

Agenda Packet

COMMUNITY DEVELOPMENT AGENCY

Monday, November 6, 2023
5:15 p.m.

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Notice of Meeting
Community Development Agency

The Community Development Agency will meet on Monday, November 6, 2023 at 5:15 p.m. at the City Council Chambers, 309 N. 5th St., Norfolk, Nebraska.

The Agency reserves the right to adjourn into closed session as per Section 84-1410 of the Nebraska Revised Statutes.

An agenda for such meeting, kept continuously current, is available at the office of the City Administrator, City of Norfolk, 309 N 5th St, Norfolk, Nebraska, during normal business hours.

Brianna Duerst
Norfolk City Clerk &
CDA Secretary

Publish (November 01, 2023)
1 P.O.P.

COMMUNITY DEVELOPMENT AGENCY

AGENDA

November 06, 2023

Call to Order

1. Call meeting to order
2. Inform the public about the location of the Open Meeting Act posted in the City Council Chambers and accessible to members of the public.
3. Roll Call

Action Items/Discussion Items

- | | |
|--|---------------|
| 4. Approve Agenda | Motion |
| 5. Approve the minutes of the October 16, 2023 Agency meeting. | Motion |
| 6. Consideration of acceptance of the Redevelopment Plan for the Sunset Plaza Redevelopment Project and authorization to forward to the Planning Commission for recommendation. This item was tabled at the October 16, 2023 Community Development Agency meeting. | Motion |

STAFF MEMORANDUM
COMMUNITY DEVELOPMENT AGENCY

November 06, 2023

Call to Order

1. Call meeting to order
2. Inform the public about the location of the Open Meeting Act posted in the City Council Chambers and accessible to members of the public.
3. Roll Call

Action Items/Discussion Items

4. Approve Agenda **Motion**
5. Approve the minutes of the October 16, 2023 Agency meeting. **Motion**

See Enclosure 5.
6. Consideration of acceptance of the Redevelopment Plan for the Sunset Plaza Redevelopment Project and authorization to forward to the Planning Commission for recommendation. This item was tabled at the October 16, 2023 Community Development Agency meeting. **Motion**

On June 2, 2023, North Kings Highway, LLC submitted a TIF application for property located at 1700 Market Lane Norfolk, NE. On Monday, June 5, the Economic Development Subcommittee reviewed the application and voted to move forward with a Redevelopment Plan for this project.

Enclosed in the agenda packet is the Redevelopment Plan for the Sunset Plaza Redevelopment Project. The Project Site is approximately 20.68 acres of developed property. The Redevelopment Project will consist of the renovation and rehabilitation of the existing Sunset Plaza Mall and it is anticipated that the associated renovations will occur in two phases.

First, Redeveloper intends to undertake the renovations required by Kohl's, Planet Fitness and TJ Maxx in order to secure their occupancy (referred to herein as "Phase One"). The construction undertaken as part of Phase One will focus on retrofitting the prior Herberger's space into three separate spaces (anticipated to be Kohl's, Planet Fitness and TJ Maxx). Such renovations will include, without limitation, replacement and/or repair of the associated sidewalks and parking lots, landscaping, storm sewer and curb improvements, extension of sanitary sewer, water and electric, construction of a new loading dock, exterior façade enhancements, and interior tenant improvements.

The Phase Two renovations will include, without limitation, replacement and/or repair of the associated sidewalks and parking lots, landscaping, exterior façade enhancements, renovation of hallways and food court, and interior tenant improvements for the remainder of the mall. While Redeveloper may be able to undertake the initial renovations without TIF, it could not complete the broader rehabilitation of Sunset Plaza Mall. As such, the Redevelopment Project could not be completed without the assistance of TIF – irrespective of the timing of Redeveloper’s commencement on the initial renovations.

The cost of public improvements, site acquisition, and other TIF-eligible costs are expected to be approximately \$15,463,466. Total project costs, including private improvements, are expected to be more than \$22,500,00.

The Redeveloper is requesting TIF in the amount of \$3,500,000. The developer has indicated the Project is not economically feasible without TIF. Without TIF, the Redevelopment Project’s average ROI over a five-year period is estimated to be 4.76%. With TIF, the Redevelopment Project’s ROI over the same period is estimated to be 9.83% - which would be an acceptable ROI to prudent investors and lenders, thus making the Redevelopment Project financially feasible.

See Enclosure 6.

COMMUNITY DEVELOPMENT AGENCY

The Community Development Agency of the City of Norfolk, Nebraska, met in the Council Chambers, 309 N 5th Street, Norfolk, Nebraska, on Monday, October 16, 2023, beginning at 5:15 p.m.

Vice-Chairman Clausen called the meeting to order.

Roll call found the following Agency members present: Frank Arens, Shane Clausen, Corey Granquist, Kory Hildebrand, Andrew McCarthy, Thad Murren, and Justin Snorton. Absent: Justin Webb and Josh Moenning.

City staff members present were City Administrator Andy Colvin, City, Finance Officer Randy Gates, City Clerk Brianna Duerst, Public Works Director Steve Rames, Director of Administrative Services Lyle Lutt, Assistant City Engineer Anna Allen, Communications Manager Nick Stevenson, Economic Development Director Candice Alder and City Planner Val Grimes.

Notice of the meeting was given in advance by publication in the Norfolk Daily News, and the notice of the meeting was given to the Chairman and all members of the Agency prior to the meeting.

The Vice-Chairman presided and the Secretary recorded the proceedings.

