

REDEVELOPMENT PLAN VI
PLAN MODIFICATION NO. 6.19.18.A
(Hastings MOB, LLC Redevelopment Project)

The Community Redevelopment Authority (CRA) of the City of Hastings intends to amend the Redevelopment Plan for Area #6 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 #6.

Executive Summary:

Project Description

THE REDEVELOPMENT OF THE PROPERTY LOCATED ON LOTS 6, 7, 8, 13, 14, AND 15, BLOCK 3 OF BUSWELL'S ADDITION AND VACATED SAINT JOSEPH AVENUE NORTH, ALL IN THE CITY OF HASTINGS, ADAMS COUNTY, NEBRASKA FOR ACQUISITION OF PROPERTY AND CONSTRUCTION OF A MEDICAL OFFICE BUILDING AND OTHER NECESSARY IMPROVEMENTS.

The use of Tax Increment Financing to aid in acquisition expenses associated with the purchase of the Mary Lanning medical services building and the construction of a 55,000 square foot medical office building on the property described above. The use of Tax Increment Financing is an integral part of the development plan and necessary to make this project affordable. Construction of an approximately 55,000 square foot medical office building, together with such other improvements necessary for operation of the Project. The new medical office building will be similar to the existing medical services building in size and scope, and the design will be cohesive with the hospital building and the surrounding Mary Lanning Memorial Hospital campus.

The Mary Lanning Memorial Hospital Association is the current owner of the existing Medical Services building and the ground on which the Project will be constructed. The parcel on which the Project will be constructed will be ground leased to the Developer by Mary Lanning Memorial Hospital (MLMH). The ground leased parcel will include the existing medical services building and the new medical office building to be constructed. Hastings MOB, LLC will purchase the existing building from the MLMH for fair market value in connection with the ground lease. MLMH has developed a long-range plan to meet the growing need for patient care services and ancillary facilities in the medical center's service area. Among the goals for the Project are to (i) encourage the location of more physicians and ancillary medical services on or near the MLMH campus, (ii) increase patient satisfaction through efficient delivery of patient services, (iii) deliver services in a more timely manner and increase the quality of care, (iv) enhance and increase health care services provided by MLMH, and (v) enhance the reputation of the City of Hastings as a leading provider of medical services in Central Nebraska. In connection with these goals, constructing a new medical office building and connecting it to the existing medical services building will provide more space for the provision of medical services to patients being treated at the medical center, and will improve the delivery of patient care services by making physicians more readily available to perform services.

Additional benefits of the Project include more efficient parking and design for the overall MLMH campus. Due to the nature of the Project and the parties involved, constructing the Project in a different location or off of the MLMH campus is not feasible or desirable. Furthermore, due to the specific location, as well as the numerous regulations governing health care related real estate projects, the Project is not feasible without TIF.

