

**AMENDED AND RESTATED
AMENDMENT TO THE REDEVELOPMENT PLAN
OF THE CITY OF LEXINGTON, NEBRASKA

(LEX HOTEL REDEVELOPMENT PROJECT)**

RECITALS

- A. The General Redevelopment Plan for Redevelopment Area #1 (the “Redevelopment Plan”) was amended by the City Council of the City of Lexington, Nebraska on July 23, 2019, pursuant to Resolution No. 2019-11, to create the Lex Lodging Redevelopment Project (the “Original Plan Amendment”).
- B. The Community Development Agency of the City of Lexington, Nebraska (“CDA”) prepared this Amended and Restated Amendment to the Redevelopment Plan for the project (the “Amended Plan Amendment”), which shall now be known as the “Lex Hotel Redevelopment Project”.
- C. The Amended Plan Amendment presented below replaces the Original Plan Amendment in its entirety to reflect certain substantial modifications to the Project.

AMENDED PLAN AMENDMENT

The City of Lexington, Nebraska (“City”) has undertaken a plan of redevelopment within the community pursuant to the adoption of the General Redevelopment Plan for Redevelopment Area #1 (the “Redevelopment Plan”). The Redevelopment Plan serves as a guide for the implementation of redevelopment activities within the redevelopment area defined in the Redevelopment Plan (the “Redevelopment Area”). The Redevelopment Plan was approved by the City Council of Lexington, Nebraska on April 8, 2003, pursuant to Resolution 03-03, and has been amended from time to time.

The purpose of this Amendment to the Redevelopment Plan is to identify specific property within the Redevelopment Area that is in need of redevelopment to cause the removal of blight and substandard conditions, which property is identified and legally described on the attached and incorporated Exhibit “A” (the “Project Site”), and to identify a proposed redevelopment project on the Project Site.

Pursuant to the Nebraska Community Development Law codified at Neb. Rev. Stat. §§ 18-2101 through 18-2155 (the “Act”), the City created the Community Development Agency of Lexington, Nebraska (“CDA”), which has administered the Redevelopment Plan for the City.

Project Site

The Project Site is located in the Redevelopment Area and is in need of redevelopment. The CDA has considered whether redevelopment of the Project Site will conform to the general plan and the coordinated, adjusted, and harmonious development of the City and its environs. In this consideration, the CDA finds that such a redevelopment of the Site will promote the health, safety, morals, order, convenience, prosperity, and the general welfare of the community including, among other things, the promotion of safety from fire, the promotion of the healthful and convenient distribution of population, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of unsanitary and unsafe dwelling accommodations or conditions of blight.

The Project Site is currently vacant. In order to support private development, the Project Site is in need of site preparation and utility infrastructure improvements, among other necessary improvements. The Project Site is currently zoned for commercial use and is designed as Commercial on the Future Land Use Map of the Comprehensive Plan.

The Redevelopment Project

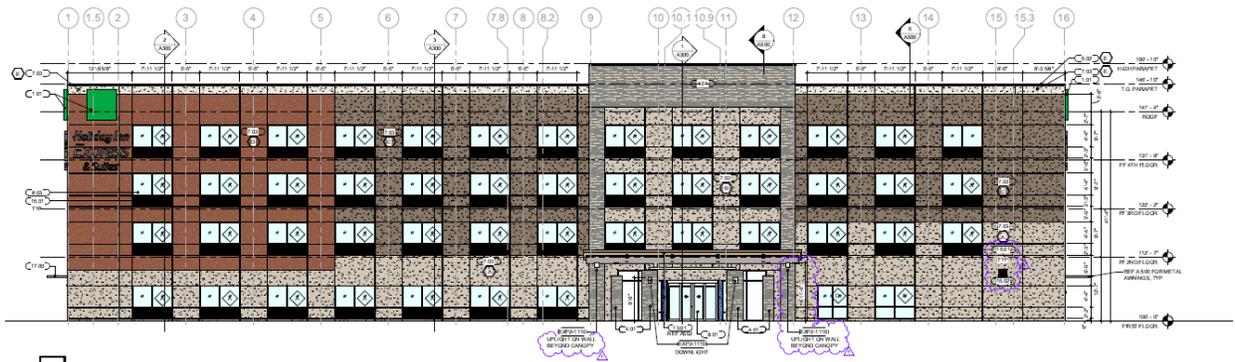
Lex Hotel, LLC, a Nebraska limited liability company (“Redeveloper”), has submitted a proposal for the redevelopment of the Project Site. The project under consideration will consist of the construction of an approximately four story, 82 room hotel, and associated improvements on the Project Site (the “Project”). The Project Site will require site preparation, grading, and the extension of water, sewer, and electrical utility improvements.

