

Kearney, Nebraska
November 5, 2012
8:00 a.m.

A special meeting of the City Council of Kearney, Nebraska, was convened in open and public session at 8:00 a.m. on November 5, 2012 in the Council Chambers at City Hall. Present were: Stanley A. Clouse, President of the Council; Michaelle Trembly, City Clerk; Council Members Randy Buschkoetter, Don Kearney, Bruce Lear. Absent: Bob Lammers. Michael Morgan, City Manager; Michael Tye, City Attorney; Wendell Wessels, Director of Finance; and Suzanne Brodine, Assistant City Manager/ Development Services Director were also present. Some of the citizens present in the audience included: Jon Abegglen, Craig Bennett.

Notice of the meeting was given in advance thereof by publication in the Kearney Hub, the designated method for giving notice, a copy of the proof of publication being attached to these minutes. Advance notice of the meeting was also given to the City Council and a copy of their acknowledgment or receipt of such notice is attached to these minutes. Availability of the Agenda was communicated in the advance notice and in the notice to the Mayor and City Council. All proceedings hereafter shown were taken while the meeting was open to the attendance of the public.

ANNOUNCEMENT

Mayor Clouse announced that in accordance with Section 84-1412 of the Nebraska Revised Statutes, a current copy of the Open Meetings Act is available for review and is posted towards the back of the Council Chambers.

REDEVELOPMENT PROJECT FOR NORTHWEST OF 4TH AVENUE AND TALMADGE STREET

Mayor Clouse opened for discussion the redevelopment project for Redevelopment Area #8 for an area described as a tract of land being part of Government Lot 5 and Government Lot 6 of Section 11, Township 8 North, Range 16 West of the 6th P.M., Buffalo County, Nebraska (northwest of 4th Avenue and Talmadge Street) and to consider Resolution No. 2012-195.

Craig Bennett from Miller & Associates stated the parcel that will go to Planning Commission on November 16th will be requested to be rezoned from M-1 to C-2. This is a two lot subdivision. On Lot 1, they have a conceptual plan for the overall development and a site plan for the proposed hotel on the north side of Talmadge Street. This site would have a parking lot, a shared egress/ingress to both lots, and 6th Avenue and 4th Avenue would be platted. Starting at the east end of the motel side, Talmadge Street is a gravel road. There is a portion of 1st Street that is already platted and in the conceptual plan they extended it out. When Turkey Creek property was platted, Kea West was final platted and at the same time they preliminarily platted Turkey Creek property where they showed Talmadge Street coming across which was known in the preliminary plat as 2nd Street. This would provide some future connectivity for Talmadge Street to potentially 1st Avenue to 2nd Avenue or vice versa across there. Mr. Younes' property line excludes the one lot where the Gealy's residential home is located.

They looked at the improvements of 6th Avenue which would be \$114,000 for water, sewer and paving. Initially, they looked at what it would cost to get to the west edge of the property that Mr. Younes presently owns and the cost for 535 feet is about \$223,000. If they extended it all the way out to the west edge, it would be an additional \$240,000.

CRA Chairman Jon Abegglen stated the Community Redevelopment Authority met last week to consider this project for the development of the Younes project. The project is a 4-story, 120 rooms Hampton Inn and will be reflagging the location of the Hampton Inn from where it is presently located. The present location of the Hampton Inn will be reflagged under a different hotel group. The new location will be north and west of the Younes Conference Center. The new valuation of the property is estimated at \$4,693,000 which is a conservative estimate. The most recent valuation is \$134,440. The new increment is \$4,558,560 in valuations that they can use to create the tax increment. The new estimate for the real estate taxes per year would be approximately \$89,199.78. Total eligible on-site TIF expenditures are \$1,060,000. That is also a conservative estimate and the CRA did not think it would be quite that much so that means there would be more money that would flow to the City to defray the cost of the infrastructure needed along Talmadge Street, create the infrastructure along 6th Avenue and do the eligible interior development project inside the developer's area. It is unusual for the CRA to capture 100 percent of the TIF. This is not something they like to make a practice of, but given the necessity to get Talmadge Street done and get that project pushed through, they opted (with the City's advice) to capture 100 percent of the anticipated tax increment financing to defray those costs.

As Mr. Bennett alluded to, there is a need to get Talmadge Street pushed through over to Kea West and help create another way out in that area of town. It is very difficult to get in and out of that area with everything that is down there. The CRA believed it was a good use of the excess money to go to the City to do this, because without that money going to the City, it was uncertain how they would be able to accommodate this. The CRA is recommending approval by the Council for 100 percent of the TIF on this project with approximately \$1,060,000 going to the developer and any excess going to the City to defray costs of the infrastructure and for the development of Talmadge Street.

City Manager Michael Morgan stated that City staff has discussed with Buffalo County in the past of extending Talmadge Street across to connect to Kea West and initially doing that with a gravel road. The County has indicated they are interested in working with the City on this project with a commitment from the City that in a specified number of years that the road would be paved. The gravel allows building a base, which is actually cheaper than when you go in later and do that. The estimated cost for gravel was about \$660,000 that included paving the portion that was talked about today as far as being developed a little better. The City staff would go ahead and authorize Miller & Associates to finish the design of extending Talmadge Street. He thought that there would be more than enough TIF available because the estimated cost is significantly high and the appraisal may be a little low.

