



Community Redevelopment Authority (CRA)

Monday, November 17, 2008
Regular Meeting

Item H1

TIF

Staff Contact: Chad Nabity

BACKGROUND INFORMATION RELATIVE TO TAX INCREMENT FINANCING REQUEST

Project Redeveloper Information

- I. Business Name: SOUTH POINTE DEVELOPMENT, L.L.C.
Address: PO BOX 139 – GRAND ISLAND NE 68802
Telephone No.: (308) 381-2497
Contact: Raymond J. O'Connor
- II. Brief Description of Applicant's Business:
Real Estate Developer and Hotel Owner
- III. Present Ownership Proposed Project Site:
Raymond and Jennifer O'Connor – 2623 S. Locust St. – Grand Island, NE
Grand Island Community Redevelopment Authority – CRA Property to be
acquired: 2707-2709 South Locust Street – Grand Island, NE
- IV. Proposed Project: Building square footage, size of property, description of
Buildings – materials, etc. Please attach site plan, if available.
Eighty-two (82) room Best Western Inn and Suites
***Please review attached hotel material*
- V. If Property is Subdivided, Show Division Planned:
- VI. Estimated Project Costs:
- Acquisition Costs:
- | | |
|---|-------------------|
| A. Land and Affiliate Cost (2623 S. Locust St.) | \$ <u>225,000</u> |
| B. 2709 – 2709 South Locust | \$ <u>50,000</u> |
- Construction Costs:
- | | |
|----------------------------------|---------------------|
| A. Renovation of Building Costs: | \$ <u>5,247,500</u> |
| B. On-Site Improvements: | \$ <u>Included</u> |

Soft Costs:

A. Architectural & Engineering Fees:	\$ <u>75,000</u>
B. Financing Fees:	\$ <u>5,000</u>
C. Legal / Developer / Audit Fees:	\$ <u>2,500</u>
D. Contingency Reserves:	\$ <u>n/a</u>
E. Other (Please Specify)	\$ <u>n/a</u>
TOTAL	\$ <u>82,500</u>

VII. Total Estimated Market Value at Completion: \$ 5,330,000

VIII. Source of Financing:

A. Developer Equity:	\$ <u>1,200,000</u>
B. Commercial Bank Loan:	\$ <u>4,130,000</u>
C. Tax Credits:	
1. N.I.F.A.	\$ <u>n/a</u>
2. Historic Tax Credits	\$ <u>n/a</u>
D. Industrial Revenue Bonds:	\$ <u>n/a</u>
E. Tax Increment Assistance: <i>**Total over a 15 year time period</i>	\$ <u>1,567,609</u>
F. Other	\$ <u>n/a</u>

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

Narber, Inc., PO Box 1781, Grand Island, NE, 68802-1781
Phone (308) 381-1970, Fax (308) 384-2963

X. Estimated Real Estate Taxes on Project Site Upon Completion of Project:

\$5,330,000 x 2.074528% = \$110,572.00 Yearly

XI. Project Construction Schedule:

A. Construction Start Date: 90 days after Tax Increment Financing is available
B. Construction Completion Date: 270 days after construction start date

C. If Phased Project:

<u>n/a</u>	Year	<u>n/a</u>	Year
<u>n/a</u>	Year	<u>n/a</u>	Year

XII. Please Attach Construction Pro Forma

XIII. Please Attach Annual Income & Expense Pro Forma
(With Appropriate Schedules)

TAX INCREMENT FINANCING REQUEST INFORMATION

- I. Describe Amount and Purpose for Which Tax Increment Financing is Requested:
The amount of Tax Increment Financing requested is approximately \$1,567,609
for 15 years. These funds will be used to assist in building and operating an 82 room
Best Western Inn and Suites. Real Estate Taxes of Six Thousand and Twenty-Six
Dollars (\$6,026.00) would continue to be paid each year of Tax Increment Financing.
- II. Statement Identifying Financial Gap and Necessity for use of Tax Increment Financing
for Proposed Project:
Tax Increment Financing is an integral and essential component in the overall
Financing of the project development in order to create adequate economics
for the construction and operation of this hospitality product.
- III. 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:
City of Grand Island – Raymond J. O'Connor
City of Kearney – Raymond J. O'Connor
South Pointe Development L.L.C. will be a newly formed Nebraska
Limited Liability Company.
- IV. Please Attach Applicant's Corporate / Business Annual Financial Statements for
the Last Three Years.
South Pointe Development will be a newly formed Nebraska Limited
Liability Company, thus it has no financial history.



