

REDEVELOPMENT AREA #7
PLAN MODIFICATION NO. 2025-3
(Mother Lake, LLC – Ponderosa Park 2.0
Redevelopment Project)

The Community Redevelopment Authority (CRA) of the City of Hastings intends to amend the Redevelopment Plan for Area No. 7 within the city, pursuant to the Nebraska Community Development Law (the "Act") and provide for the financing of a specific redevelopment related project in Area #7.

Executive Summary:

Project Description

The project consists of the purchase of a 1.55-acre site located at 2120 N. Kansas Avenue in Hastings Nebraska and redevelopment of the property into a medical office development. The redeveloper plans to demolish the existing structure and replat the property into three separate lots. On Lot 1, a new 11,000 sq ft medical office building will be constructed. The parking lot will be reconstructed and landscaping added. The other two lots will be available for future medical office space development.

The use of Tax Increment Financing will aid in TIF eligible expenses associated with redevelopment of property at 2120 N. Kansas Avenue into office and medical clinic space. The use of Tax Increment Financing is an integral part of the development plan and necessary to make this project feasible. The project will result in the removal of a building that has been vacant for over 25 years and the construction of a new 11,000 square foot building with a combination of office and medical clinic space. This project would not be possible without the use of TIF.

Mother Lake, LLC has acquired the property and the building is currently vacant. The developer is in the process of finalizing development plans and will provide evidence that they have secured adequate debt financing and equity to cover the costs associated with the demolition and construction of a new medical office building prior to the execution of a Redevelopment Contract. The Hastings Community Redevelopment Authority (CRA) intends to pledge the ad valorem taxes generated over the 15-year period beginning January 1, 2027 towards the allowable costs and associated financing for redevelopment.

TAX INCREMENT FINANCING TO PAY FOR ACQUISITION AND THE REDEVELOPMENT OF THE PROPERTY WILL COME FROM THE FOLLOWING REAL PROPERTY:

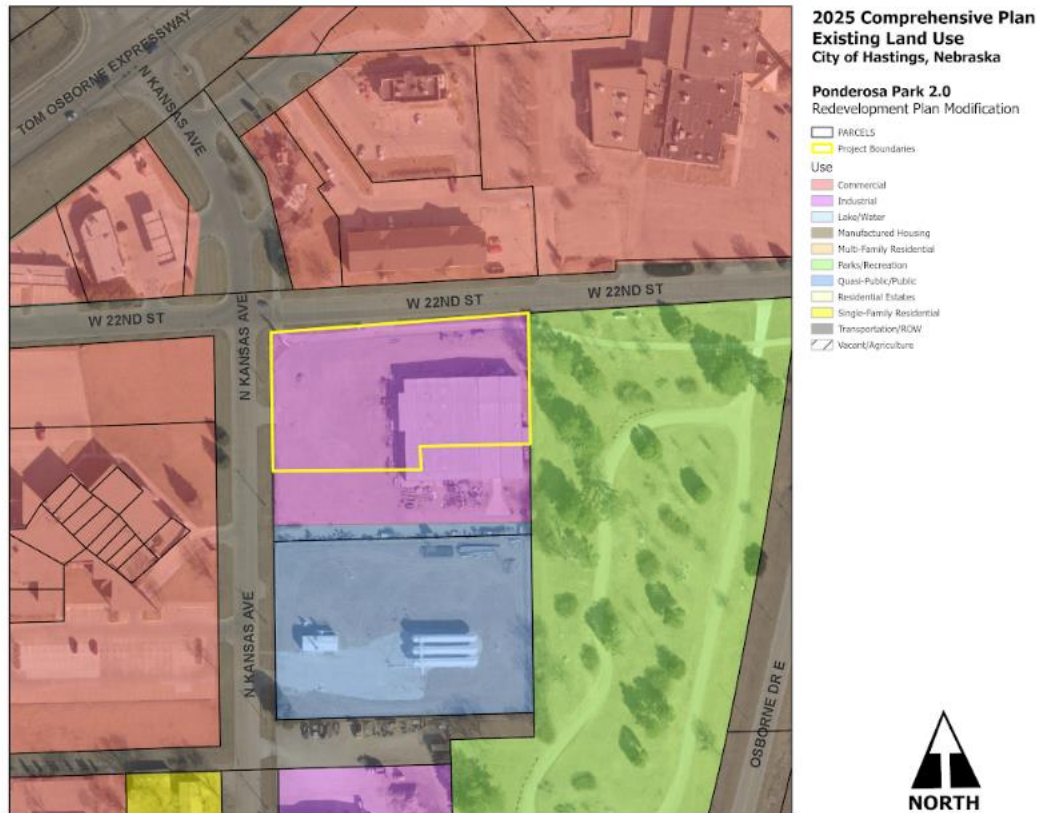
Property Description (the "Redevelopment Project Area")