He noted that it is interesting that the cost of the hotel is \$10 million, but hotels are assessed at a different rate based on room occupancy so they are appraised differently

than a home would be. They would prefer to get Talmadge Street paved all the way with both of these phases and the City does have some funds set aside in the special sales tax if needed to get that project done next year. If they have enough funds, they will go ahead and do work on the intersection further back to the east which gets a lot of traffic. There had been some discussion about the funds to do that intersection.

City Manager stated they have discussed with the developer about the possibility of development on the adjacent lot that should be happening sooner than later. There will be more opportunities for funds to be set aside toward TIF development. The developer has been made aware that the City will continue to do that whenever they can. The Planning Commission has expressed concerns in the past about aggregating so much funding and City staff is in agreement with that, but this is a huge project and so they are going to start chipping away at it. He believed that the Planning Commission will feel more comfortable with the actual Talmadge Street expansion. He also stated the Kea West Bridge has been designed and is presently being worked on by the County. The bottom line is they think that between the special sales tax set aside and this project, there will be enough to do both Phase I and Phase II of Talmadge Street as proposed.

Moved by Kearney seconded by Lear to adopt **Resolution No. 2012-195** approving the redevelopment project for Redevelopment Area #8 for an area described as a tract of land being part of Government Lot 5 and Government Lot 6 of Section 11, Township 8 North, Range 16 West of the 6th P.M., Buffalo County, Nebraska (northwest of 4th Avenue and Talmadge Street). Roll call resulted as follows: Aye: Clouse, Lear, Kearney, Buschkoetter. Nay: None. Lammers absent. Motion carried.

RESOLUTION NO. 2012-195

WHEREAS, the City of Kearney, Nebraska, a municipal corporation and city of the first class, has determined it be desirable to undertake and carry out urban redevelopment projects in areas of the City which are determined to be substandard and blighted and in need of redevelopment; and

WHEREAS, the Nebraska Community Development Law, Chapter 18, Article 21, Nebraska Reissue Revised Statutes of 1991, as amended (the "Act"), prescribes the requirements and procedures for the planning and implementation of redevelopment projects; and

WHEREAS, the City has declared an area of the City to be substandard and blighted and in need of redevelopment pursuant to the Act; and

WHEREAS, the Community Redevelopment Authority of the City of Kearney, Nebraska (the "Authority"), has prepared a Redevelopment Plan for Area #8 pursuant to Section 18-2111 of the Act ("Redevelopment Plan"), and recommended the Redevelopment Plan to the Planning Commission of the City; and

WHEREAS, the Planning Commission of the City reviewed the Redevelopment Plan pursuant to the Act and submitted its recommendations, if any, to the Authority, pursuant to Section 18-2114 of the Act; and

WHEREAS, in accordance with Section 18-2114 of the Act, the Authority submitted its recommendation, along with the recommendation from the Planning Commission to the City Council; and

WHEREAS, following consideration of the recommendations of the Planning Commission and the Authority, and following the public hearing with respect to the

Redevelopment Plan, the City approved the Plan; and

WHEREAS, there has been presented to the City by the Authority for approval pursuant to and in accordance with Section 18-2119 of the Act a specific Redevelopment Project within the Redevelopment Plan and as authorized in the Redevelopment Plan, as legally described as a tract of land being part of Government Lot 5 and Government Lot 6, Section Eleven (11), Township Eight (8) North, Range Sixteen (16) West of the Sixth Principal Meridian, Buffalo County, Nebraska, more particularly described as follows: Referring to the Southeast Corner of the Southeast Quarter (SE 1/4) of said Section 11 and assuming the East line of said Section as bearing N00°37'12"E and all other bearing shown hereon relative thereto; thence N00°37'12"E on said East line a distance of 875.38 feet to the North line of Talmadge Street extended Easterly; thence N87°20'30"W on said North line a distance of 777.58 feet to the ACTUAL POINT OF BEGINNING, said point being the Southwest corner of a tract recorded in Deed Book 182, page 109, in the Office of the Register of Deeds, Buffalo County, Nebraska; thence continuing N87°20'30"W on said North line a distance of 691.60 feet; thence N 02°39'30"E perpendicular to said North line a distance of 366.09 feet; thence S87°20'30"E parallel with said North line a distance of 372.15 feet; thence S02°39'30"W perpendicular to said north line a distance of 116.09 feet; thence S87°20'30"E parallel with said North line a distance of 319.50 feet to a point on the West line of said recorded tract; thence S02°40'11"W on said West line a distance of 250.01 feet to the Point of Beginning, containing 4.96 Acres, more or less, Buffalo County, Nebraska; and

WHEREAS, the City Council has determined that the proposed Redevelopment Project would not be economically feasible without the use of tax increment financing; that the proposed Redevelopment Project would not occur in the community without the use of tax increment financing, and; that the costs and benefits of the proposed Redevelopment Project have been found to be in the long-term best interests of the community.