MID-SCALE PROTOTYPE: STONERIDGE

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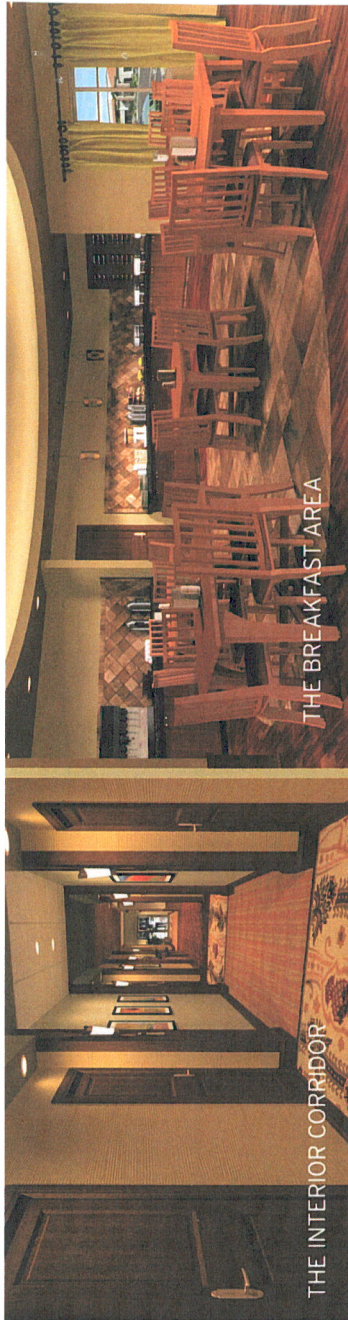


STONERIDGE EXTERIOR & PORTE COCHERE

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THE MID-SCALE PROTOTYPE INTERIOR.

Responsive to the needs of guests. Value engineered for investors. Timeless in its appeal.



THE INTERIOR CORRIDOR



THE LOBBY AND REGISTRATION DESK

The Stoneridge interior design featured here fuses Arts & Crafts with Contemporary for a casual luxury that is inviting to guests. Familiar materials of wood, metal and stone, accented by vibrant autumnal colors are timeless and universal in their appeal.

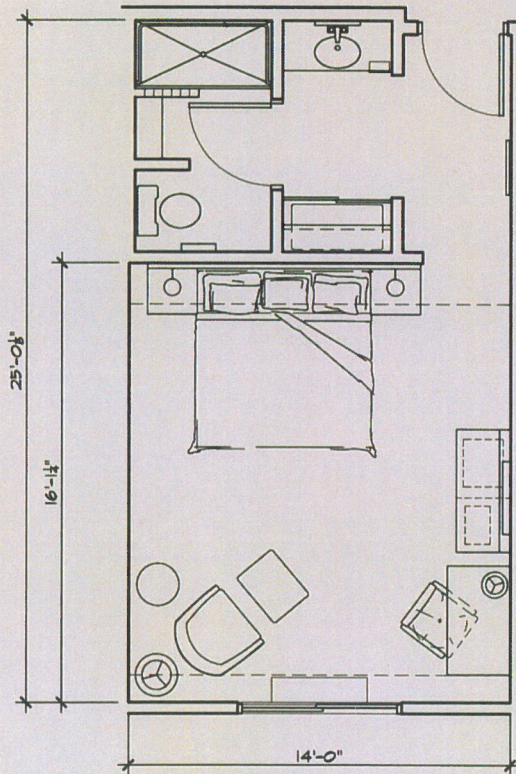


The Stoneridge Prototype Guestroom: A one-of-a-kind headboard created by Best Western designers calls out to guests that this is no cookie-cutter hotel – a point of difference that sets Best Western properties apart from the competition. The smartly designed desk has a built-in power strip for easy port access. Guests can adjust ceiling, tabletop and floor lighting to suit their mood and enjoy every modern amenity from the comfort of plush, overstuffed furniture – all of which comes at the greatest possible value for guests and investors alike.

