
REDEVELOPMENT CONTRACT 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 21st day of September, 2022

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

By Thomas E. Coburn
Chairperson

ATTEST:


Secretary

KER ENTERPRISES LLC-Castaways-Area 34

COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND,
NEBRASKA

RESOLUTION NO. 406

RESOLUTION OF THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA, PROVIDING NOTICE OF INTENT TO ENTER INTO A REDEVELOPMENT CONTRACT 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 34, from KER Enterprises LLC, (The "Developer") for redevelopment located in the Lot 1 of Crane Valley Ninth Subdivision, an area within the city limits of the City of Grand Island, as set forth in Exhibit 1 attached hereto; 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 1;


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, after approval of the redevelopment plan amendment related to the redevelopment project, 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 21st day of September, 2022.

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

By 
Chairperson

ATTEST:


Secretary

KER ENTERPRISES LLC-Castaways-Area 34

Exhibit 1

Draft Redevelopment Plan Forwarded to the Planning Commission

KER ENTERPRISES LLC-Castaways-Area 34

Resolution Number 2023-02

HALL COUNTY REGIONAL PLANNING COMMISSION

A RESOLUTION RECOMMENDING APPROVAL OF AN AMENDMENT TO A REDEVELOPMENT PLAN IN 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 the **amendment of the Redevelopment Plan for CRA Area 34 requested by KER Enterprises LLC** to the Hall County Regional Planning Commission, (the "**Commission**") 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 held a public hearing on the proposed plan on October 5, 2022, and

WHEREAS, the chair or president of Hall County Board, Grand Island School Board, Central Platte Natural Resources District, Educational Service Unit #10 and Central Community College were notified by certified mail of said hearing, and

WHEREAS, the Commission advertised the time, date and location public hearing in the Grand Island Independent on Saturday September 17th and 24th, and

WHEREAS, there are no Neighborhood Associations registered with the City of Grand Island, 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 finding that it is in conformance with the comprehensive development plan (general plan for development) for the City of Grand Island.

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: October 5, 2022

HALL COUNTY REGIONAL PLANNING COMMISSION

ATTEST:

By: 
Chair

By: 
Secretary

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

RESOLUTION NO. 409

A RESOLUTION RECOMMENDING APPROVAL OF A REDEVELOPMENT PLAN TO THE CITY OF GRAND ISLAND, NEBRASKA; RECOMMENDING APPROVAL OF A REDEVELOPMENT PROJECT TO THE CITY OF GRAND ISLAND, NEBRASKA; APPROVING A COST BENEFIT ANALYSIS FOR SUCH PROJECT; AND APPROVAL OF RELATED ACTIONS

WHEREAS, the Mayor and Council of the City of Grand Island, Nebraska (the “**City**”), upon the recommendation of the Planning Commission of the City of Grand Island, Nebraska (the “**Planning Commission**”), and in compliance with all public notice requirements imposed by the Community Development Law, Chapter 18, Article 21, Reissue Revised Statutes of Nebraska, as amended (the “**Act**”), duly declared the redevelopment area legally described on **Exhibit A** attached hereto (the “**Redevelopment Area**”) to be blighted and substandard and in need of redevelopment; and

WHEREAS, pursuant to and in furtherance of the Act, a Redevelopment Plan (the “**Redevelopment Plan**”), has been prepared by Community Redevelopment Authority of Grand Island, Nebraska, (the “**Authority**”) pursuant to an application by KER ENTERPRISES LLC. (the “**Redeveloper**”), in the form attached hereto as **Exhibit B**, for the purpose of redeveloping Redevelopment Area legally described on **Exhibit A**, referred to herein as the Project Area (the “**Project Area**”); and

WHEREAS, pursuant to the Redevelopment Plan, the Authority would agree to incur indebtedness and make a grant for the purposes specified in the Redevelopment Plan (the “**Project**”), in accordance with and as permitted by the Act; and

WHEREAS, the Authority has conducted a cost benefit analysis of the Project (the “**Cost Benefit Analysis**”) pursuant to Section 18-2113 of the Act, a which is included in the Redevelopment Plan attached hereto as **Exhibit B**; and

WHEREAS, the Authority has made certain findings and pursuant thereto has determined that it is in the best interests of the Authority and the City to approve the Redevelopment Plan and approve the Redevelopment Project and to approve the transactions contemplated thereby.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA AS FOLLOWS:

Section 1. The Authority has determined that the proposed land uses and building requirements in the Redevelopment Plan for the Project Area are designed with the general purposes of accomplishing, and in conformance with the general plan of the City, 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 in 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 provisions 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 communitive 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 unsanitary or unsafe dwelling accommodations, or conditions of blight.

Section 2. The Authority has conducted a Cost Benefit Analysis for the Project, included in the Redevelopment Plan attached hereto as Exhibit B, in accordance with the Act, and has found and hereby finds that the Project would not be economically feasible without the use of tax increment financing, the Project would not occur in the Project Area without the use of tax increment financing and the costs and benefits of the Project, including costs and benefits to other affected political subdivisions, the economy of the community, and the demand for public and private services, have been analyzed and have been found to be in the long term best interests of the community impacted by the Project.

Section 3. In compliance with section 18-2114 of the Act, the Authority finds and determines as follows: (a) the Redevelopment Area constituting the Redevelopment Project will not be acquired by the Authority and the Authority shall receive no proceeds from disposal to the Redeveloper; (b) the estimated cost of project acquisition and the estimated cost of acquisition of property, preparation for redevelopment including site work, public utilities and streets, trails and sidewalks described in detail in Exhibit B attached hereto; (c) the method of acquisition of the real estate shall be by private contract by the Redeveloper and not by condemnation; and (d) the method of financing the Redevelopment Project shall be by issuance of tax increment revenue bond issued in the approximate amount of \$1,894,128 which shall be granted to the Redeveloper and from additional funds provided by the Redeveloper. No families will be displaced from the Redevelopment Project Area as a result of the project.

Section 4. The Authority hereby recommends to the City approval of the Redevelopment Plan and the Redevelopment Project described in the Redevelopment Plan.

Section 5. All prior resolutions of the Authority in conflict with the terms and provisions of this resolution are hereby expressly repealed to the extent of such conflicts.


Section 6. This resolution shall be in full force and effect from and after its passage and approval.

PASSED AND APPROVED this 19th day of October, 2022.

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

ATTEST:

By: _____


Secretary

By: _____


Chair

EXHIBIT A

LEGAL DESCRIPTION OF REDEVELOPMENT PROJECT AREA

Legal Descriptions: Lot 1 of Crane Valley Ninth Subdivision in the City of Grand Island, Nebraska (PID 400416174)



* * * * *

EXHIBIT B

FORM OF REDEVELOPMENT PLAN