



## MEMORANDUM

From: Steve Zeier, Zeier Consulting, LLC

To: SBURA Board of Directors

RE: Northridge Assets, LLC Application for TIF Funds

Northridge Assets, LLC, a Choice Hotels operator, has submitted the attached TIF Assistance Application for your consideration at the September 1st, 2015 meeting of the South Billings Urban Renewal Association Board of Directors.

Please see the attached documentation regarding the project. The project consists of the construction an 84 guestroom four story Comfort Suites hotel, landscaping, demolition and abatement of current structures, and adjacent offsite improvements located adjacent to 4910 Southgate Drive. The attached information packet provides a detailed look at the project.

Northridge Assets, LLC is investing approximately \$7.9 million dollars into this project. The TIF application is for a request of \$370,847 for TIF eligible improvements such as curb, gutter, sidewalk, street improvements, utility improvements, demolition and abatement, and landscaping. This represents less than 45% of the increment that will be generated as a result of this project. The incentive number is limited by the amount of TIF eligible activities as a result if this project. Any reimbursemet amount is to be captured in a Development Agreement to be drafted at a later date for approval by the City of Billings City Council.

A recommendation to approve this application, conditional upon agreement of a multi year reimbursement schedule, is being forwarded for the following reasons:

- 1) The project is consistent with the adopted South Billings Master Plan for the recruitment and incentivizing of businesses to locate in the South Billings Boulevard Urban Renewal District.
- 2) The project is an ideal infill project in that it develops parcels that are currently vacant and/or underutilized and not generating significant tax revenue.
- 3) The scale and scope of the project is consistent with the adjacent commercial development.
- 4) It will provide incremental tax dollars to provide for future development projects.
- 5) The project will create 8 FTE jobs and over 100 construction jobs.
- 6) This project will stimulate growth in the adjacent commercial subdivision.

Please contact me with any questions. I look forward to discussing this at the September board meeting.

Sincerely,

A handwritten signature in blue ink, appearing to read "Steve Zeier".

Steve Zeier

enc: TIF Application Packet

cc: SBURA Board, Candi Millar, Brett Carlson

Northridge Assets, LLC.  
1551 28th Ave South Suite L  
Grand Forks, ND 58201

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August 22, 2015

South Billings Urban Renewal Association, Inc.  
PO Box 21462  
Billings, MT 59102

**Tax Increment Financing Assistance**

SBURA,

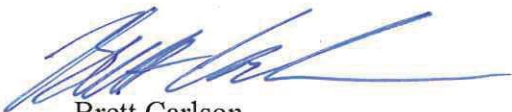
On behalf of Northridge Assets, LLC, I am pleased to inform you of our company's intent to construct an 84 guestroom Comfort Suites in the City of Billings's South Billings Boulevard Urban Renewal District. The Comfort Suites will be a four story, slab on grade, wood framed structure. The hotel will accommodate guests with an indoor pool and spa, fitness center, conference room, a marketplace for extra amenities, coffee bar, and business center. I have attached construction documents that detail the floor plans, elevations, landscaping plans, and the civil engineering documents.

I will be submitting initial CD's to the City of Billings Building Division on Friday, August 28<sup>th</sup>, 2015 for a Foundation Permit. The remainder of the CD's will be submitted in full in October 2015. Upon approval from the Building Division by means of a Building Permit, we expect to continue construction through July 2016.

On behalf of our team at Northridge, I want to extend our gratitude for the time and consideration received for the Billings Comfort Suites. Should additional information be required, please contact me through the email address and number below.

Please see Attachment 1 for "Criteria For Review" information.