LEGAL DESCRIPTION OF PROPOSED LOT 1, PONDEROSA PARK SUBDIVISION

COMMENCING 33.00 FEET NORTH OF THE NORTHWEST CORNER OF BLOCK ONE (1) OF TAGGART ADDITION TO THE CITY OF HASTINGS, ADAMS COUNTY, NEBRASKA ; THENCE N00°41'03"E (ASSUMED BEARING) ON THE EAST LINE OF KANSAS AVENUE, A DISTANCE OF 283.00 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING N00°41'03"E ON SAID EAST LINE, A DISTANCE OF 286.36 FEET TO THE SOUTH LINE OF WEST 22ND STREET; THENCE N87°48'55"E, ON SAID SOUTH LINE, A DISTANCE OF 361.48 FEET TO THE WEST LINE OF THE AMERICAN LEGION PARK; THENCE S00°33'29"W, ON SAID WEST LINE, A DISTANCE OF 177.35 FEET; THENCE N89°18'57"W, PERPENDICULAR TO THE EAST LINE OF SAID KANSAS AVENUE, A DISTANCE OF 155.18 FEET; THENCE S00°41'03"W, PARALLEL WITH THE EAST LINE OF SAID KANSAS AVENUE, A DISTANCE 32.79 FEET; THENCE N89°18'57"W, PERPENDICULAR TO THE EAST LINE OF SAID KANSAS AVENUE, A DISTANCE OF 206.25 FEET TO THE POINT OF BEGINNING CONTAINING 1.55 ACRES, MORE OR LESS.

Mother Lake, LLC will utilize Tax Increment Financing to aid in site acquisition, site preparation, building enhancements, architectural, engineering and planning costs, capitalized interest, legal fees, public parking and any other eligible public improvements essential for public uses in accordance with the Redevelopment Plan.

Map of Existing Land Use and Proposed Redevelopment Site



The tax increment will be captured for the tax years 2027 through 2041 inclusive.

The real property ad valorem taxes on the current valuation will continue to be paid to the normal taxing entities. The increase in value will come from the construction of office and medical clinic space as permitted by Conditional Use Permit in the I-1 Light Industrial Zoning District. The tax increment will be captured for the tax years 2027 through 2041. Provided, however, if there is no increase in valuation for the 2027 tax year, the increment will be captured beginning in the year when an increase in value is available for capture and ending fifteen years later.

Project costs for the acquisition, site improvements, facade, and construction of the office/medical space are estimated to be \$4,922,000. The anticipated project valuation when completed is \$4,429,761 and the developer projects an incremental valuation increase of approximately \$4,348,761.

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 current redevelopment project area 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 was first declared blighted and substandard by action of the Hastings City Council on October 24, 1994. 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)**

Hastings adopted a Comprehensive Plan on March 24, 2025. This redevelopment plan amendment and project are consistent with the Comprehensive Development Plan, in that no changes in the Comprehensive Development Plan elements are intended. This plan merely provides funding for the developer to redevelop the property for office and medical clinic uses as defined by the current and effective zoning regulations. The Hastings Planning Commission will hold a public hearing at their meeting on September 16, 2025 to approve Plan Modification No. 2025-3 to Redevelopment Plan #7 confirming that this project is consistent with the Comprehensive Development Plan for the City of Hastings.