The Vice-Chairman informed the public about the location of the current copy of the Open Meetings Act posted in the meeting room and accessible to members of the public.

Agenda

Hildebrand moved, seconded by Arens, to approve the agenda as printed. Roll call: Ayes: Arens, Clausen, Granquist, Hildebrand, McCarthy, Murren, and Snorton. Nays: None. Absent: Webb and Moenning. Motion carried.

Minutes

(July 17, 2023 CDA Minutes)

McCarthy moved, seconded by Snorton to approve the minutes of the July 17, 2023, Agency meeting as printed. Roll call: Ayes: Arens, Clausen, Granquist, Hildebrand, McCarthy, Murren, and Snorton. Nays: None. Absent: Webb and Moenning. Motion carried.

(Sunset Plaza Redevelopment Plan)

Murren moved, seconded by Snorton to approve acceptance of the Redevelopment Plan for Sunset Plaza Redevelopment Project and authorization to forward to the Planning Commission for recommendation.

Vice-Chairman Clausen said the redeveloper has requested consideration of this item be tabled due to the fact they do not have a presence at the meeting.

Arens moved, seconded by Granquist to table consideration of acceptance of the Redevelopment Plan for Sunset Plaza Redevelopment Project and authorization to forward to the Planning Commission for recommendation.

Roll call: Ayes: Arens, Clausen, Granquist, Hildebrand, McCarthy, Murren, and Snorton. Nays: None. Absent: Webb and Moenning. Motion to table was approved.

There being no further business the Mayor adjourned the meeting at 5:17 p.m.

ATTEST:

Josh Moenning, Chairman

Brianna Duerst, Secretary

(S E A L)

**REDEVELOPMENT PLAN FOR
THE SUNSET PLAZA REDEVELOPMENT PROJECT**

PREPARED OCTOBER, 2023

**BY THE COMMUNITY DEVELOPMENT AGENCY
OF THE CITY OF NORFOLK, NEBRASKA**

A. Introduction

This Redevelopment Plan for the Sunset Plaza Redevelopment Project (this “Redevelopment Plan”), prepared by the Community Development Agency of the City of Norfolk, Nebraska (the “Agency”), is a guide for redevelopment activities to remove or eliminate blighted and substandard conditions within the City of Norfolk, Nebraska (“City”). The Mayor and City Council of the City (the "Council"), recognizing that blighted and substandard conditions are a threat to the continued stability and vitality of the City, designated certain areas of the City to be blighted and substandard and in need of redevelopment pursuant to the requirements of the Nebraska Community Development Law, sections 18-2101 et. seq., as amended (the "Act").

Prior to the preparation of this Redevelopment Plan, and in compliance with the Act, the Mayor and Council designated a portion of the City as a blighted and substandard community redevelopment area, such area being commonly referred to as the “Big Red Keno Area” (referred to herein as the “Redevelopment Area”). This Redevelopment Plan sets forth a proposed redevelopment project, undertaken by North Kings Highway LLC and/or its successors (“Redeveloper”), located within the Redevelopment Area to optimize the tax increment financing ("TIF") resources available to offset certain costs deemed eligible for reimbursement by TIF under the Act, and to remove existing and avoid future blighted and substandard conditions, all as further described herein. This Redevelopment Plan contemplates the rehabilitation and renovation of the existing “Sunset Plaza Mall”, together with such public improvements associated therewith, within the Redevelopment Area (such public and private improvements are collectively referred to herein as the "Redevelopment Project").

B. Redevelopment Area; Project Site; Existing Conditions

Exhibit "A", attached hereto and incorporated herein, sets forth the boundaries of the Redevelopment Area. The Redevelopment Area is identical to the "Big Red Keno Area," which the Mayor and Council previously declared blighted and substandard and in need of redevelopment. Exhibit "A-1", attached hereto and incorporated herein, sets forth the boundaries and existing conditions of the area to be developed as part of the Redevelopment Project (the "Project Site"). The Project Site is located to the northwest of the intersection of Highway 275 and Highway 81, in the City. The Project Site is completely engrossed within the blighted and substandard Redevelopment Area and is in need of redevelopment.

C. Conformance with the Comprehensive Plan

It is essential to the City’s comprehensive plan for development (the “Comprehensive Plan”) that dilapidated, inadequate, or deteriorating portions of the City conform to the current

and future needs of the City as it continues to grow and expand. Exhibit "B", attached hereto and incorporated herein, shows a portion of the future use map (showing the Redevelopment Area and surrounding areas) included within the City's Comprehensive Plan. The map sets forth a "Commercial" designation for future use of the Project Site. With respect to Commercial designations along major thoroughfares, the Comprehensive Plan specifies that large commercial and retail developments are appropriate. Accordingly, the anticipated uses associated with the Redevelopment Project conform to the desired use of the Project Site set forth in the Comprehensive Plan's future use map.

Additionally, the Comprehensive Plan further sets forth the following objectives:

- Large lot commercial or "Big-Box" commercial development should be located near the major community roadway corridors.
- Facilitate development along the City's major thoroughfares, such as Highway 81 and Highway 275
- Retail and/or entertainment based development types should be encouraged to locate along the Highway 275 and Highway 81 Corridors. Commercial and office developments should accommodate typical auto-oriented development types.

In accordance with the foregoing, the Redevelopment Project is in conformance with and furthers the objectives under the City's Comprehensive Plan.