Regards,



Brett Carlson  
Director of Development  
Northridge Construction, Inc.  
[bcarlson@northridgenet.com](mailto:bcarlson@northridgenet.com)  
(218) 230-4170



Ryan Carlson  
Vice President of Operations  
Northridge Assets, LLC.  
[ryan@northridgenet.com](mailto:ryan@northridgenet.com)  
(701) 772-4422

## Attachment 1

1. **Relevance:** The Billings Comfort Suites will provide new commercial infill on an otherwise unoccupied lot that projects a highly visible profile to the adjacent Interstate 90 and South Billings Boulevard exit which will improve the appearance of the land use. Furthermore, the hotel will provide an addition to the tax base and strengthen the local economy.
2. **Economic Stimulus:** The hotel will consist of 84 guestrooms, serviced by full and part time employees living in the community. The construction will be financed by private investment. While operating, the hotel will generate incremental tax revenue as well as symbiotic relationships with the surrounding businesses as we provide services to similar demographics.
3. **Tax Generation:** The current Property Assessment Value will be increased substantially with the finished construction of the hotel. Upon completion of a new assessment, the tax generation will provide an increased benefit than the properties' current state.
4. **Employment Generation:** The hotel will generate 5 full time employees and 14 part time employees while operating. The construction of the hotel will provide over 100 jobs through the duration of the build out.
5. **Elimination of Blight:** Currently the property contains a parking lot and the remnants of a mini golf course. The construction of the hotel will improve the appearance of a high profile section of Interstate 90 which is currently void of any structures.
6. **Special/Unique Opportunities:** The hotel will establish a vital link between the growing West end and downtown area for employees, business travelers and transient guests while providing economic synergies for neighboring businesses.
7. **Impact Assessment:** The site layout has been designed to mitigate as much environmental impact as possible by salvaging the majority of the current parking lot for future use and minimizing the addition of impervious material. This layout would allow for continued use of the already designed storm water beneath the parking lot. However, there will be a need to mitigate the impervious created by the building footprint. The building exterior is designed to provide a hospitable appearance with the use EIFS and Stone.
8. **Financial Assistance:** Financing provided through private investors and a lending institution.
9. **Project Feasibility:** The site, which has outstanding visibility from the interstate and is centrally located within the city, has provided us a premier hotel site. The opportunity to gain TIF funding has also encouraged our development in this district. The market, as a whole, has seen some decline with the influx of hotels constructed but we are confident the market is strong enough to support long term operations.
10. **Ability to Perform:** Northridge is well-suited to undertake new hotel construction with the Billings Comfort Suites. This construction marks our eighth hotel we will build, all of which are under the Choice Hotels flag.
11. **Timely Completion:** Northridge is capable of building this hotel within the timeline stated due to past experience on similar projects of this size and would expect a 6-9 month build out.
12. **Payment of Taxes:** Northridge will pay all applicable taxes at the appropriate time.

SOUTH BILLINGS BOULEVARD TAX INCREMENT FINANCING (TIF) ASSISTANCE  
APPLICATION

Project Name: Comfort Suites Date Submitted: 8/27/15

**APPLICANT INFORMATION**

1. Name: Northridge Assets, LLC.
2. Address: 1551 28th Ave South, Suite L., Grand Forks, ND 58201
3. Telephone Number: (701) 772-4422

**PROJECT INFORMATION**

1. Building Address: Southgate Drive, Billings, MT 59101
2. Legal Description: Geyser Park Subd., S17, T01 S, R26 E, Block 1, Lot 1B, Amd (15)
3. Ownership: Northridge Assets, LLC.
4. Address: Same as above.
5. If property is not owned by the Applicant, list leasehold interests (Attach evidentiary materials.)  
  
Lessor's Name: \_\_\_\_\_  
Lessor's Address: \_\_\_\_\_
6. Existing/Proposed Businesses: Former Geyser Park Family Fun Center / Proposed hotel.
7. Business Description: 84 Room, limited service hotel.
8. Employment: Existing FTE jobs 0
9. New Permanent FTE jobs created by project 8 Construction FTE jobs 100
10. Architectural Firm: Lightowler Johnson Associates, Inc.  
  
Address: 700 Main Ave., Fargo, ND 58103

Representative: Joe Loring

8. Description of Project: (Attach narrative explanation.)
9. Rehabilitation/construction plans: (Attach schematics, site and landscaping plans.)
10. Project Schedule: (Attach time line or schedule through completion.)