- 3. The Redevelopment Plan must be sufficiently complete to address the following items: (§18-2103/13) (b)**
 - a. Land Acquisition:**

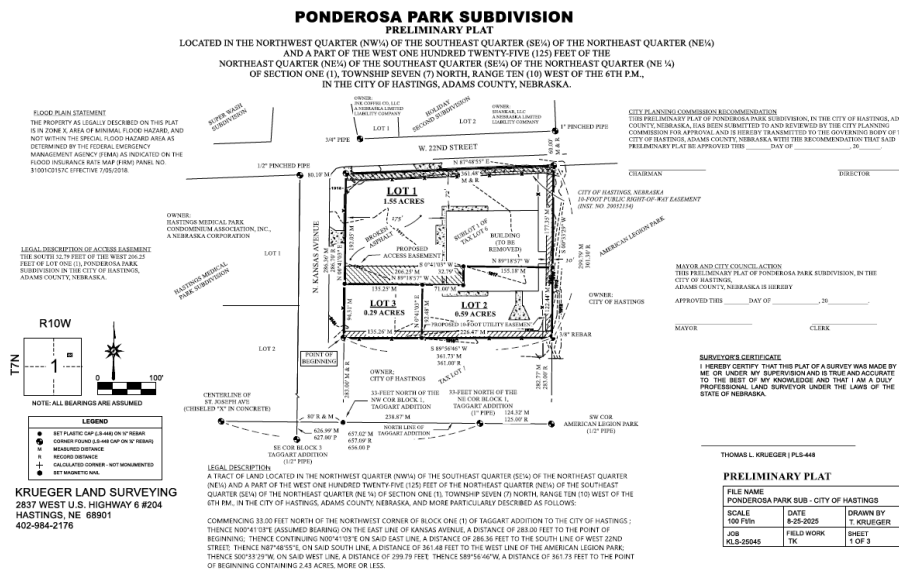
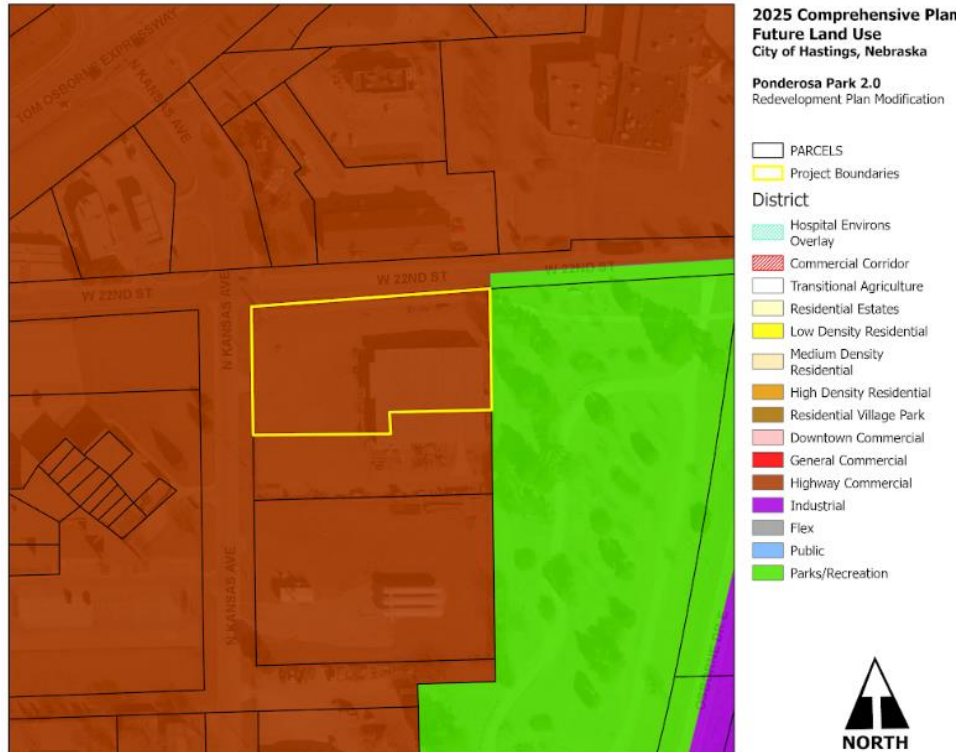
The Redevelopment Plan for Area #7 provides for real property acquisition and this plan amendment does not prohibit such acquisition. Mother Lake, LLC is the current owner of the property at 2120 N. Kansas Avenue.