A preliminary site plan is attached as Exhibit “B” and incorporated by this reference. The CDA acknowledges that the site plan is preliminary in nature and subject to change. Concept drawings for the hotel are set forth below:

Exterior:

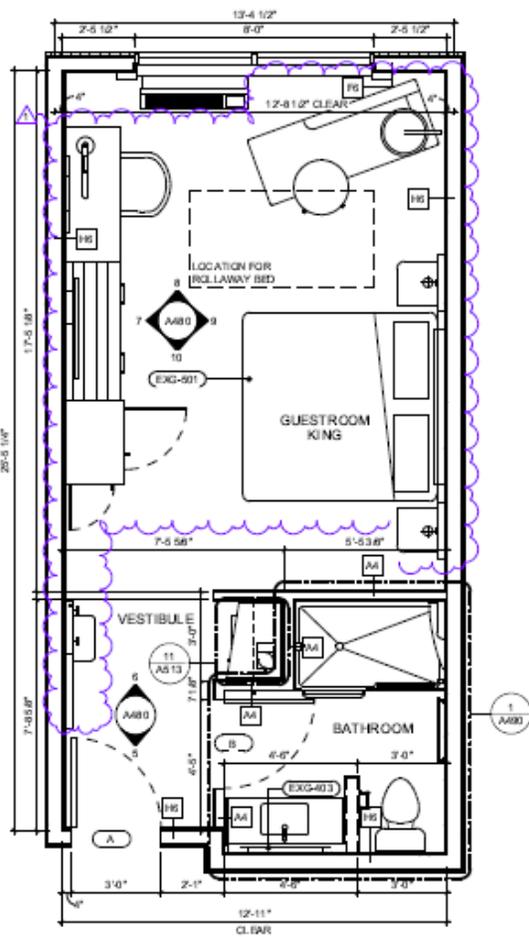


South Elevation:

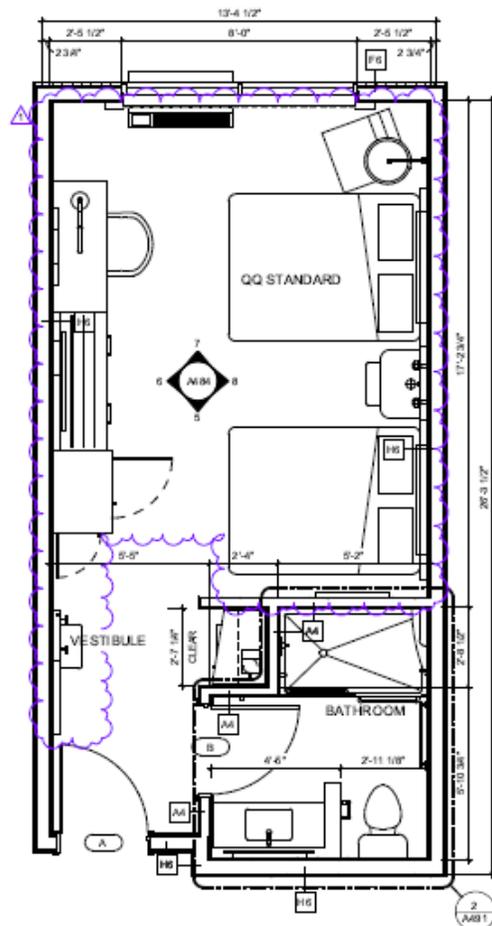


Guestroom Plans:

King Standard



Queen Standard



Pursuant to this Project, Redeveloper will pay the costs of the private improvements and the public improvements. As part of the Project, the CDA shall utilize tax increment financing (“TIF”) on the Project Site to assist in payment of the public improvements, but Redeveloper shall pay all the costs of the public improvements not covered by TIF.

Construction on the Project is anticipated to commence in July, 2023, and construction is anticipated to be completed in September, 2024. The effective date for the division of taxes is anticipated to be January 1, 2024. Provided, however, if the valuation of the Project Site does not increase in 2024 due to the partial construction of the Project, then the effective date may be pushed back to January 1, 2025. If the effective date is set for January 1, 2024, Redeveloper understands that the TIF for the first year of the 15 year TIF period will only be based on a partial valuation.