NOW, THEREFORE, BE IT RESOLVED by the President and City Council of the City of Kearney, Nebraska that:

1. The Redevelopment Plan of the City previously approved for the area described on the attached Exhibit "A", including the Redevelopment Project legally described as a tract of land being part of Government Lot 5 and Government Lot 6, Section Eleven (11), Township Eight (8) North, Range Sixteen (16) West of the Sixth Principal Meridian, Buffalo County, Nebraska, more particularly described as follows: Referring to the Southeast Corner of the Southeast Quarter (SE 1/4) of said Section 11 and assuming the East line of said Section as bearing N00°37'12"E and all other bearing shown hereon relative thereto; thence N00°37'12"E on said East line a distance of 875.38 feet to the North line of Talmadge Street extended Easterly; thence N87°20'30"W on said North line a distance of 777.58 feet to the ACTUAL POINT OF BEGINNING, said point being the Southwest corner of a tract recorded in Deed Book 182, page 109, in the Office of the Register of Deeds, Buffalo County, Nebraska; thence continuing N87°20'30"W on said North line a distance of 691.60 feet; thence N 02°39'30"E perpendicular to said North line a distance of 366.09 feet; thence S87°20'30"E parallel with said North line a distance of 372.15 feet; thence S02°39'30"W perpendicular to said north line a distance of 116.09 feet; thence S87°20'30"E parallel with said North line a distance of 319.50 feet to a point on the West line of said recorded tract; thence S02°40'11"W on said West line a distance of 250.01 feet to the Point of Beginning, containing 4.96 Acres, more or less, Buffalo County, Nebraska, is hereby

determined to be feasible and in conformity with the general plan for the development of the City of Kearney as a whole and the Redevelopment Plan, including the Redevelopment Project identified on Exhibit "A", is in conformity with the legislative declarations and determinations set forth in the Act.

2. The City Council hereby determines that the proposed Redevelopment Project would not be economically feasible without the use of tax increment financing; that the proposed Redevelopment Project would not occur in the community without the use of tax increment financing, and; that the costs and benefits of the proposed Redevelopment Project are found to be in the long-term interests of the community.

3. Approval of the Redevelopment Plan is hereby ratified and reaffirmed, as amended by this Resolution, and the Authority is hereby directed to implement the Redevelopment Plan in accordance with the Act.

4. Pursuant to Section 18-2147 of the Act, ad valorem taxes levied upon real property in a redevelopment project for the benefit of any public body, included or authorized in the Plan which is legally described as a tract of land being part of Government Lot 5 and Government Lot 6, Section Eleven (11), Township Eight (8) North, Range Sixteen (16) West of the Sixth Principal Meridian, Buffalo County, Nebraska, more particularly described as follows: Referring to the Southeast Corner of the Southeast Quarter (SE 1/4) of said Section 11 and assuming the East line of said Section as bearing N00°37'12"E and all other bearing shown hereon relative thereto; thence N00°37'12"E on said East line a distance of 875.38 feet to the North line of Talmadge Street extended Easterly; thence N87°20'30"W on said North line a distance of 777.58 feet to the ACTUAL POINT OF BEGINNING, said point being the Southwest corner of a tract recorded in Deed Book 182, page 109, in the Office of the Register of Deeds, Buffalo County, Nebraska; thence continuing N87°20'30"W on said North line a distance of 691.60 feet; thence N 02°39'30"E perpendicular to said North line a distance of 366.09 feet; thence S87°20'30"E parallel with said North line a distance of 372.15 feet; thence S02°39'30"W perpendicular to said north line a distance of 116.09 feet; thence S87°20'30"E parallel with said North line a distance of 319.50 feet to a point on the West line of said recorded tract; thence S02°40'11"W on said West line a distance of 250.01 feet to the Point of Beginning, containing 4.96 Acres, more or less, Buffalo County, Nebraska, shall be divided, for a period not to exceed 15 years after the effective date of the provision, which effective date is set forth in the Redevelopment Contract, as follows:

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

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

c. Any interest and penalties due for delinquent taxes shall be paid into the funds of each public body in the same proportion as are all other taxes collected by or for the public body.

5. The President and City Clerk are authorized and directed to execute and file with the Treasurer and Assessor of Buffalo County, Nebraska, an Allocation Agreement and Notice of Pledge of Taxes with respect to the Redevelopment Project substantially in the form attached hereto as Exhibit "B" with appropriate insertions.

PASSED AND APPROVED THIS 5TH DAY OF NOVEMBER, 2012.

ATTEST:
MICHAELLE E. TREMBLY
CITY CLERK

STANLEY A. CLOUSE
PRESIDENT OF THE COUNCIL
AND EX-OFFICIO MAYOR

ADJOURN

Moved by Kearney seconded by Lear that Council adjourn at 8:14 a.m. Roll call resulted as follows: Aye: Clouse, Kearney, Buschkoetter, Lear. Nay: None. Lammers absent. Motion carried.

ATTEST:

STANLEY A. CLOUSE
PRESIDENT OF THE COUNCIL
AND EX-OFFICIO MAYOR

MICHAELLE E. TREMBLY
CITY CLERK