### CRITERIA FOR REVIEW

Materials contained in TIF Assistance applications are used to assess the merits of projects in relation to the goals and objectives of the South Billings Urban Renewal Master Plan in relation to other district development and urban renewal projects. Projects will be evaluated based on the following criteria. Please provide an explanation and supporting documentation for how the project addresses each criterion.

1. Relevance to the South Billings Urban Renewal Master Plan – Documentation of the project’s consistency with the goals in the Master Plan.
2. Economic Stimulus – The amount of economic activity to be generated by the, as well as the leverage ratio of public to private investment. Applications should contain credible, measurable information substantiating Applicant’s claims of economic stimulus.
3. Tax Generation – The increase in taxable value due to new construction/rehabilitation as estimated by the County Assessor’s office.
4. Employment Generation – Total employment generated by the project assessed in terms of new permanent and part-time jobs, and construction jobs.
5. Elimination of Blight – The project’s direct and indirect impact on the physical and fiscal condition within the District.
6. Special or Unique Opportunities – The extent to which the project represents a unique opportunity, meets a special need, or addresses community goals. The provision of public space or workforce housing are examples of special and unique opportunities.
7. Impact Assessment – The extent of both positive and negative environmental impacts, appropriateness of the project design, and impact on existing businesses or residents.
8. Financial Assistance – Other forms of financing available to the Applicant i.e. lender participation and state and federal grant monies,
9. Project Feasibility – Demonstration of market demand for the project as contained primarily on the pro forma and financing commitments.

10. Developer's Ability to Perform – Applicant's capability to undertake the relative complexities of the project based on past performance on similar or comparable projects.
11. Timely Completion – The feasibility of completing the project according to the Applicant's project schedule.
12. Payment of Taxes – All property taxes, special improvement district assessments, and other assessments on the project property must be paid at the time of application.

**PROJECT COSTS**

Land and Site Improvements (Itemized)

*Division 2*

1. Equity in Land and Buildings	\$ <u>700,000</u>
2. <i>Grading / Geo Piers</i>	\$ <u>275,994</u>
3. <i>Utilities</i>	\$ <u>144,164</u>
4. <i>Parking / Landscape / Irrigation</i>	\$ <u>175,000</u>
Subtotal	\$ <u>1,295,158</u>

Construction/Rehabilitation Costs (Use general construction trade divisions) Per CSI's Master Format 16 Divisions

1. <i>Division 3,4,5</i>	\$ <u>337,000</u>
2. <i>Division 6,7</i>	\$ <u>536,678</u>
3. <i>Division 8</i>	\$ <u>75,000</u>
4. <i>Division 9,10</i>	\$ <u>1,372,286</u>
5. <i>Division 11,12</i>	\$ <u>871,156</u>
6. <i>Division 14,15,16</i>	\$ <u>1,675,482</u>
7. <i>Division 1 / General / Soft Costs</i>	\$ <u>1,538,117.59</u>
8.	\$ _____
Subtotal	\$ <u>6,405,719.59</u>

Fees

1. Architectural design/Supervision	\$ <u>89,150.95</u>
2. Permits <u>Building/MEP</u>	\$ <u>30,000</u>
3. Other fees <u>Sys. Development Fees</u>	\$ <u>159,971.46</u>
Subtotal	\$ <u>279,122.41</u>
Total Project Development Costs	\$ <u>7,980,000</u>

**PROJECT FINANCING**

Please complete Sources of Funds detail and summarize below.

Developer Equity

Cash Invested <u>/TIF</u>	\$ <u>2,093,000</u>
Land & Buildings	\$ <u>700,000</u>
Other (Specify) _____	\$ _____
_____	\$ _____
Subtotal	\$ <u>2,793,000</u>

Lender Commitments (Attach evidence i.e. Letters of Credit or other documentation.)