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

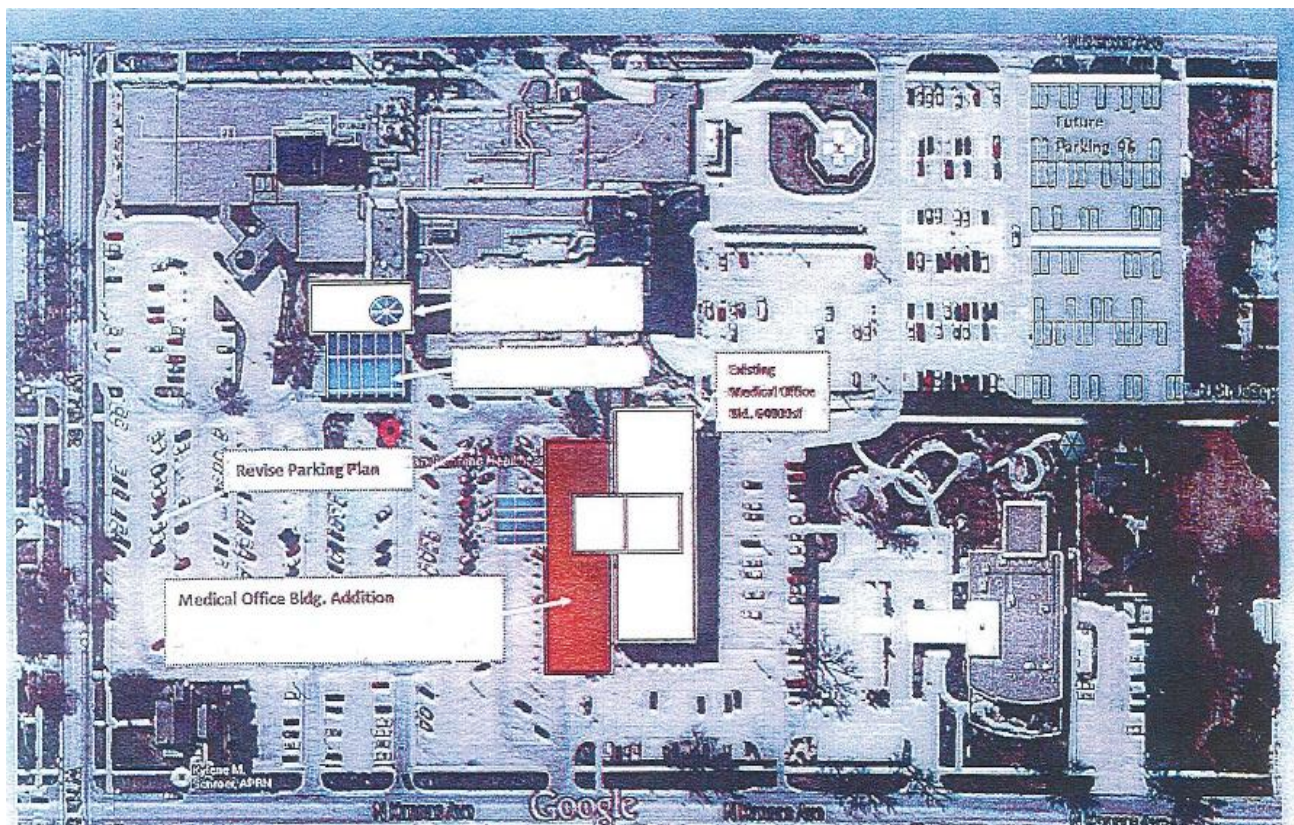
Property Description (the "Redevelopment Project Area")