D. Redevelopment Project Overview

The Redevelopment Project consists of the renovation and rehabilitation of the existing Sunset Plaza Mall. Like many shopping malls across the country, over the course of the past decade, Sunset Plaza Mall has lost many of its tenants and fallen into a considerable state of blight and dilapidation. Large retail malls/outlets such as Sunset Plaza Mall are closing and/or sitting vacant all across the country. Finding occupants for such structures following the downfall of prior mainstays such as Herberger's, Sears, etc. and/or retrofitting the same for other uses has proven to be difficult and caused vacancy issues for shopping malls everywhere. The Redevelopment Project seeks to cure this issue and facilitate the renovation of the building for its highest and best use by attracting tenants that continue to thrive, despite the downturn in brick and mortar retail, such as Kohl's, TJ Maxx and Planet Fitness – which will, in turn, generate enough foot traffic to attract and support smaller retail tenants to occupy the other vacant areas of Sunset Plaza Mall.

While it is not anticipated that the Redevelopment Project will be phased with respect to the division of TIF Revenues (defined below), it is anticipated that the associated renovations will occur in two phases. First, Redeveloper intends to undertake the renovations required by Kohl's, Planet Fitness and TJ Maxx in order to secure their occupancy (referred to herein as "Phase One"). The construction undertaken as part of Phase One will focus on retrofitting the prior Herberger's space into three separate spaces (anticipated to be Kohl's, Planet Fitness and TJ Maxx). Such renovations will include, without limitation, replacement and/or repair of the associated sidewalks and parking lots, landscaping, storm sewer and curb improvements, extension of sanitary sewer, water and electric, construction of a new loading dock, exterior façade enhancements, and interior tenant improvements.

Once Phase One is complete and the aforementioned tenants have opened for business, this will allow Redeveloper to commence the second phase, which will include broader renovations and improvements throughout the rest of Sunset Plaza Mall (referred to herein as "Phase Two"). The Phase Two renovations will include, without limitation, replacement and/or repair of the associated sidewalks and parking lots, landscaping, exterior façade enhancements, renovation of hallways and food court, and interior tenant improvements for the remainder of the mall.

The City and Redeveloper acknowledge that some of the renovations related to Phase One have already commenced and/or will likely commence prior to the approval of this Redevelopment Plan. This is because Redeveloper must complete renovations for the aforementioned anchor tenants as quickly as possible to secure their occupancy commitments – which would be jeopardized if Redeveloper waited until the approval of this Redevelopment Plan to commence renovations. In relation to the foregoing, any such costs incurred prior to the approval of the Redevelopment Plan will not be eligible for reimbursement from TIF. However, given that the Redevelopment Project is a rehabilitation project and is mostly comprised of eligible costs, it is not anticipated that the exclusion of such costs will result in the principal amount of the TIF Indebtedness (defined below) exceeding the amount of eligible costs. Additionally, the City does not find that the commencement of such renovations negates Redeveloper's need for TIF, as required by the Act and detailed under Paragraph I(1), below.

Redeveloper's commencement of construction prior to approval of this Redevelopment Plan is out of necessity, and is a calculated risk by Redeveloper; in that, despite its need for TIF, Redeveloper is shouldering the risk of commencing construction and incurring those costs before the same is approved in order to secure the commitments of the aforementioned anchor tenants – which is vital to the success of the Redevelopment Project. Even with TIF, the Redevelopment Project is not economically viable unless Redeveloper is able to secure the anchor tenants. Moreover, while Redeveloper may be able to undertake the initial renovations without TIF, it could not complete the broader rehabilitation of Sunset Plaza Mall. As such, the Redevelopment

Project, as a whole, could not be completed without the assistance of TIF – irrespective of the timing of Redeveloper’s commencement on the initial renovations.

No public acquisition of the Project Site is anticipated. Additionally, no families will be displaced as a result of the Redevelopment Project. Exhibit "C", attached hereto and incorporated herein, sets forth the proposed site plan for the Redevelopment Project.

E. Existing Conditions

1. Existing Land Use

The Project Site currently consists of the existing Sunset Plaza Mall.

2. Existing Zoning

The Project Site is currently zoned as C-3 (Service Commercial District).

3. Existing Public Improvements

Public access and all necessary public infrastructure for the Project Site currently exists. However, much of the infrastructure is in disrepair and requires improvements.

F. Proposed Redevelopment

1. Public Improvements

The Redevelopment Project will require infrastructure improvements and other public improvements described herein.

a. Public Access; Traffic Flow, Street Layouts and Street Grades

Adequate public access to the Project Site currently exists. However, many of the parking lots and sidewalks are in a state of disrepair, and will be repaired or replaced. Streets and other public infrastructure, if any, constructed by Redeveloper will be subject to review and approval by the City's engineer or other designee of the City.

b. Construction of Water and Sewer Improvements.