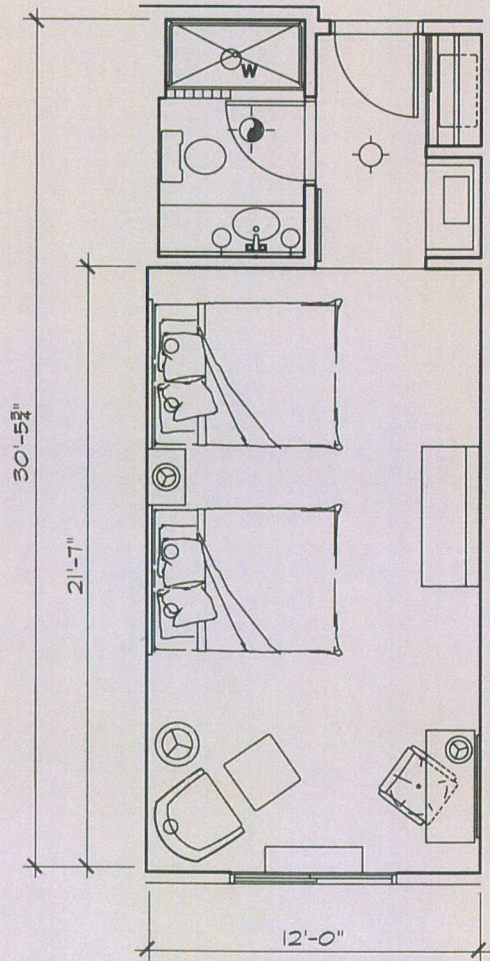
Guestroom designs and room standards are specific to their respective prototype and therefore can only be used as designated.

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14-FOOT WIDTH KING GUEST UNIT



12-FOOT WIDTH DOUBLE QUEEN UNIT



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KING GUEST UNIT 14-foot width

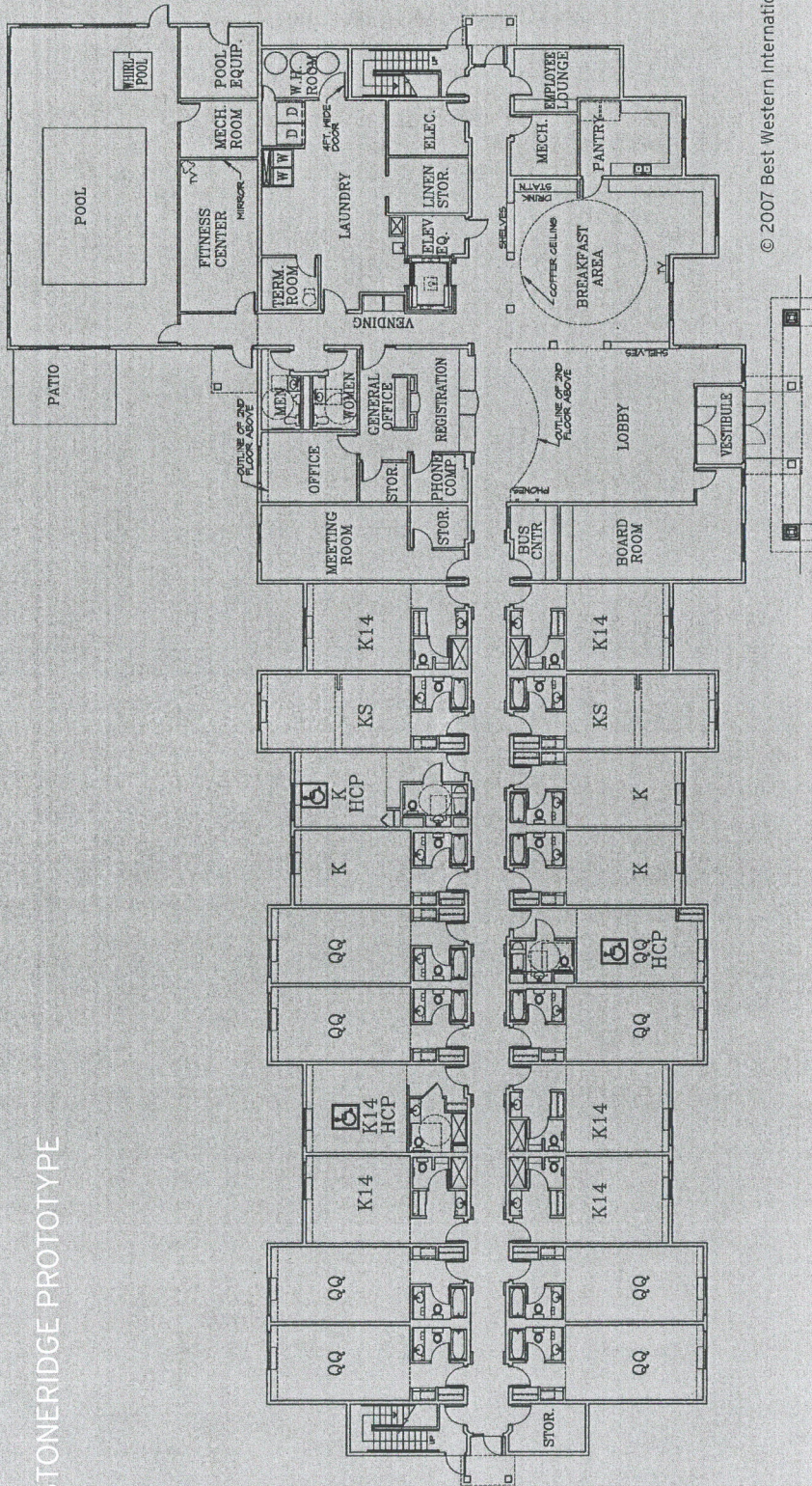
Total room size	14'-0" x 25'-0"
Living area size	14'-0" x 16'-1 1/4"
Net square feet	350
Number of units	20