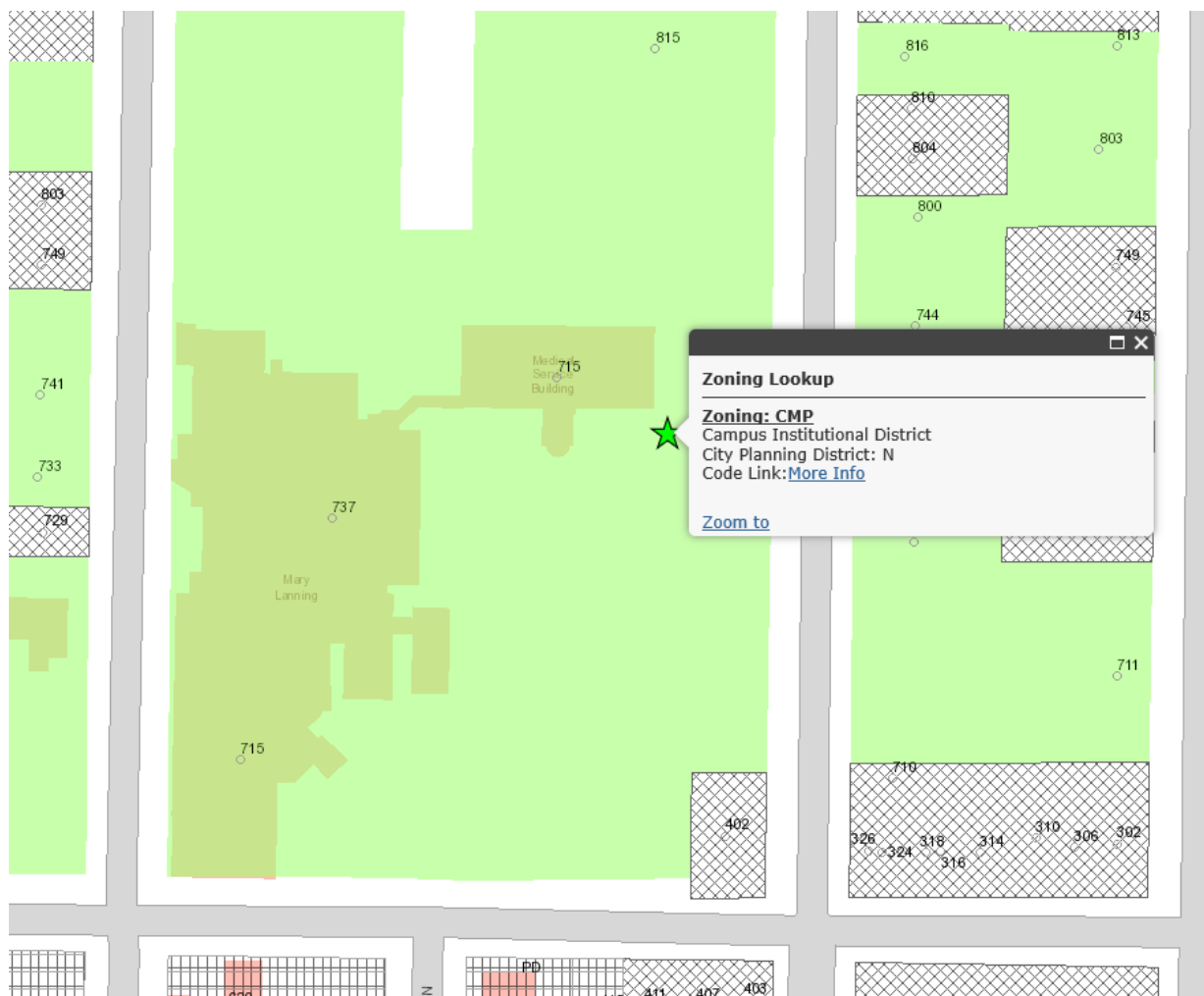
South of the Mary Lanning Memorial Hospital Medical Services Building between N. Kansas Avenue and N. St. Joseph Avenue.

Legal Descriptions: A Legal Description of a Proposed Property Lease located on Lots 7, 8, 13 and 14, Block 3 of Buswell's Addition all in the City of Hastings, Adams County, Nebraska; Referring to the Southeast corner of Lot 10, Block 3 of said Buswell's Addition, Thence N00°26'12"W, along the East Line of Lots 8, 9 and 10, Block 3, of said Buswell's Addition, a distance of 372.29 feet; Thence S89°19'35"W, a distance of 82.62 feet to the Point of Beginning(1); Thence S89°19'35"W, a distance of 200.00 feet; Thence N00°40'25"W, a distance of 100.00 feet to the South Face of the Existing Building; Thence N89°19'35"E, along the South Face of the Existing Building, a distance of 200.00 feet; Thence S00°40'25"E, a distance of 100.00 feet the Point of Beginning. Containing 20,000.00 Square Feet, subject to plot.

A Legal Description of a Proposed Property Lease located on Lots 6, 7, 14 and 15, Block 3 of Buswell's Addition and Vacated Saint Joseph Avenue North, all in the City of Hastings, Adams County, Nebraska; Referring to the Southeast corner of Lot 10, Block 3 of said Buswell's Addition, Thence N00°26'12"W, along the East Line of Lots 8, 9 and 10, Block 3, of said Buswell's Addition, a distance of 472.29 feet; Thence S89°19'35"W, a distance of 111.21 feet, to the Southeast Corner of the Existing Building and the Point of Beginning(2); Thence S89°19'35"W, along the South Face of the Existing Building, a distance of 199.85 feet, to the Southwest Corner of the Existing Building; Thence N00°40'25"W, along the West Face of the Existing Building a distance of 80.00 feet, the Northwest Corner of the Existing Building; Thence N89°19'35"E, along the North Face of the Existing Building a distance of 199.85 feet, to the Northeast Corner of the Existing Building; Thence S00°40'25"E, along the East Face of the Existing Building a distance of 80.00 feet, to the Southeast Corner of the Existing Building and the Point of Beginning. Containing 15,998.00 Square Feet, subject to easements and restrictions of record.