Redeveloper will construct or extend water and sewer systems to provide appropriate service to new/additional tenant spaces within the mall.

c. Other incidental improvements

Redeveloper anticipates the construction and/or expansion of electric utilities, storm sewer/gutter, sanitary sewer, and city water to provide appropriate service to new/additional tenant spaces within the mall. The anticipated public improvements (and costs related to the public improvements) for the Redevelopment Project are listed in Exhibit "E", attached hereto and incorporated herein.

d. Additional public facilities or utilities

Other than the construction or extension of the utilities and infrastructure detailed above, Redeveloper and the City anticipate that the existing public facilities and utilities can adequately meet the demands of the Redevelopment Project.

e. Property Acquisition, Demolition and Disposal

No public acquisition of private property or relocation of families or businesses is necessary to accomplish the Redevelopment Project.

f. Population Density

The Project Site currently consists of commercial/retail space. The Redevelopment Project will remain as such, and thus, will not increase population density in the area.

g. Land Coverage

While the internal configuration of Sunset Plaza Mall will change as part of the Redevelopment Project, land coverage will not. Notwithstanding, the Redevelopment Project is subject to and must comply with all applicable land coverage ratios required by the City.

h. Parking

Sunset Plaza Mall currently complies with all parking requirements under the City's zoning code and will continue to do so following the completion of the Redevelopment Project. The parking lot is currently in poor condition and will be renovated and improved as part of the Project.

i. Zoning, Building Code and Ordinance

The Project Site is currently zoned as C-3 and will not require a zoning change as part of the Redevelopment Project. Notwithstanding, Redeveloper will be responsible for all zoning, building code, or ordinance changes that are necessary for the Redevelopment Project.

2. Private Improvements

Private improvements for Phase One consist of renovations to the prior Herberger's space consisting of tenant improvements for Kohl's, Planet Fitness and TJ Maxx, in addition to the related facilities and improvements ancillary thereto. Private improvements for Phase Two consist of renovation of the remainder of the mall and parking lot improvements. Redeveloper or other builders taking conveyance from Redeveloper will construct the private improvements. Paragraph H of this Redevelopment Plan details the anticipated construction schedule for the private improvements.

G. Project Costs

The total estimated cost of the Project is approximately \$22,512,107. The estimated costs of the Redevelopment Project are attached and incorporated herein as Exhibit "D". Such figures are only estimates based upon 2023 pricing, and are subject to change without further amendment of this Redevelopment Plan.

H. Implementation

Redeveloper anticipates that construction of Phase One will commence immediately, and will be completed by the end of 2023. Redeveloper anticipates that construction of Phase Two will commence in 2024 or 2025, with completion occurring within twenty-four months. Notwithstanding the foregoing, Redeveloper's timely completion of the Redevelopment Project is subject to extraneous factors, which may necessitate that Redeveloper completes the Redevelopment Project later than projected. As such, the anticipated start and completion dates are preliminary and subject to change based upon market conditions, availability of materials, workforce availability and other extraneous factors.

I. Financing

The City and the Agency contemplate the use of TIF for the Redevelopment Project. Section 18-2147 of the Act authorizes the use of TIF. It provides that any ad valorem tax levied upon real property, or any portion thereof, in a redevelopment project shall be divided, for a period not to exceed fifteen years after the effective date as identified in the redevelopment

contract, or amendment thereof, or in the resolution(s) of the authority authorizing the issuance of bonds pursuant to the Act, as follows:

- (a) That portion of the ad valorem tax the levy produces 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 are all other taxes collected by or for the body (“Base Tax Amount”); and
- (b) That portion of the ad valorem tax on real property, as provided in the redevelopment contract or bond/note resolution, in the redevelopment project in excess of the Base Tax Amount, if any, (referred to herein as “TIF Revenues”) 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 of, 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.

With respect to the Redevelopment Project, the actual base tax year and Base Tax Amount for the Redevelopment Project will be set forth in the redevelopment contract and/or the resolution authorizing the TIF Indebtedness (defined below). All TIF Revenues generated by the Redevelopment Project shall only be divided and allocated over the applicable 15-year increment period or until full payment of the TIF Indebtedness, whichever occurs first.

1. Necessity of TIF

Redeveloper has represented and warranted to the City that it would not be economically feasible to develop the Redevelopment Project, and it would not do so, without TIF. In support thereof, Redeveloper stated the following in its TIF application:

“In order to obtain the desired tenants in a regional shopping mall, Redeveloper needs to make substantial improvements to the site. Although these improvements are necessary to land top-tier tenants, market rental rates are not high enough to support these costs. It is a difficult position that requires some intervention such as TIF. If the Redeveloper can obtain assistance to fund a portion of the eligible costs, as requested herein, then the rents that can be obtained justify the improvements. Without TIF, the mall can only be renovated to a minimal level and no other improvements will occur. This will make obtaining new tenants very difficult.”

More specifically, the immediate Phase One improvements are required to secure the leases with the three new tenants in the former Herberger's space. Two of these tenants have significant contingences and short timelines with penalties in the leases, and the only way for the Redeveloper to secure written agreements with these tenants was to take a large risk on being able to complete the improvements. If Redeveloper cannot complete all the necessary improvements on time, then two of the leases will likely be terminated to the detriment of the future of the mall. Redeveloper cannot justify any further improvements if this initial work is not completed and the new tenants commence operations.

If the new tenants commence operations, it will provide new vibrancy to the mall, and there are other potential tenants discussing leases in the mall. There will be significant improvements needed to secure these additional tenants, but that will only occur if these new anchor tenants are operational. Assuming this project gets to the Phase Two renovations, the entire mall site, including façade and parking lot, will be substantially improved. This is truly a situation where TIF will make the difference in the future of the mall. On one hand, the TIF will fill the gap in the immediate Phase One project, which has a roughly \$18.5 million scope. But, more than that, it is crucial to the further, larger scope of improvements—totaling approximately \$22.5 million. Without TIF, the mall will not be improved, and it will be difficult to secure quality tenants. The Redeveloper could lose the leases with TJ Maxx and Kohl's, and it would not be able to finalize leases with any of the current LOIs. The TIF will provide the gap financing that will be the difference between a vibrant mall with high quality retail tenants, and a slowly dying mall with little appeal to any new tenants.”