The base value of the Project Site is anticipated to be \$77,232. The final value of the Project Site is anticipated to be \$14,000,000. Therefore, the anticipated increase in valuation from this Project will be approximately \$13,922,768 and the projected annual tax increment will be approximately \$266,993. Based upon the anticipated final valuation of \$14,000,000 and a 6.0% interest rate for the TIF Note, the Project will yield TIF Indebtedness in the amount of approximately \$2,617,000.¹

Redeveloper estimates that the total Project costs shall be approximately \$18,500,000. The TIF-eligible expenditures included in these costs are approximately \$3,000,000, and at least \$2,617,000 will be identified in more detail pursuant to the terms of the Redevelopment Agreement for the Project.

The use of TIF to assist with the costs of the public improvements will make the Project as designed feasible. The private improvements cannot be constructed without the site work and utility infrastructure improvements, and the public improvements require the use of TIF to assist with the costs. The redevelopment of the Project Site pursuant to the Project identified in this Amendment to the Redevelopment Plan will eliminate the current blight and substandard conditions of the Project Site and will further the purposes of the Act in conformity with the Redevelopment Plan. As described above, the Project envisions the capture of the incremental taxes created by the Project on the Site to assist with payment for those eligible expenditures as set forth in the Act. The additional costs of the public improvements and all the costs of the private improvements shall be paid by Redeveloper; the City and/or CDA shall not be required to incur any costs or expenses with respect to this Project other than the issuance of the TIF Indebtedness. Redeveloper shall arrange all financing necessary for the Project, including any financing relating to the TIF Indebtedness.

¹ For the purpose of the TIF Projections for this Project, the CDA: (1) has assumed the project will capture the full 15 years of tax increment and there will not be a partial valuation in the first year; (2) has not accounted for any increase in the assessed value of the Project Site during the 15 year tax increment financing period; and (3) has not utilized any assumed state property tax credit. All of these assumptions will change the actual amount of the tax increment generated by the Project.

Statutory Elements

The Project envisions the capture of the incremental taxes created by the Project on the Site to pay for those eligible expenditures as set forth in the Act. This section includes a consideration of the specific statutory elements identified under the Nebraska Community Development Law.

A. Property Acquisition, Demolition and Disposal

No public acquisition of private property, relocation of families or businesses, or the sale of property is necessary to accomplish the Project. The Project Site is currently owned by the members of Redeveloper. The Project Site will be transferred by the members to the LLC if the Project is approved.

B. Population Density

The proposed development at the Project Site is the construction of an approximately 82 room hotel. The Project will not materially increase the population density in the project area.

C. Land Coverage

The Project Site consists of approximately 1.3 acres of undeveloped land. The land coverage footprint of the hotel shall be approximately 12,000 square feet. The Project is subject to and must comply with all applicable land-coverage ratios and zoning requirements as required by the City of Lexington.

D. Traffic Flow, Street Layouts, and Street Grades

The Project is not anticipated to affect traffic flow, street layouts, and street grades in a material way. The Project is located along Plum Creek Parkway (Highway 283), which will adequately serve and handle the increased traffic. No further street improvement should be required based on the Project.

E. Parking

There will be a surface parking lot for the hotel with approximately 80 parking stalls. The Project will be required to meet or exceed the parking requirements set forth in the applicable zoning district.

F. Zoning, Building Code, and Ordinances

The Project Site is currently zoned C-3 Commercial District, and the Project is a permitted use in the applicable zoning district. No other subdivision or zoning change is anticipated, but Redeveloper shall be responsible for compliance with the City of Lexington Subdivision Ordinance, Zoning Ordinance and all other applicable laws and codes.

Cost-Benefit Analysis

Pursuant to section 18-2113 of the Act, the CDA must conduct a cost-benefit analysis for any redevelopment project that will utilize TIF. The Cost-Benefit Analysis for the Project is attached hereto as Exhibit “C” and incorporated by this reference.

Comprehensive Plan

Several goals, objectives and policies of “The Lex-Plan 2013” (the “Comprehensive Plan”) will be furthered by this Project, including but not limited to:

COMMUNITY IMAGE

Goal 1 Establish Community Initiatives supportive of population growth and improved economic conditions for the Lexington citizenry.

