

☾ **State of Nebraska** ☾

Accountability and Disclosure Commission

P.O. BOX 95086
Lincoln, Nebraska 68509
www.nadc.nebraska.gov



Centre Terrace, 1225 L St. #400
Phone (402) 471-2522
Fax (402) 471-6599

February 8, 2023

Ty Lucas
North Platte City Council
3510 Tyler Ct
North Platte, NE 69101

Dear Mr. Lucas:

Reference is made to your letter of January 31, 2023. As I understand it, you are a member of the North Platte City Council. You also serve on the Board of Directors of and are a stockholder in NebraskaLand Bank. You wish to know if you have a conflict of interest as to two projects.

Project #1- The North Platte Area Chamber of Commerce and Development Corporation is a private, non-profit corporation. It purchased land from the City of North Platte. It secured planning commission, Community Redevelopment Authority and city approval for a Redevelopment Agreement and TIF Bond for a property on Adams Street. The purpose of the project is to install infrastructure and workforce housing. As a city council member, you voted in favor of this project in June 2022.

Project #2- The North Platte Area Chamber of Commerce and Development Corporation (the Chamber) owns Twin Rivers Industrial Park. It has gained approval for a Redevelopment Agreement and TIF Bond for a new infrastructure installation project. As a city council member, you voted in favor of the project in June 2022.

The Chamber wishes to monetize its TIF Bonds through bank financing. A consortium of bankers on the Chamber's Economic Development committee will design a standard TIF Bond request package. The banks that are dues paying members of the Chamber will have the opportunity to participate in the loan in equal portions. For example, if five banks opted to participate, each would have 20% loan participation.

You wish to know if you would have a conflict of interest if NebraskaLand Bank participates in this portion of the loan package.

It is also contemplated that the participating banks would bid to be the lead bank. The lead bank would complete all loan documents, base underwriting, collateral review and would service the loan on an ongoing basis. The lead bank would receive a service fee or a servicing spread on its interest rate.

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You wish to know if you would have a conflict of interest if NebraskaLand Bank participates in this portion of the loan package.

In my view, the participation of NebraskaLand Bank in these projects would not result in a conflict of interest for you.

Section 49-1499.03(2) of the Nebraska Political Accountability and Disclosure Act (NPADA) provides that a person holding an elective office of a city has a potential conflict of interest if he or she is faced with taking an official action or making an official decision which may result in a financial benefit or detriment to: a) the public official; b) a member of his or her immediate family; or c) a business with which he or she is associated. This benefit or detriment must be distinguishable from that experienced by the general public or a broad segment of it.

As a stockholder and one of its directors, you have a business association with NebraskaLand Bank.

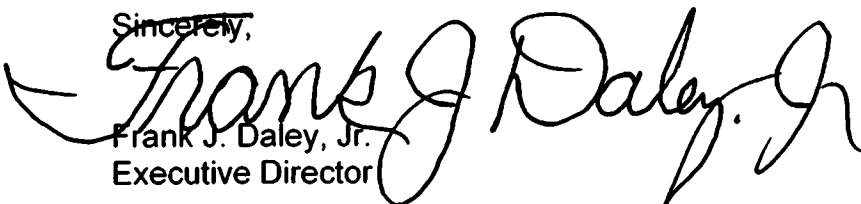
It does not appear that you are currently faced with taking any action or making any decision as a city council member. Instead, the actions or decisions to be made are by NebraskaLand Bank in connection with a possible transaction with a private entity. There is no government action. Accordingly, NebraskaLand Bank's participation would not result in a conflict of interest for you.

The opinion only addresses the contemplated transactions between NebraskaLand Bank and the North Platte Area Chamber of Commerce and Development Corporation. If matters involving these projects come before the North Platte City Council in the future, you may wish to seek additional advice from this office.

Summary: NebraskaLand Bank's participation in a loan with the North Platte Area Chamber of Commerce and Development Corporation in connection with two Redevelopment Plan/TIF Bond projects does not create a conflict of interest for you.

Please understand that this is a staff opinion only and not a formal Commission Advisory Opinion. It is based upon the facts that you have provided. If any of these stated facts are incorrect or incomplete, please advise me immediately as this could affect the stated conclusion.

Sincerely,

A handwritten signature in black ink, reading "Frank J. Daley, Jr.", written in a cursive style.

Frank J. Daley, Jr.
Executive Director

xc: via email tlucas@nlmb.com

January 31, 2023

Nebraska Accountability and Disclosure Commission

nadc@nebraska.gov

RE Ty Lucas, North Platte City Council

Dear NADC,

I am a member of the North Platte City Council. I continue to have a business affiliation with NebraskaLand Bank. I am a salaried employee, am on the Board of Directors, and remain as a minority shareholder with a stock value that exceeds \$10,000.

NebraskaLand Bank operates as part of the North Platte community in which the North Platte Area Chamber of Commerce and Development Corporation (Non-Profit organization) provides various business services and economic development support. This entity purchased land from the City of North Platte and gained Planning Commission, CRA and City Council approval for a Redevelopment Agreement and TIF Bond on a subject property on North Adams Street in North Platte. The purpose of this project is to install infrastructure and incent workforce housing construction in this area. They also own an industrial Park known as Twin Rivers Industrial Park and gained approval for a Redevelopment Agreement / TIF Bond to assist with installation of new infrastructure in this area. I was present as an elected City Council Member and voted in the affirmative to support both of these projects. The TIF Bond / Redevelopment projects were approved by the City Council in June, 2022.

This organization is now working to monetize their TIF Bonds. They would like to do this through the utilization of Bank financing. The plan is for the consortium of Bankers who volunteer time on their Economic Development Committee to design a standard TIF Bond loan request package, that also seeks interest rates below the current market to help support these projects. Then, all of the Banks that are due paying members of the organization will be given the opportunity to participate in an equal portion of the loan. For example, if Five (5) banks opted to participate in the loan, 20% of the loan participation would likely be given to each Bank, unless a Bank asked for a smaller portion.

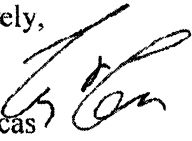
So, I would like to first determine if it would be a potential conflict of interest violation for NebraskaLand Bank to assist this organization with their TIF Bond financing by accepting our pro-rated portion of the financing via a loan participation.

This organization also intends to ask the Members to bid on being the Lead Bank. This Bank would complete all loan documents, base underwriting, collateral review and would then

service this loan on an ongoing basis. They would typically receive a small fee or servicing % spread for providing this service to the Borrower and other Banks. For example, it would be common for a Lead Bank to have a .25% servicing spread on an interest rate. So, if the rate to the Borrower was 5.0%, the participant Banks would receive 4.75% in this case and the Lead Bank would be entitled to this servicing spread. So, my second question is whether our Bank would be able to make a proposal on being the potential lead bank for this loan? My understanding is the organization will seek proposals from Lead Banks and choose the proposal that is most beneficial to the organization.

If you would like additional details, please contact me via phone or email. My phone number is (308) 520-2254 and email is tlucas@nlhb.com.

Sincerely,


Ty Lucas
City Council, Ward 2 North Platte