DOUBLE QUEEN GUEST UNIT 12-foot width

Total room size	12'-0" x 30'-5 3/4"
Living area size	12'-0" x 21'-7"
Net square feet	366
Number of units	30

STONERIDGE PROTOTYPE



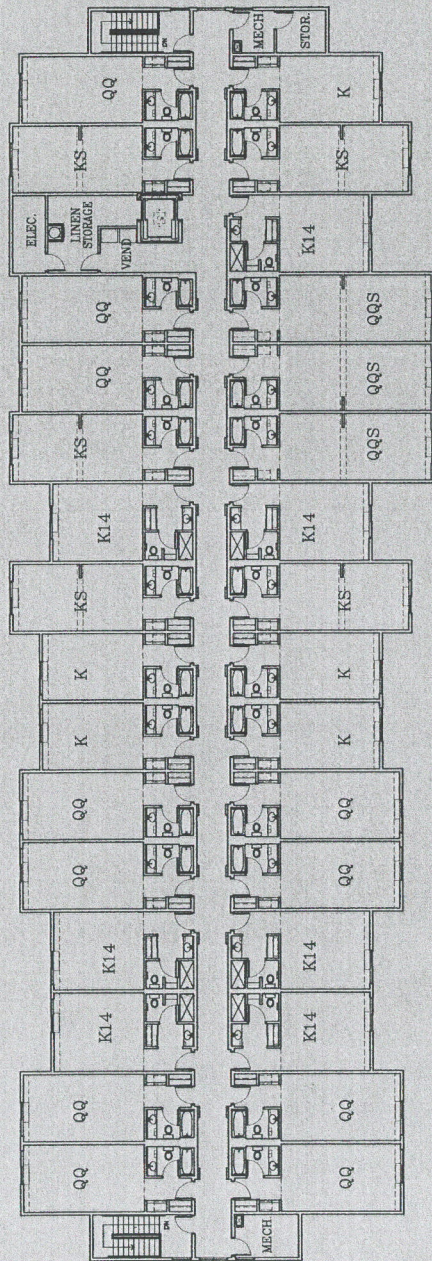
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FIRST FLOOR PLAN

			Square feet
Guest room GSF	7,598	Public areas	881
King rooms	4	Lobby area	786
King 14' rooms	6	Breakfast area	416
Double Queen rooms	8	Board Room	97
King Mini Suites	2	Business Center	307
Total rooms	20	Fitness area	s

MID-SCALE

STONERIDGE PROTOTYPE



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UPPER FLOOR PLAN

Guest room GSF	11,212
King rooms	5
King 14' rooms	7
Double Queen rooms	11
King Mini Suites	5
Double Queen Mini Suites	3
Total rooms	31



BACKGROUND INFORMATION RELATIVE TO TAX INCREMENT FINANCING REQUEST

Project Redeveloper Information

Business Name: Todd Enck

Address: 511 Fleetwood Circle Grand Island, NE 68803

Telephone No.: 308-380-1041

Fax No.: 308-380-7054

Contact: Todd Enck

Brief Description of Applicant's Business:

General Contractor, owner of T.C. Enck Builders, Inc.