b. Demolition and Removal of Structures:

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

c. Future Land Use Plan

See the attached map from the 2025 Hastings Comprehensive Development Plan. All of the area around the site in private ownership is planned for commercial or industrial development; this includes medical clinic uses with a Conditional Use Permit. [§18-2103(b) and §18-2111] The attached map also is an accurate site plan of the area after redevelopment. [§18-2111(5)]



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

The area is zoned I-1 Light Industrial District and no zoning changes are anticipated with this project. Medical clinic uses are allowed by Conditional Use Permit. 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 plans to demolish the existing building and construct a new medical office building which will meet the applicable regulations regarding site coverage and intensity of use. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sewer, water, gas and electric are available to support this development. The developer may be required to extend a water line capable of providing sufficient water for a sprinkler system required to construct a new building for the proposed uses.

4. **The Act requires a Redevelopment Plan provide for relocation of individuals and families displaced as a result of plan implementation.** This property has previously been utilized for commercial related uses and 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]**
6. **Section 18-2114 of the Act requires that the Authority consider:**
 1. **Method and cost of acquisition and preparation for redevelopment and estimated proceeds from disposal to redevelopers.**

The developer has purchased the property and acquisition is part of the request for tax increment financing. The CRA has been asked to provide \$859,000 in TIF funding to this project to offset the cost of TIF eligible expenditures. The CRA has identified the following TIF eligible expenses for the developers' proposed improvements;

- a) site acquisition - \$347,000
- b) site preparation - \$77,000
- c) abatement and demolition - \$64,000
- d) planning related & engineering services - \$77,000
- e) infrastructure - \$70,000
- f) public parking and sidewalks - \$236,000
- g) enhancements to the structure exceeding minimum building standards - \$64,000

The total TIF eligible expenses for this project are \$935,000. The property has been acquired by the developer and the developer will provide and secure all necessary financing.

2. 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 \$859,000 from the proceeds of the TIF. 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, 2027 through December 2041.

3. 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 structures 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 Hastings Comprehensive Development Plan. This will have the intended result of preventing recurring elements of unsafe buildings and blighting conditions. This will accomplish the goal the Hastings City Council and Community Redevelopment Authority of the prevention of the recurrence of insanitary or unsafe structures or conditions of blight.

8. Time Frame for Development

Development of this project is anticipated to be completed between 4th quarter of 2025 and fall of 2026. Excess valuation should be available for this project for 15 years beginning with the 2027 tax year.

9. Justification of Project

A building that has been vacant for 25+ years will be demolished with this project. The newly constructed building will provide for upgraded office/medical space. The demolition of this substandard building and the redevelopment of the site will help to prevent the reoccurrence of blight and substandard conditions in the 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 Hastings has analyzed the costs and benefits of the proposed Redevelopment Project, including:

Project Sources and Uses.

Approximately \$859,000 in public funds from tax increment financing provided by the Hastings Community Redevelopment Authority will be required to complete the project. This investment by the Authority and the City will leverage \$4,063,000 in private sector financing; a private investment of \$4.73 for every public/TIF dollar of investment.