In addition to the foregoing representations, Redeveloper provided an analysis of the Redevelopment Project's return-on-investment (“ROI”), both with and without TIF. Without TIF, the Redevelopment Project's average ROI over a five-year period is estimated to be 4.76%. A ROI of 4.76% for a project such as the one contemplated herein, which presents a high degree of risk, is inadequate and could not attract prudent investors and/or lenders. With TIF, the Redevelopment Project's ROI over the same period of time is estimated to be 9.83% - which would be an acceptable ROI to prudent investors and lenders, thus making the Redevelopment Project financially feasible.

In accordance with the foregoing findings and representations of Redeveloper, the City and Agency have determined that the Redevelopment Project, as proposed herein, is not economically viable without the assistance of TIF and Redeveloper would not construct the same without TIF.

2. Sources and Uses of Financing

Based upon the projections provided in Exhibit "E", attached hereto and incorporated herein, the Agency and Redeveloper contemplate issuance of one or more TIF bond(s) or note(s) (the "TIF Indebtedness") in an aggregate principal amount not to exceed \$3,500,000. The TIF Indebtedness shall bear interest at a rate not to exceed 6.50% per annum. The final principal and interest amount comprising the TIF Indebtedness shall be determined by the Agency and set forth in the redevelopment contract or resolution authorizing the issuance of the TIF Indebtedness. Redeveloper anticipates that the balance of the public and private costs exceeding the TIF Indebtedness will be financed by a mix of equity and traditional bank financing. The above figures are only projections and are subject to change as a result of market conditions and other extraneous factors.

The principal amount of the TIF Indebtedness authorized hereunder is premised upon an assumed base value of \$4,500,000 for the Project Site – which is representative of the 2022 assessed value. Redeveloper is currently protesting the 2023 valuation, which is the presumed base year, in an effort to reduce the 2023 assessment down to the 2022 amount. However, if Redeveloper is unsuccessful in its protest, the principal amount advanced on the TIF Indebtedness shall be reduced commensurately with the decrease of potential TIF Revenues resulting from the increased base value, as shall be set forth in further detail in the redevelopment contract for the Redevelopment Project, entered into between Redeveloper and the Agency.

The principal amount of the TIF Indebtedness authorized hereunder is also premised upon the future valuation of Sunset Plaza Mall after the completion of both Phase One and Phase Two. Redeveloper's appraisal of the property shows a prospective market value upon completion and stabilization of \$24,240,000.

J. Cost-Benefit Analysis

A cost-benefit analysis for the Redevelopment Project is attached as Exhibit "F" and incorporated herein.

Exhibits:

- Exhibit A: Redevelopment Area
- Exhibit A-1: Project Site and Existing Land Use
- Exhibit B: Future Land Use Map
- Exhibit C: Site Plan and Future Land Use
- Exhibit D: Estimated Construction Cost of the Redevelopment Project
- Exhibit E: Sources and Uses of TIF
- Exhibit F: Cost-Benefit Analysis

EXHIBIT "A"

Redevelopment Area and Existing Land Use

Boundaries and Existing Conditions of Redevelopment Area (outlined in purple):