Present Ownership Proposed Project Site: 2020 Blake St. Grand Island, NE 68803

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

2 Energy Efficient duplexes with attached garages. 2 units are 960 sq ft and 2 units are
1062 sq ft. Yards landscaped and sprinklers installed.

If Property is to be Subdivided, Show Division Planned:

VI. Estimated Project Costs:

Acquisition Costs:

A. Land \$25,093.87

Purchase, Taxes, Interest

B. Building \$11,100.00

Demo & Asbestos Removal, Tree Removal

Construction Costs:

A. Renovation or Building Costs: \$272,944.26

B. On-Site Improvements: \$ 12,106.40

Sidewalk, landscaping, sprinklers, sewer taps, lot pins

Soft Costs:

A. Architectural & Engineering Fees: \$ 2,800.00

B. Financing Fees: \$ 2,549.50

<u>Appraisal, closing costs (no interest)</u>	
C. Legal/Developer/Audit Fees:	\$
<hr/>	
D. Contingency Reserves:	\$ 5,000.00
<hr/>	
E. Other (Please Specify)	\$
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TOTAL	\$ 331,594.03

Total Estimated Market Value at Completion:	\$ 300,000.00
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Source of Financing:

A. Developer Equity:	\$
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B. Commercial Bank Loan:	\$ 300,000.00
Tax Credits:	
1. N.I.F.A.	\$
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2. Historic Tax Credits	\$
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D. Industrial Revenue Bonds:	\$
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E. Tax Increment Assistance:	\$53,649.77
F. Other	\$
<hr/>	

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

<u>T.C. Enck Builders, Inc. – General Contractor</u>
<hr/>
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Estimated Real Estate Taxes on Project Site Upon Completion of Project:
(Please Show Calculations)

$(\$300,000 \times .90) \times (.2) = \$5,400.00$ 90% of estimated value x Expected Annual
Mil Levy

Project Construction Schedule:

Construction Start Date: January 2009

Construction Completion Date: July 2009

If Phased Project:

_____ Year _____ %

Complete

Year	%
------	---

Complete

XII. Please Attach Construction Pro Forma

XIII. Please Attach Annual Income & Expense Pro Forma

(With Appropriate Schedules)

TAX INCREMENT FINANCING REQUEST INFORMATION

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

Amount of Incremental Prospective Annual Real Estate Taxes over 2008 Real Estate Taxes on the subject property for 15 years will be used to redevelop the property.

Statement Identifying Financial Gap and Necessity for use of Tax Increment Financing
for Proposed Project: TIF is an important component in order for this project
to bridge the deficit between the actual cost of the project and the income
producing capability of the real estate. We feel that this project will add value to
a defined blighted area in the community as well as provide much needed quality
affordable rental housing.

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:

- IV. Please Attach Applicant's Corporate/Business Annual Financial Statements for
the Last Three Years.

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

T. C. Enck Builders, Inc.

Construction costs projected for 2 duplexes @ 2020 Blake St.

Permits/Excavation/backfill/foundation/basement slab/drain system	\$13,447.60
framing/trusses	\$33,499.93
windows/exterior finishes	\$17,247.09
insulation/drywall	\$11,560.00
HVAC/plumbing/electrical	\$26,906.00
interior finishes(cabs/painting)	\$17,974.87
concrete	\$5,080.72
floor cov/lt fixt./appliances	<u>\$10,755.92</u>
Total ea unit	<u>\$136,472.13</u>
Total project	<u><u>\$272,944.26</u></u>

****Total project cost includes Building Costs only**

PROJECTED CASH FLOW FOR 2020 W BLAKE

Cash Flow Analysis	
Annual est. revenues @ 700/mo/unit	\$ 33,600.00
5% vacancy	\$ 1,680.00
Taxes	\$ 5,400.00
Maintenance	\$ 840.00
Miscellaneous/Mngt	\$ 300.00
Insurance	\$ 1,200.00
Net Income	\$ 24,180.00

5/30 Debt Service (without TIF) @ 7.5%**	\$ 25,176.00
Property DSCR	0.96
5/15 Debt Service (without TIF) @ 7.5%**	\$ 33,372.00
Property DSCR	0.72