USE OF FUNDS		SOURCE OF FUNDS	
Site Acquisition	\$347,000	Bank Financing	\$3,692,000
Site preparation	\$77,000	Owner Equity	\$371,000
Abatement and demolition	\$64,000	TIF Loan	\$859,000
Planning, Engineering & architecture	\$77,000		
Infrastructure	\$70,000		
Public Parking & Sidewalks	\$236,000		
Enhancements exceeding minimum standards	\$64,000		
Other Construction & Development Costs	\$3,987,000		

TOTALS	\$4,922,000	TOTALS	\$4,922,000
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Tax Revenue. The property to be redeveloped is anticipated to have a January 1, 2026, valuation of approximately \$81,000. Based on the 2024 levy of .01996872 this would result in real property taxes of approximately \$1,617.47 which will be paid out to all the existing taxing entities. It is anticipated that the assessed value will increase by \$4,348,761 upon full completion, as a result of the building redevelopment. This development will result in an additional estimated tax increase of over \$86,839.19 annually. This tax increment gained from the 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 2026 assessed value:	\$81,000
Estimated value after completion	\$4,429,761
Increment value	\$4,348,761
Annual TIF generated (estimated)	\$86,839
TIF bond issue	\$859,000

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

A large financial gap exists on this project after conventional financing is utilized. A combination of owner equity, TIF and other incentives are needed to make the project feasible. The developer is contributing owner equity and other financing of \$4,063,000 and TIF funding is intended to fill the remaining gap, making this project feasible. The project is asking for \$859,000 in a TIF loan amortized over 15 years. Without the availability of TIF funding for the project, it would not be feasible for the developer to proceed with this redevelopment. Please see the table below which shows rate of returns from -8.71% to -12.28% without TIF funding which is an unacceptable return on investment in today's market.

Proforma Operating Statement w/o TIF					
			Year 1	Year 2	Year 3
Rent Revenue			\$ 477,047	\$ 488,433	\$ 500,094
Expenses			\$ (141,164)	\$ (143,876)	\$ (146,644)
NOI Without TIF			\$ 335,883	\$ 344,557	\$ 353,450
Debt Service			\$ (396,325)	\$ (396,325)	\$ (396,325)
Cash Flow Without TIF			\$ (60,442)	\$ (51,768)	\$ (42,875)
Cash on Cash Return			-12.28%	-10.52%	-8.71%
Owner Equity			\$ 492,200	\$ 492,200	\$ 492,200

Proforma Operating Statement with TIF					
			Year 1	Year 2	Year 3
Rent Revenue			\$ 477,047	\$ 488,433	\$ 500,094
Expenses			\$ (141,164)	\$ (143,876)	\$ (146,644)
NOI With TIF			\$ 335,883	\$ 344,557	\$ 353,450
Debt Service			\$ (330,271)	\$ (330,271)	\$ (330,271)
Cash Flow With TIF			\$ 5,612	\$ 14,286	\$ 23,179
Cash on Cash Return			1.51%	3.85%	6.25%
Owner Equity			\$ 371,000	\$ 371,000	\$ 371,000

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

The redevelopment project area will have an estimated valuation of \$81,000. The proposed redevelopment will create additional valuation of \$4,348,761. No tax shifts are anticipated from the project. The project creates new valuation from the demolition a vacant building and redevelopment of the site with a new medical office clinic which 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;

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. Fire and police protection are available and should not be negatively impacted by this development. The addition of life safety elements to the new building possibly including fire sprinklers, rated separations and proper exits actually reduce the chances of negative impacts to the fire department.

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

This project will not have a negative impact on employers and employees of firms locating within the boundaries of the redevelopment area but will create new opportunities for these same firms to lease office/medical clinic space.

(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 Hastings area.

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

This development will have no impact on the Hastings area school systems as it will not result in any increased attendance.

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

This project is consistent with the goals of the City Council, and the Community Redevelopment Authority to eliminate blight and substandard conditions with the demolition of this vacant building. The project may create additional jobs which will benefit local businesses.

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

This former bowling alley was vacated over 25 years ago and has been underutilized for storage. This project will cleanup a property long considered to be an eyesore and add new 11,000 square foot building for an expanding medical office clinic.

Time Frame for Development

Development of this project is anticipated to be completed between October 2025 and December

2026. The base tax year should be calculated on the value of the property as of January 2026. Excess valuation should be available for this project for 15 years beginning in 2027 with taxes due in 2028. 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 on an amount not to exceed \$859,000 the projected amount of increment based upon the anticipated value of the project and current tax rate.