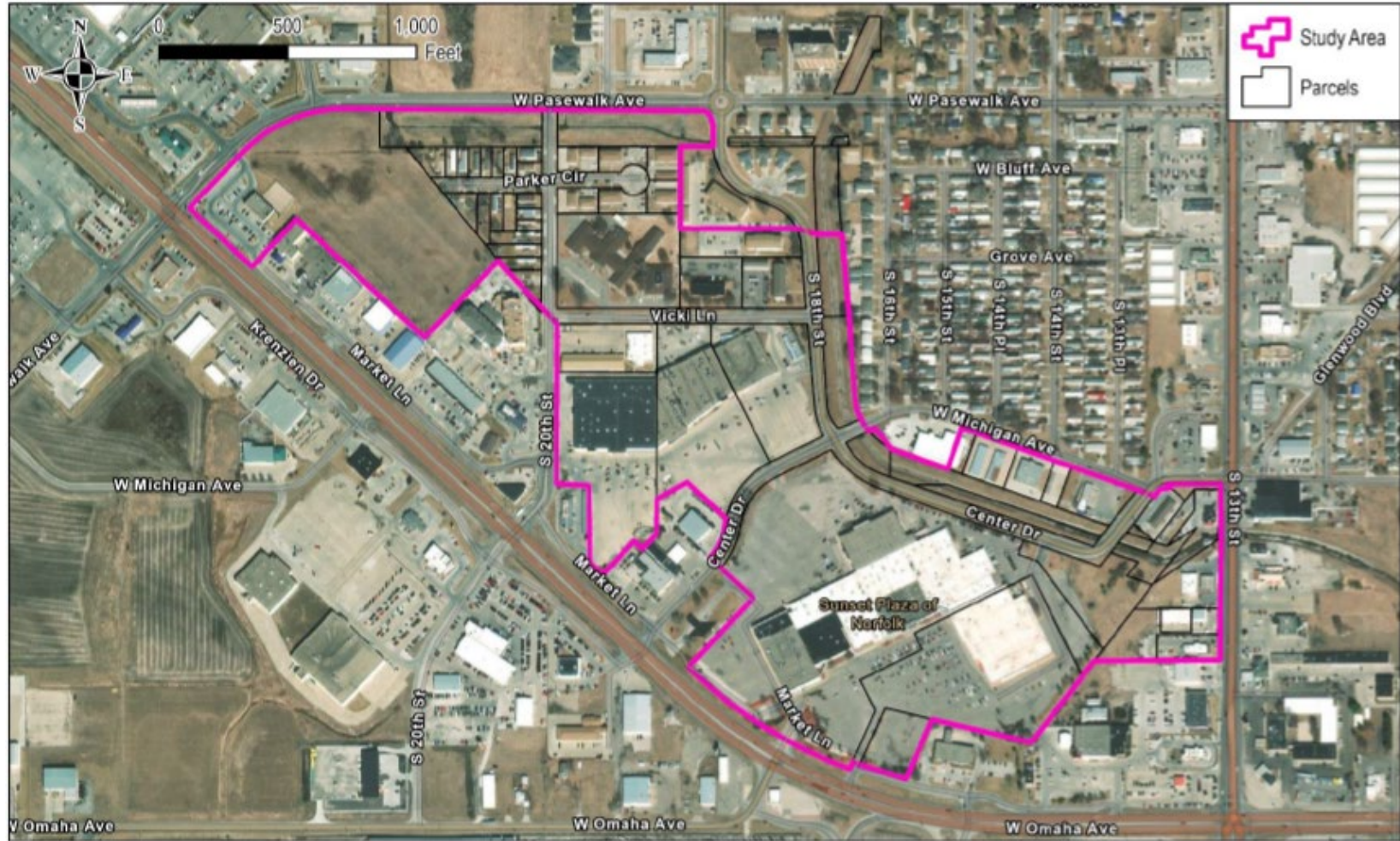


Exhibit "A"

EXHIBIT "A-1"

Project Site and Existing Land Use

Legal Description:

Lots 6A and 6B in SUNSET PLAZA SUBDIVISION, FIRST PLATTING to the City of Norfolk, Madison County, Nebraska, together with that Part of the North One-Half of vacated Market Lane abutting Lot 6B on the south, described in Ordinance No. 5026 filed September 8, 2008, in 2008-09, page 500-503 of the Records of Madison County, Nebraska.

* In the event Redeveloper subdivides or replats the Project Site, the legal description(s) of such subdivided or replatted parcel(s) comprising the Project Site, upon final approval of the City with respect thereto, shall replace and supersede the above legal description.

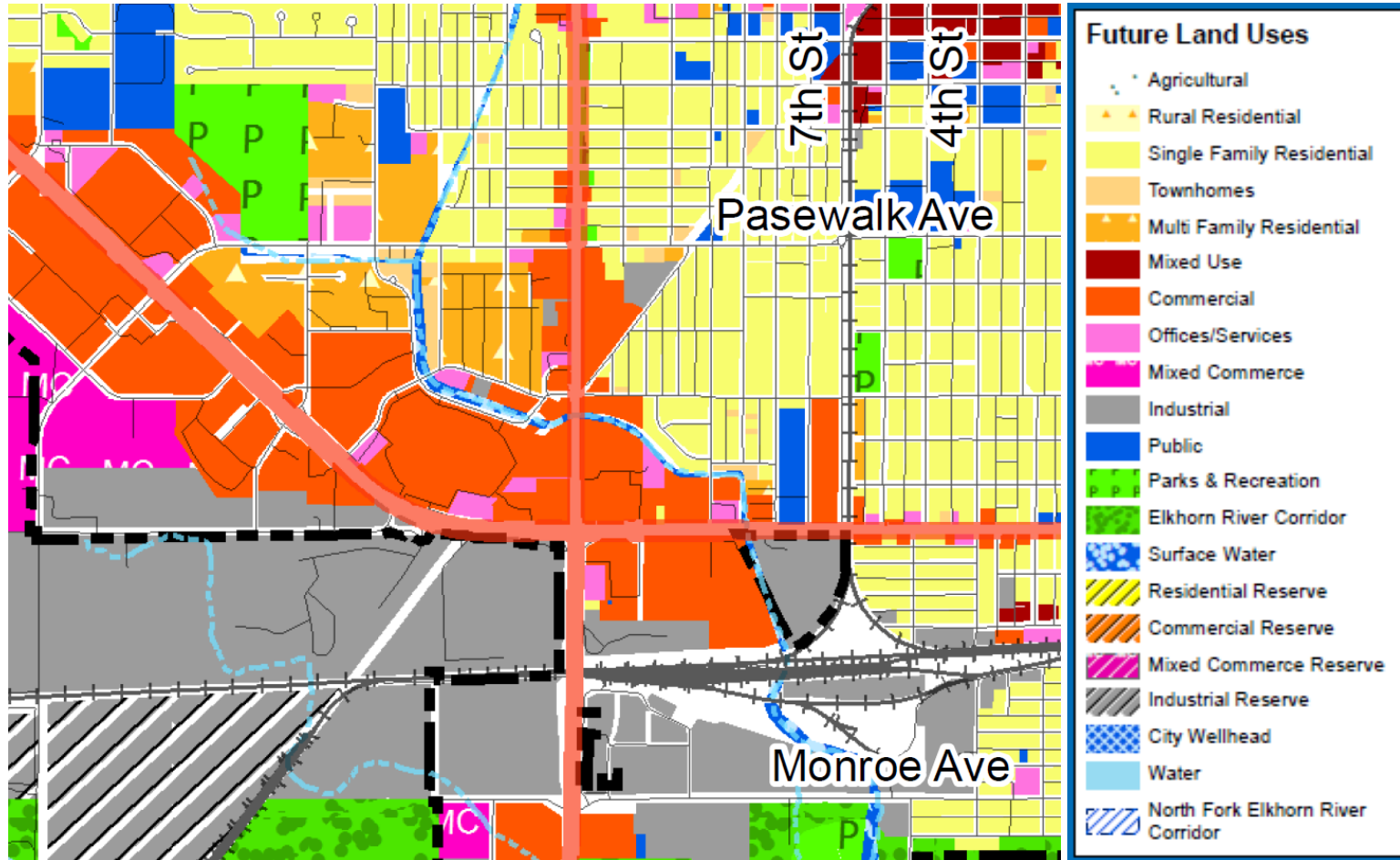
Depiction and Current Condition (outlined in red):