*DSCR= Debt Service Coverage Ratio
 *Bank will require 1.25 DSCR-this can be accomplished only with TIF financing and additional
 downpayment by the owner
 **Financing of \$300,000

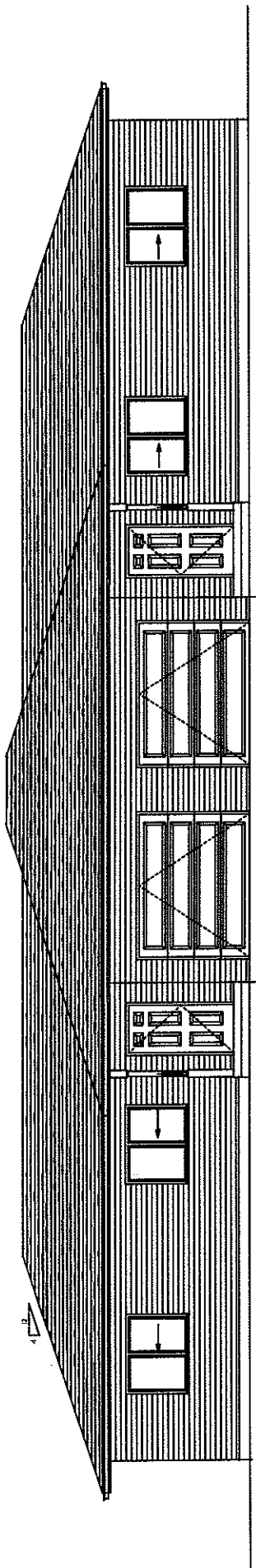
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Miscellaneous/Mngt	\$ 300.00
Insurance	\$ 1,200.00
Net Income	\$ 24,180.00

5/30 Debt Service (with TIF) @ 7.5%**	\$ 25,176.00
Property DSCR	1.17
5/15 Debt Service (with TIF) @ 7.5%**	\$ 33,372.00
Property DSCR	0.89