Lender	Loan Amount	Interest	Term	
_____	\$ <u>5,187,000</u>	_____ %	<u>20</u> yrs	\$ _____/Month
_____	\$ _____	_____ %	____ yrs	\$ _____/Month
Total Loan Amount				\$ <u>5,187,000</u>

TIF Request for improvements within the Public Right of Way

Eligible Improvements (See Schedule "A")

Public Utilities	\$ <u>144,164</u>
Demolition and Abatement	\$ <u>76,683</u>
Landscape, Green Areas, etc.	\$ <u>100,000</u>
Sidewalks, curbs, gutters, drive approaches	\$ <u>50,000</u>
Subtotal	\$ <u>370,847</u>

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Sources of Funds Summary (Post totals from above.)

Developer Equity	\$ <u>2,362,080</u>
Lender Commitments	\$ <u>5,187,000</u>
TIF Request	\$ <del><u>130,120</u></del> \$370,847.00
Other Funds (Specify) <u>Additional Equity</u>	\$ <u>\$60,073</u>
Total Project Financing	\$ <u>7,980,000</u>

**DEVELOPER STATEMENT OF QUALIFICATIONS AND FINANCIAL RESPONSIBILITY**

Applicant

1. Name: Northridge Assets, LLC.

Address: 1551 28th Ave S., Suite L. Grand Forks, ND 58201

2. If the applicant is not an individual doing business under his/her own name, the applicant has the status indicated below and is organized or operating under the laws of \_\_\_\_\_.

3. The applicant is:

\_\_\_\_\_ A corporation.

\_\_\_\_\_ A nonprofit or charitable institution or corporation

X \_\_\_\_\_ A partnership known as LLC.

\_\_\_\_\_ Other (explain): \_\_\_\_\_

Date of organization: May 2013

4. Names, address, title of position (if any), and nature and extent of the interest of the officers and principal members, principal shareholders, investors, or partners of the applicant.

<u>Name and Address</u>	<u>Nature and Extent of Interest</u>
<u>Jon Miskavage</u>	<u>45 %</u>
<u>Ryan Carlson</u>	<u>20 %</u>
<u>Jeremy Miskavage</u>	<u>35 %</u>
_____	_____

Financial Condition

1. Provide a current financial statement for each private entity involved in the project. Documentation of financial capacity may include net worth statements, balance sheets, or profit and loss statements.

2. Has the applicant or any individual or entity affiliated with the development of this project been adjudged bankrupt, either voluntary or involuntary, within the past ten years?  
No  Yes \_\_\_\_\_ If yes, give date, place, and under what name:

\_\_\_\_\_

3. Has the applicant or any individual or entity affiliated with the development of this project been indicted for or convicted of any felony within the past ten years:  
No  Yes \_\_\_\_\_ If yes, give date, charge, place, court and action taken for each case.

\_\_\_\_\_

\_\_\_\_\_

**CONSTRUCTION CONTRACTOR**

1. Identify the construction contractor or builder who will undertake this project.

Name: Northridge Construction, Inc.

Address: 1551 28th Ave South, Suite L., Grand Forks, ND 58201

2. Has such contractor or builder ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract within the last ten years?

No  Yes  If yes, explain.

\_\_\_\_\_

**CERTIFICATION**

I (we), Brett Carlson (please print), certify that the statements and estimates within this Application as well as any and all documentation submitted as attachments to this Application or under separate cover are true and correct to the best of my (our) knowledge and belief.

Signature 

Signature 

Title Development Director

Title Treasurer / Owner

Address 1551 28th Ave South Suite L.