Exhibit "A-1"

EXHIBIT "B"

Future Land Use Map

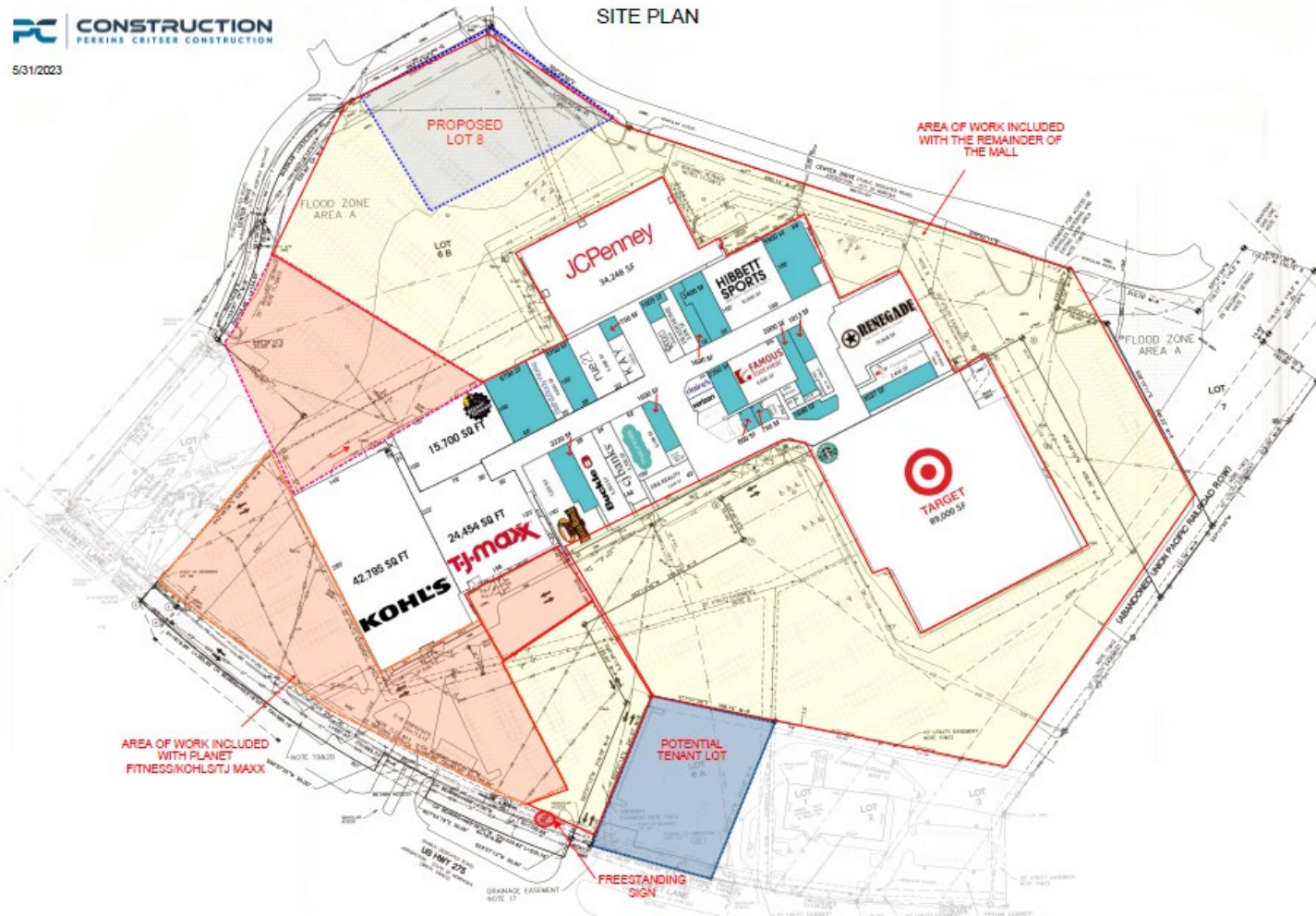


* Project Site designated as Commercial.

Exhibit "B"

EXHIBIT "C"

Site Plan and Future Land Use



* The above is a preliminary site plan and is subject to change.

Exhibit "C"

EXHIBIT "D"

Estimate of Construction Costs

Land Acquisition		\$11,048,466
Phase One Redevelopment Costs		
Tenant A Space	\$2,440,923	
Tenant B Space	\$1,349,525	
Tenant C Space	\$1,917,448	
Dock Area	\$1,015,745	
Tenant Move-in Commissions	\$750,000	
<hr/>		
Total Phase One		\$7,473,641
Phase Two Redevelopment Costs		
Parking Lot Improvements	\$975,000	
Food Court Area	\$750,000	
Hallways/General Interior	\$850,000	
Exterior/Façade	\$1,150,000	
New Tenant spaces	\$250,000	
<hr/>		
Total Phase Two		\$3,975,000
City Legal Fees		\$15,000
<hr/>		
TOTAL		\$22,512,107

* The above figures are estimated values based on current pricing. These preliminary estimates are subject to change, as Redeveloper has no control over the change in cost of materials and services between the time of the approval of this Redevelopment Plan and commencement of construction.