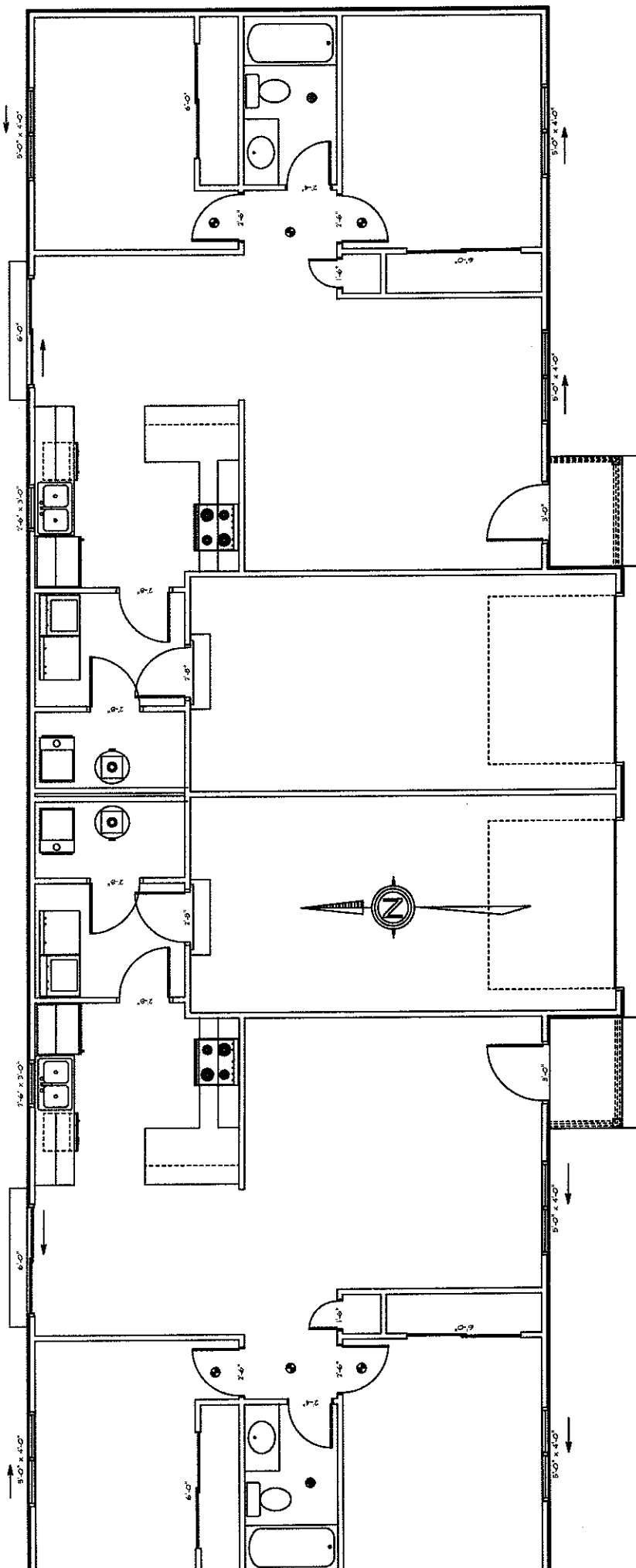


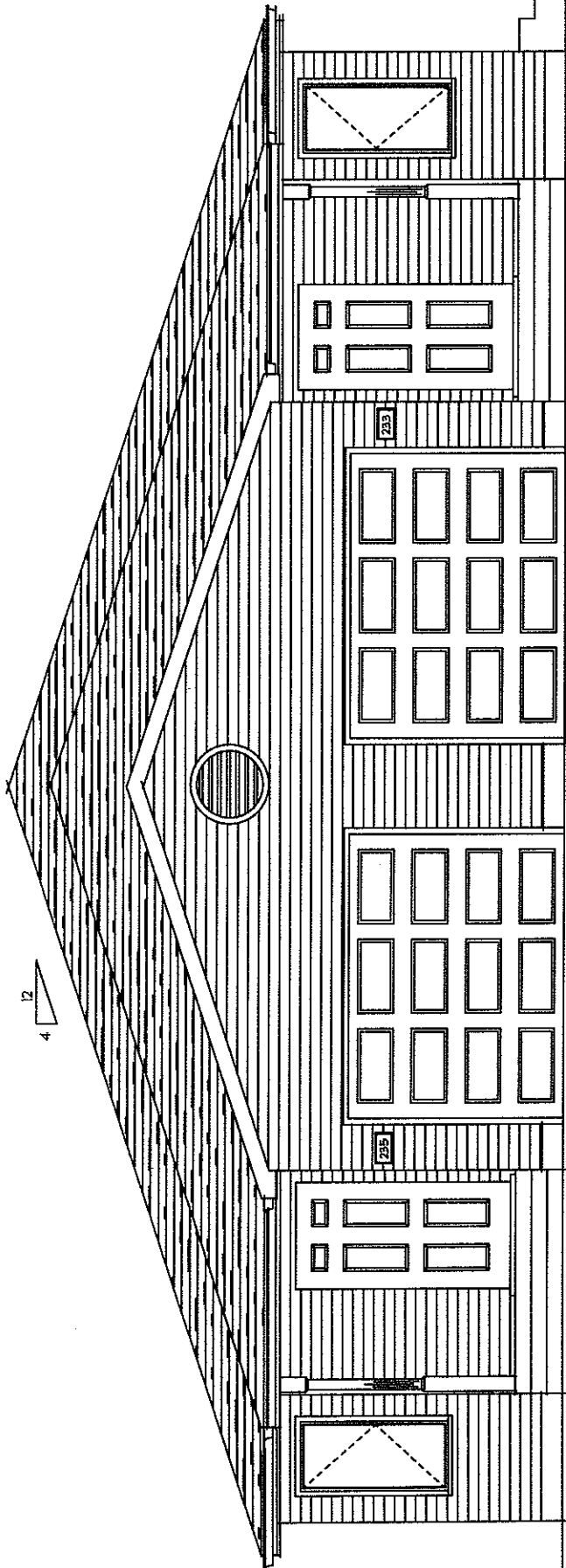
SITE PLAN

10.0

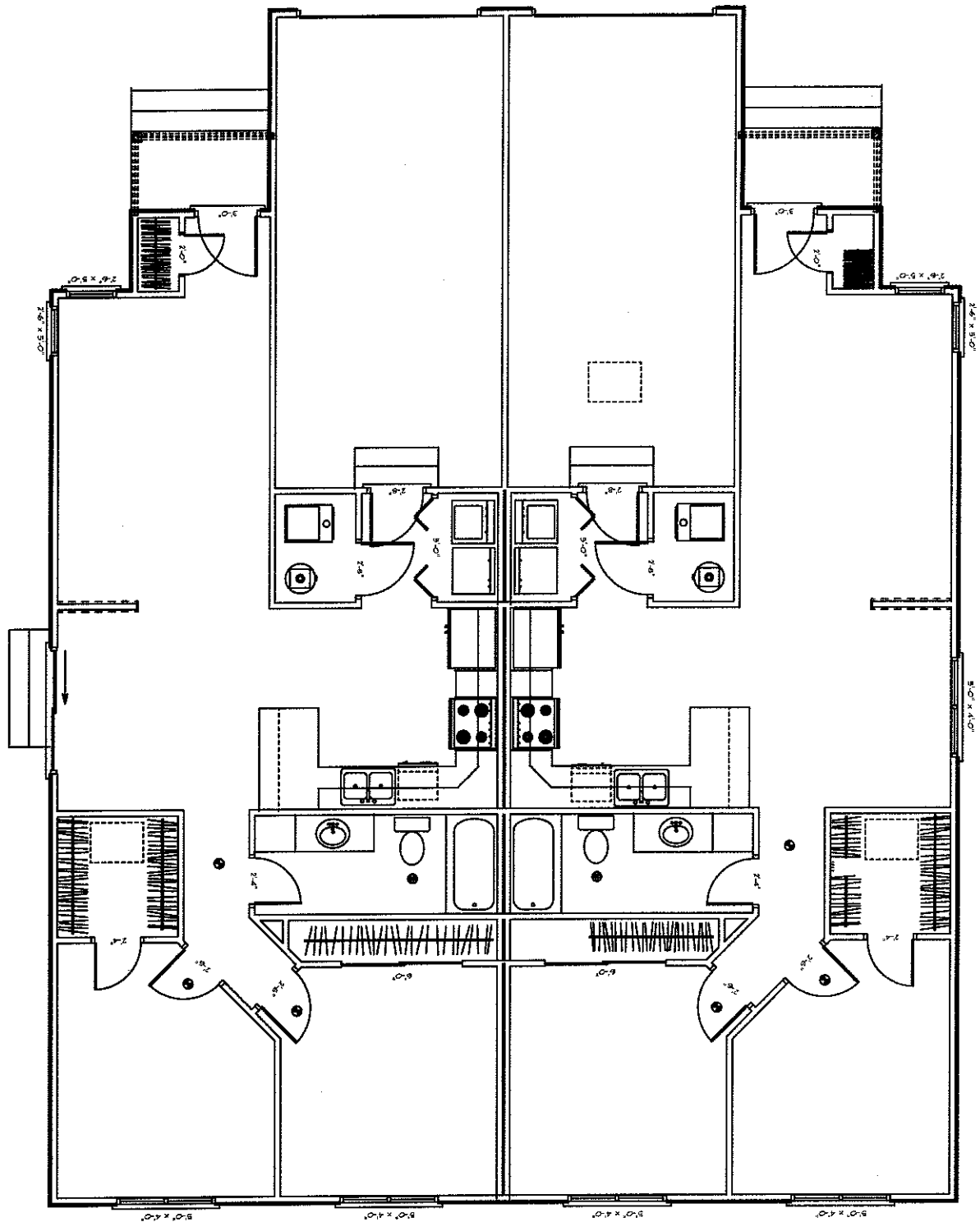


FRONT ELEVATION





FRONT ELEVATION





810 Allen Drive
Post Office Box 5168
Grand Island, NE
68802-5168

Tel: 308-389-2600
Toll Free: 800-619-2303
Fax: 308-382-2182
www.pvsb.com

October 22, 2008

Community Redevelopment Authority
P.O. Box 1968
101 East 1st Street
Grand Island, NE 68802

RE: Todd Enck
2020 Blake St., Grand Island, NE 68803

Dear Members:

Platte Valley State Bank & Trust Co. has agreed to provide financing in an amount approximately \$300,000, as a first mortgage loan, for a project to be located at 2020 Blake Street, Grand Island, NE. This commitment is contingent upon a written commitment from your agency to support this project with tax increment financing.

In the event you have any questions, please do not hesitate to contact me.

Sincerely,

Claudia Fredricks
Vice President

Your Financial Center