Map of Existing Land Use and Proposed Redevelopment Site





The tax increment will be captured for the tax years the payments for which become delinquent in years 2021 through 2035 inclusive.

The anticipated total project valuation is approximately \$18,600,000. Hastings MOB, LLC projects an incremental valuation increase of approximately \$11,000,000.00. This \$11,000,000 incremental valuation is in addition to the \$7,600,000 projected valuation of the existing building that is currently exempt and will be brought back on to the tax rolls.

This project will convert the existing tax exempt medical services building to a non-exempt status and real property ad valorem taxes on an estimated valuation of \$7,600,000 will to be paid to the normal taxing entities. The increase in ad valorem taxes will come from the construction of the new 55,000 square foot office building for medical office uses as permitted in the CMP 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 was first declared blighted and substandard by action of the Hastings City Council on May 26, 1992 (§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)**

Hastings adopted a Comprehensive Plan on February 24, 2009. 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 rehabilitate the building for permitted uses on this property as defined by the current and effective zoning regulations. The Hastings Planning Commission held a public hearing at their meeting on July 16, 2018 and approved Plan Modification 6.19.18.A to Redevelopment Plan VI 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 VI provides for real property acquisition and this plan amendment does not prohibit such acquisition. The Mary Lanning Memorial Hospital Association is the current owner of the ground on which the Project will be constructed. The parcel on which the Project will be constructed will be ground leased to the Developer by Mary Lanning Memorial Hospital Association.

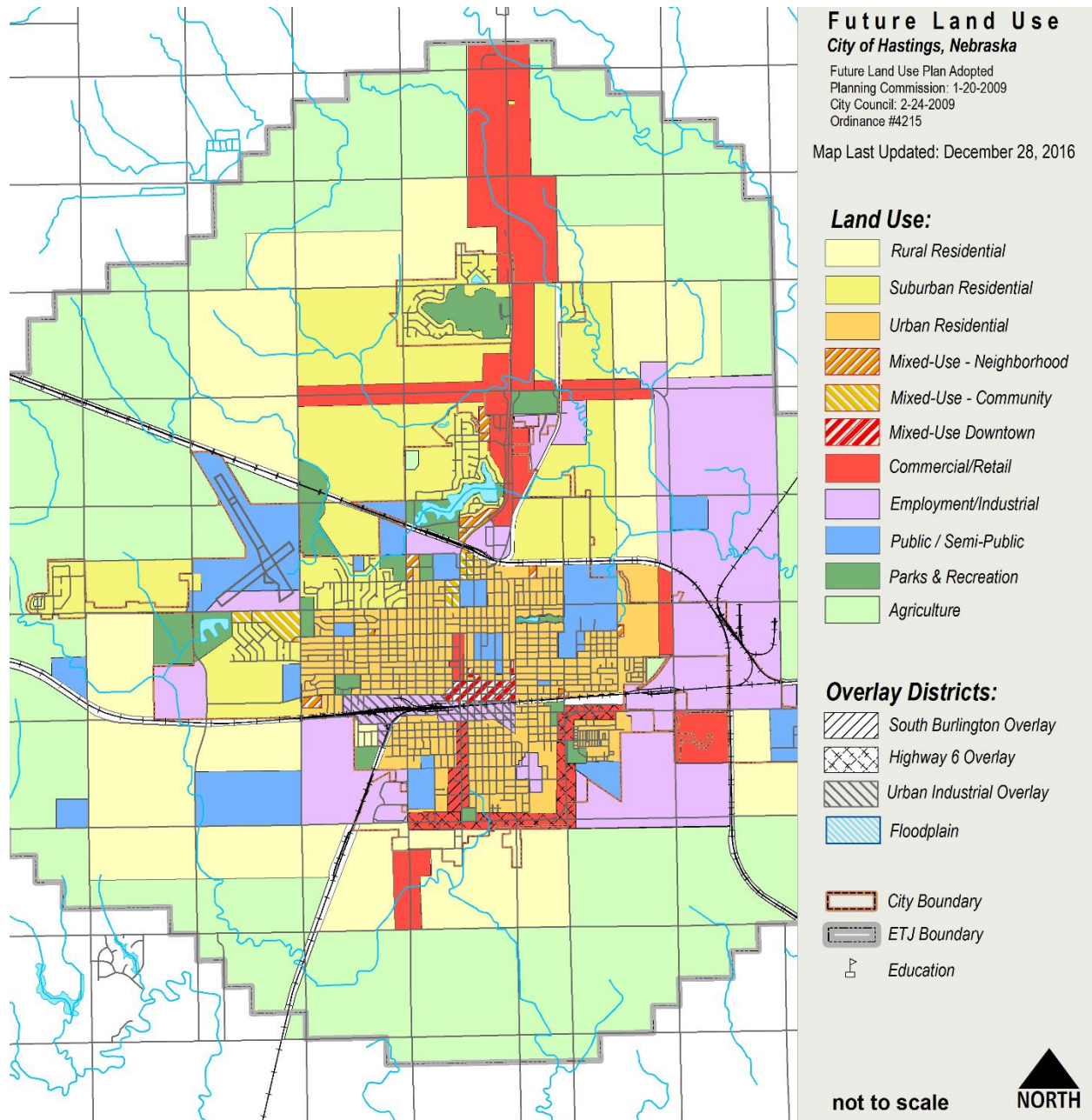
b. Demolition and Removal of Structures:

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

c. Future Land Use Plan

See the attached map from the 2009 Hastings Comprehensive Development Plan. All of the area around the site in private ownership is planned for medical services development; this includes medical office and ancillary uses. This property is currently owned by the Mary Lanning Memorial Hospital Association and a lease is contemplated to the developer. [§18-2103(b) and §18-2111) The attached map also is an accurate site plan of the area after redevelopment. [§18-2111(5))

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 Campus Institutional District and 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 construct a 55,000 square foot office building and plans to meet the applicable regulations regarding site coverage and intensity of use. [§18-2103(b) and §18-2111]

f. Additional Public Facilities or Utilities

Sewer and water are available to support this development. Electric utilities are sufficient for the proposed construction of this building. No other utilities would be impacted by the development. The developer will be responsible for replacing any sidewalks damaged during construction of the project. No other 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 has previously been utilized for office building uses and parking 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]

A member of the Community Redevelopment Authority is employed by one of the potential investors in the project. The member does not own or control an interest, direct or indirect, in any property included or to be included in this redevelopment project however, he has disclosed this perceived interest to the authority and the disclosure has been entered into the minutes of the authority. Even though the employee does not have a direct or indirect interest in the property he has agreed not to participate in any action by the authority affecting such property.

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 cost of acquisition of the existing medical office building is approximately \$7,600,000 and the total development costs for the new medical office building is approximately \$15,500,000, for a total project cost of approximately \$23,100,000. The Developer initially will contribute approximately \$8,000,000.00 in equity and real property for the Project, and the Developer plans to obtain traditional financing to fund the majority of the overall Project cost. Financing secured by the Developer is anticipated to be in the form of a conventional construction loan (to be converted to permanent financing upon construction completion) from a bank, and the Developer may also seek alternative lending sources (such as New Market Tax Credits) to assist with financing for the Project. Based on current projections, the Developer is seeking \$2,500,000 in TIF to make the Project economically viable in Hastings, and the Developer believes the project is not feasible without the assistance of TIF.

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 providing \$2,500,000 from the proceeds of tax increment financing which after TIF loan interest is paid

will result in approximately \$3,558,571 of direct aid to the project. 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, 2021 through December 2035.

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 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 Hastings Comprehensive Development Plan by providing the following benefits;

- The public will benefit from the enhanced delivery of patient care services by having physicians more readily available in the medical center's service area.
- In addition to constructing a new medical office building in the City of Hastings, the Project will convert the existing, tax exempt medical office building located on the MLMH campus to non-exempt status, thereby benefitting the City of Hastings through additional tax revenue.

8. Time Frame for Development

Development of this project is anticipated to be completed between October of 2018 and March 2020. Excess valuation should be available for this project for 15 years beginning with the 2021 tax year.