Address 1551 28th Ave South

Grand Forks, ND 58201

Suite L

Date 8/27/15

Date 8/27/15

# Northridge Assets, LLC SBBURD TIF Application

12.2015

## PROJECT COSTS

<b>Land and Site Improvements</b>	
Equity in Land and Buildings	\$0
Grading / Geo Piers	\$275,994
Utilities	\$144,164
Parking / Landscape / Irrigation	\$175,000
<b>SUBTOTAL</b>	<b>\$595,158</b>
<b>Construction Costs</b>	
Division 3,4,5	\$337,000
Division 6,7	\$536,678
Division 8	\$75,000
Division 9,10	\$1,372,286
Division 11,12	\$871,156
Division 14,15,16	\$1,675,482
Division 1, General, Soft costs	\$1,538,117
<b>SUBTOTAL</b>	<b>\$6,405,719</b>
<b>Fees</b>	
A/E Fees	\$89,151
SDF Fees	\$159,971
Permits	\$30,001
<b>SUBTOTAL</b>	<b>\$279,123</b>
<b>TOTAL</b>	
<b>PROJECT TOTAL</b>	<b>\$7,280,000</b>

## PROJECT FINANCING

Developer Equity (Cash)	\$2,093,000
Land & Buildings	\$700,000
<b>TOTAL</b>	<b>\$2,793,000</b>
Lender Commitment	\$5,187,000

## TIF ELIGIBLE IMPROVEMENTS

Public Utilities	\$144,164
Demolition and Abatement	\$76,683
Landscaping	\$100,000
Sidewalks, Curb, Gutter, Drive Approaches	\$50,000
<b>TOTAL TIF ELIGIBLE EXPENSES</b>	<b>\$370,847</b>

## SOUTH BILLINGS BLVD FY16 BUDGET

Fund Balance Beginning	\$3,804,227
<b>Revenue</b>	
Taxes	\$1,439,500
Intergovernmental	\$256,000
Investment Earnings	\$8,000
Proceeds from Debt	\$3,300,000
Total Revenue	\$5,003,500
<b>Expenditures</b>	
Operation & Maintenance	\$207,105
Capital	\$4,355,000
Principal	\$60,000
Interest	\$300,000
Total Expenditures	\$4,922,105
Fund Balancing End	<u>\$3,885,662</u>

## TIF INCENTIVE ANALYSIS

<b>Additional Value Total</b>	\$7,280,000	
<b>TIF Dollar Multiplier</b>	1.27%	Per TIF Example Calc Table
<b>Est Increment Generated</b>	\$92,456.01	Per Year
<b>TIF Time Remaining</b>	25	yrs.
(25 year TIF Bond issued in 2015)		
(Project online mid-2016)		
<b>SUB TOTAL EST INCREMENT</b>	\$2,311,400	
<b>Less current 2015 tax base total</b>	\$209,390.25	
(\$8,375.61 annually)		
<b>Total Est Increment</b>	\$2,102,009.88	
(over the life of the TIF)		
<b>45% Max TIF Incentive</b>	<b>\$945,904.44</b>	
<b>TIF ELIGIBLE EXPENSES</b>	<b>\$370,847.00</b>	
(per TIF application policy , max TIF incentive is the smaller of the two calculations)		

## TIF EXAMPLE CALC TABLE

For every \$1,000,000 invested, a return of \$12,730 can go the TIF District		
Hypothetical TIF revenue estimate for \$1 million new assessed real property value		
TIF Calculation	Value	Comment
Assessed Value	1,000,000	Real property increment only
Taxable Value	19,000	Tax rate of Class 4 property now 1.90% per MCA 15-6-134(3)(c)
Mill Levy	670.02	2015 Mill Levy Rates as per Yellowstone County Treasurer
<b>Real Property Tax</b>	<b>12,730</b>	<b>Taxable value x by mill levy</b>
Updated 12/2015 to reflect the impact of Montana DOR Reappraisal per SB 157		