EXHIBIT "E"

Sources and Uses of TIF

TIF USES:

Land Acquisition	\$11,048,466
Site Preparation and Demolition	\$95,000
Exterior Improvements and Repairs	\$1,300,000
Roof Replacement	\$865,000
Water Line Extension	\$45,000
Sanitary Sewer Extension	\$85,000
Storm Sewer Improvements	\$125,000
Parking Lot Improvements	\$1,275,000
Electrical	\$455,000
Landscaping	\$75,000
Sidewalks and Curbs	\$80,000
City Fees	\$15,000
<hr/>	
TOTAL	\$15,463,466

* The above "Uses" are preliminary estimates based on current pricing and are subject to change.

SOURCES:

General Assumptions:

Base Value:	\$4,500,000
Final Value:	\$24,000,000
Tax Levy (2022):	1.960172
TIF Indebtedness:	NTE \$3,500,000
Interest Rate:	NTE 6.50%

* The above figures are based on assumed values and levy rates. Actual amounts and rates will vary from those assumptions, and it is understood that the actual TIF sources may vary materially from the projected amounts.

EXHIBIT "F"

Cost-Benefit Analysis (Pursuant to Neb. Rev. Stat. § 18-2113)

The cost-benefit analysis for the Redevelopment Project, as described in the attached Redevelopment Plan, which will utilize funds authorized by section 18-2147 of the Act, is provided below:

1. Tax shifts resulting from the approval of the use of funds pursuant to Section 18-2147:

The taxes generated by the base value of the Project Site will continue to be allocated between the relevant taxing jurisdictions pursuant to the Act. Only the incremental taxes created by the Redevelopment Project will be captured to pay for the project's eligible public expenditures. Since the incremental taxes would not exist without the use of TIF to support the Redevelopment Project, the true tax shift of the Redevelopment Project is a positive shift in taxes after 15 years. However, for the purposes of illustrating the incremental taxes used for TIF, the estimated 15 year tax shift for the Redevelopment Project is set forth in Exhibit "E" of the Redevelopment Plan, and is adopted hereby.

Notes:

- 1. The Projected Tax Increment is based on assumed values and levy rates; actual amounts and rates will vary from those assumptions, and it is understood that the actual tax shift may vary materially from the projected amount. The levy rate is assumed to be the 2022 levy rate. There has been no accounting for incremental growth over the 15 year TIF period.*

2. Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the Redevelopment Project:

a. Public infrastructure improvements and impacts:

Adequate public access to the Project Site currently exists. However, many of the parking lots and sidewalks are in a state of disrepair, and will be repaired or replaced. The extension and/or construction of new utilities to serve the new tenant spaces in Sunset Plaza Mall will also be required. The Agency and Redeveloper do not anticipate that the Redevelopment Project will have a negative impact on now-existing City infrastructure.

b. Local Tax impacts (in addition to impacts of Tax Shifts described above):

The Redevelopment Project should create material tax and other public revenue for the City and other local taxing jurisdictions. While the use of TIF will defer receipt of a majority of new ad valorem real property taxes generated by the Redevelopment Project, the Redevelopment Project should generate immediate tax growth for the City via increased sales tax receipts from the new tenants. Additionally, the City will collect sales tax on a portion of the materials used for the Redevelopment Project. It is not anticipated that the Redevelopment Project will have any material adverse impact on such City services, but will generate revenue providing support for those services.

3. Impacts on employers and employees of firms locating or expanding within the boundaries of the Project Site:

The Redevelopment Project will result in new and expanded business within the Project Site. It is anticipated that upon completion of Phase One, Kohl's, TJ Maxx and Planet Fitness will occupy the prior Herberger's site, which currently sits vacant. Additionally, it is anticipated that these anchor tenants and the additional renovations conducted as part of Phase Two will attract other tenants to fill the vacant spaces in Sunset Plaza Mall. Accordingly, it is anticipated that the Redevelopment Project will have a positive impact on employers and employees locating or expanding within the boundaries of the Project Site.

4. Impacts on other employers and employees within the City and the immediate area that is located outside of the boundaries of the Project Site:

The businesses surrounding Sunset Plaza Mall have been negatively impacted by the downturn in foot traffic generated by Sunset Plaza Mall. The Redevelopment Project will result in an increase in visitors to Sunset Plaza Mall, which will benefit commerce in the surrounding area. Accordingly, the Redevelopment Project is anticipated to have a positive impact on surrounding employers and employees.

5. Impacts on student populations of school districts within the City:

The Redevelopment Project will not impact student populations in the City.

6. Other impacts determined by the Agency to be relevant to the consideration of costs and benefits arising from the redevelopment project:

The Project Site is blighted and contains substandard conditions that are a detriment to the City as a whole. The Redevelopment Project will revitalize Sunset Plaza Mall, which has fell

into a state of dilapidation and disrepair – and in doing so, occupy vacant spaces without negatively impacting the surrounding businesses, residents or straining the public infrastructure. There are no other material impacts determined by the Agency relevant to the consideration of the costs or benefits arising from the Redevelopment Project. As such, the costs of the Redevelopment Project are outweighed by its benefits.

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