9. Justification of Project

The Project meets the following goals of the Hastings Comprehensive Development Plan:

- Maximize use of existing infrastructure, public investments and resources through infill development and redevelopment.
- Promote infill development that respects the surrounding character in which it is proposed.
- Encourage infill development that respects the development patterns, urban, suburban and rural, as defined by the Development Pattern Map.
- Encourage the use of local, state and federal incentives the Downtown, Urban Residential and Urban Industrial Areas and the mixed-use centers.
- Support strategic growth of Hastings that accommodates new growth and expansion opportunities.
- A cost effective use of public resources and infrastructure.

- Maintain Downtown Hastings as the civic and institutional center for Hastings and Adams County.
- Maintain and expand the substantial institutional presence in Downtown Hastings
- Maintain and improve Hastings' standing as a higher educational center within Nebraska, the Midwest and Nation.
- Expand Hastings' presence as a regional health care leader.
- Encourage collaborative networks between Mary Lanning Memorial Hospital and local businesses and public entities to collaborate on business opportunities that support the missions and functions of each.
- Expand medical services within the tri-cities region and surrounding towns and counties.
- Encourage and incent development that has positive impact on the environment and community.
- Encourage quality building design and materials that promote longevity and adaptability of building and developments over time.
- Design of new construction and rehabilitation should be appropriate to the context in which it is set.
- Encourage a mix of residential and commercial development types including urban, suburban and rural development patterns with new, infill and rehabilitation opportunities throughout Hastings.
- Encourage infill residential development that is respectful of the context and neighborhood in which it is located
- Maintain and expand high quality office, research and industrial environments that will attract, retain and grow business and industry in Hastings.
- Encourage the redevelopment of the urban industrial area to attract new businesses and small industries that desires an urban development format.
- Incent new and growing local businesses to locate in the urban industrial area.
- Create a balanced economic development policy founded on the principles of retention, attraction and expansion of business
- Encourage and support existing business in identifying and accomplishing their future goals within the context of a balanced economic development strategy.
- Encourage and incent the growth of existing businesses.
- Work to retain, attract and expand quality businesses and industry that are diverse in size, employment and product.

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 \$3,558,571 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 will leverage \$20,600,000 in private sector financing; a private investment of \$5.79 for every TIF dollar investment.

USE OF FUNDS	SOURCE OF FUNDS			Totals
	TIF Funds	Other Grants	Equity or Bank Funds	
Site Acquisition	\$2,500,000	\$ -	\$5,100,000	\$7,600,000
Construction Costs	\$ -	\$ -	\$14,706,000	\$14,706,000
Financing Costs	\$ -	\$ -	\$378,000	\$378,000
Contingency	\$ -	\$ -	\$416,000	\$416,000
TOTALS	\$2,500,000	\$ -	\$20,600,000	\$23,100,000

Tax Revenue. The property to be redeveloped is anticipated to have a January 1, 2018, valuation of approximately \$7,600,000. Based on the 2017 levy of .02230715 this would result in *new* real property taxes of approximately \$169,534 which will be paid out to all the existing taxing entities. It is anticipated that the assessed value will increase by \$11,000,000 upon full completion, as a result of the site redevelopment. This development will result in an additional estimated tax increase of over \$245,400 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 2018 assessed value	\$7,600,000
Estimated value after completion	\$18,600,000
Increment value	\$11,000,000
Annual TIF generated (estimated)	\$245,400
TIF bond issue	\$2,500,000

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

The redevelopment project area when changed to non-exempt status should have an estimated valuation of \$7,600,000. The proposed redevelopment will create additional valuation of \$11,000,000. No tax shifts are anticipated from the project. The project creates additional valuation of \$7,600,000 from the previously tax exempt property and new valuation of \$11,000,000 from the construction of a new medical office building 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;

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 in any significant way. Fire and police protection are available and should not be negatively impacted by this development. The addition of a newly reconfigured parking area should reduce congestion and help traffic flow.

(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 and should provide for additional job opportunities in the medical field.

(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) 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's Comprehensive Plan..

Time Frame for Development

Development of this project is anticipated to be completed between October 2018 and March 2020. Excess valuation should be available for this project for 15 years beginning January 1, 2020. If there is no increase in valuation for the 2020 tax year the 15 year period would begin January 1, 2021. 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 \$2,500,000. Based on the estimates of the expenses of the rehabilitation the developer will spend at least \$2,500,000 on TIF eligible activities.