1000  
300

feet  
meters

Google earth

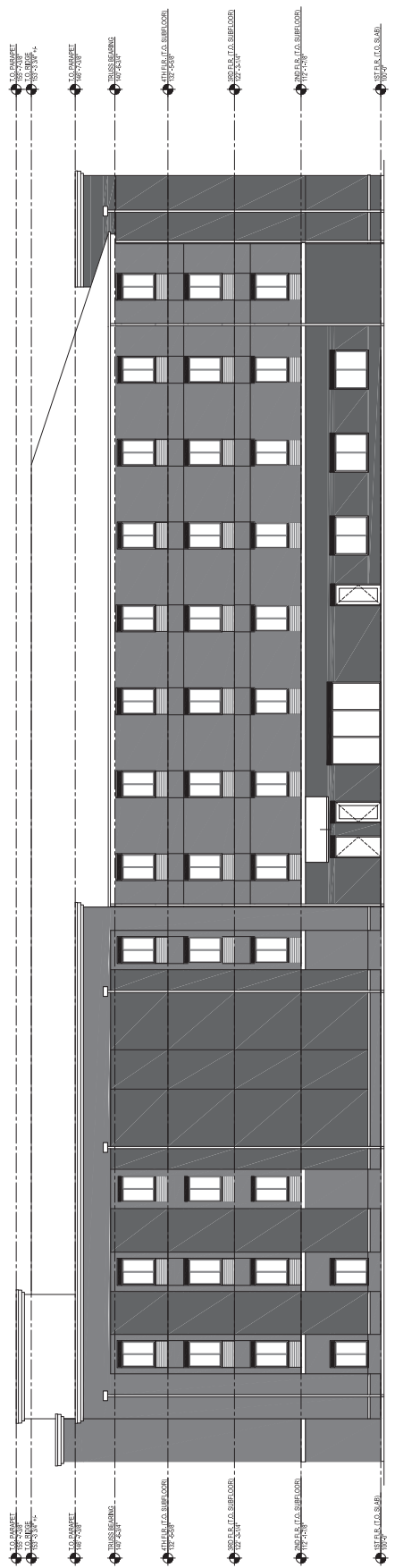




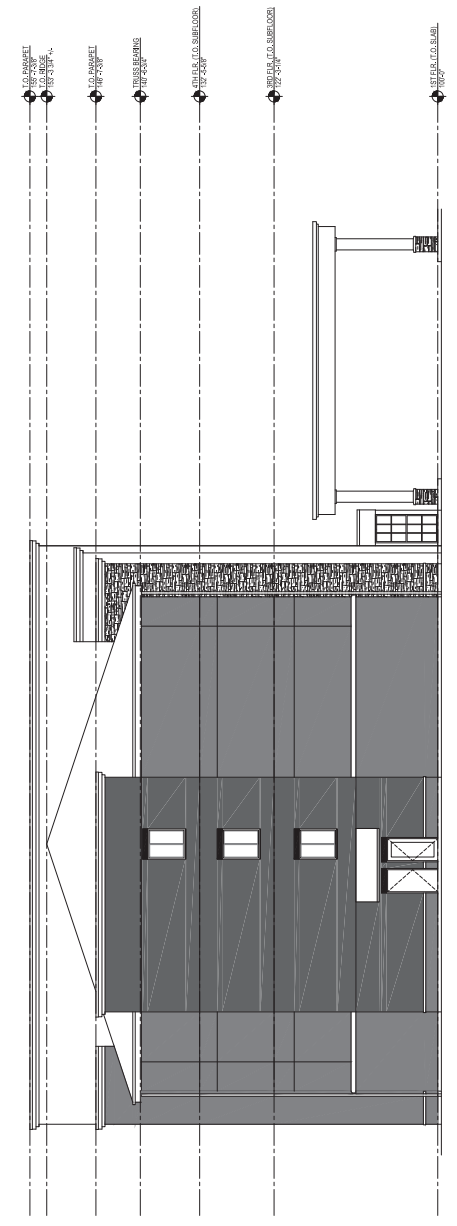
DATE	2/18/2016
PROJECT	COMFORT SUITES
PROJECT NAME	COMFORT SUITES
PROJECT ADDRESS	1000 N. 10th Street
DRAWN BY	JL
CHECKED BY	JL
DATE	2/18/2016

EXTERIOR  
 ELEVATIONS

**A201**



1 BACK BUILDING ELEVATION  
 SCALE: 1/8" = 1'-0"



2 LEFT SIDE BUILDING ELEVATION  
 SCALE: 1/8" = 1'-0"