Objective 1.2 Improve and beautify Lexington.

Policy 1.2.1 Remove dilapidated buildings. Promote infill developments on vacant land areas.

LAND USE AND DEVELOPMENT

Goal 1 Adopt a land use plan capable of fulfilling the residential, recreational, social, shopping, and employment needs of the Lexington community citizenry through the year 2033.

Objective 1.2 Designate future commercial land areas that provide greatest access for both locals and highway travelers.

Policy 1.2.1 Maintain existing and expand all general commercial and service land uses in the Downtown and existing Highway 283, 21, and 30 corridors.

Policy 1.2.2 Future highway commercial land areas should be concentrated along the existing Highway 283 and 30 corridors

Policy 1.2.4 Large scale commercial development, big box retailers, motel / hotel and fast food outlets are planned to continue to develop along Plum Creek Parkway (Highway 283) commercial corridor. These uses are ideally located to attract Interstate 80 travelers and serve Lexington residents.

Note: This section is not a comprehensive analysis of the Project’s conformance with the Comprehensive Plan, but is meant to highlight and summarize the key points on this topic.

Additional Project Information from the Redeveloper

Redeveloper has represented that: (i) without the use of TIF, this Project would not be feasible and the Redeveloper could not develop this Project on the Project Site; (ii) no families will be displaced or relocated from the Project Site based upon this Project, and (iii) Redeveloper does not intend to file an application with the Department of Revenue to receive tax incentives under the ImagiNE Nebraska Act.

EXHIBIT "A"
Legal Description of the Project Site

The Project Site is legally described as follows:

Lot 2 of Goodwill Industries of Greater Nebraska, Inc. Subdivision, as amended and changed by the Administrative Lot Split of Goodwill Industries of Greater Nebraska, Inc. Subdivision, an Addition to the City of Lexington, Dawson County, Nebraska.

PID: 240218451

The general location of the Project Site is depicted below:

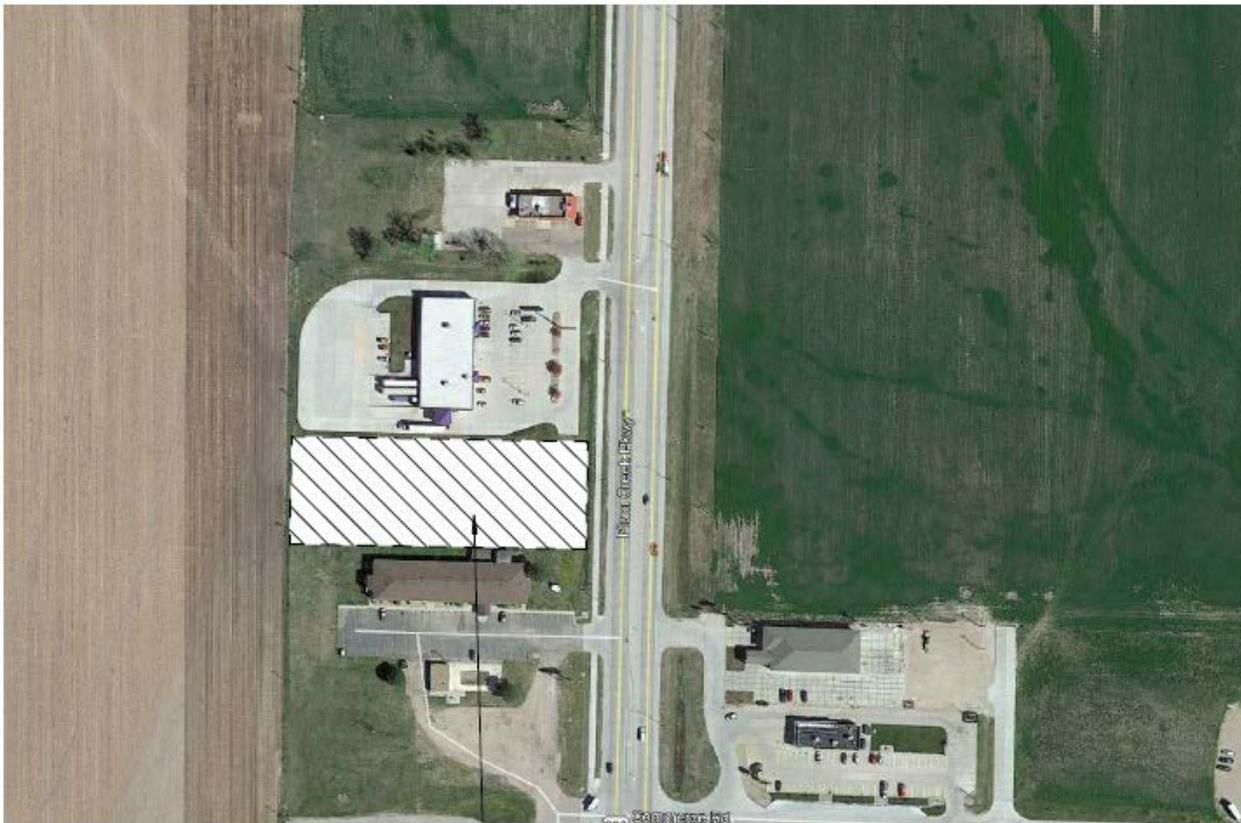
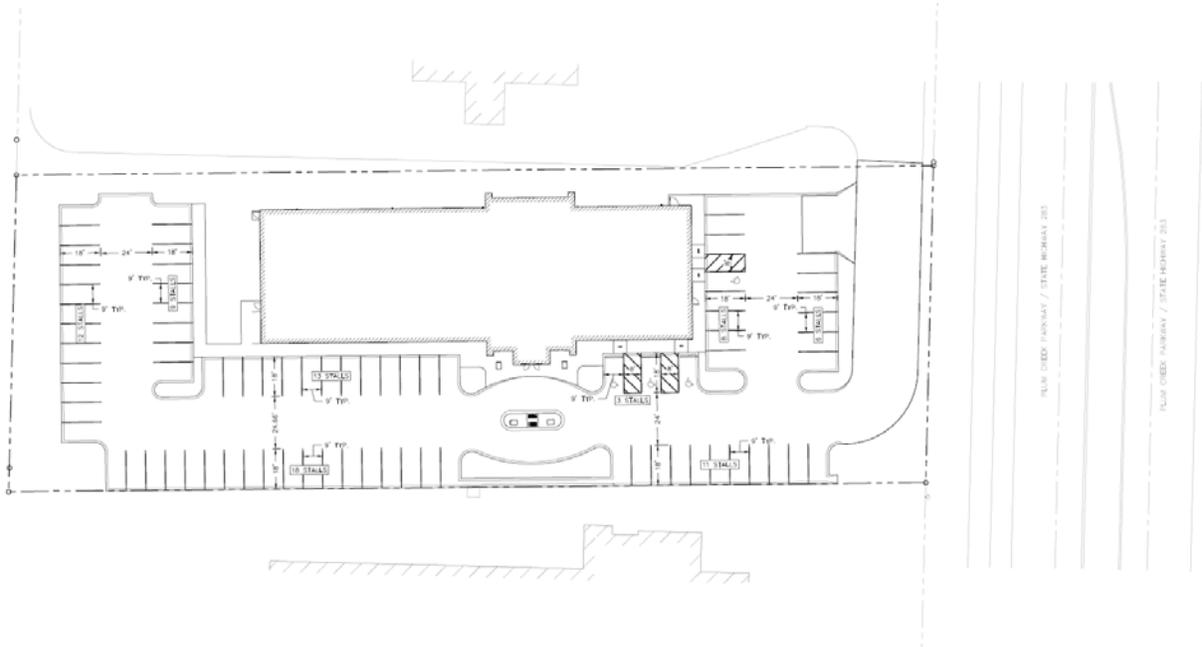


EXHIBIT "B"
Preliminary Site Plan



1st Floor:	7 Rooms
2nd Floor:	25 Rooms
3rd Floor:	25 Rooms
4th Floor:	25 Rooms
<u>Total:</u>	<u>82 Rooms</u>
	80 Parking Stalls

Exhibit “C”
Cost Benefit Analysis
(Pursuant to Neb. Rev. Stat. § 18-2113)

The cost-benefit analysis for the Lex Hotel Redevelopment Project, as described in the Amendment to the Redevelopment Plan to which this cost-benefit analysis is attached, is presented below. The above-referenced project will utilize Tax Increment Financing funds authorized by Neb. Rev. Stat. §18-2147.

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

The taxes generated by the current value of the property shall continue to be allocated between taxing jurisdictions pursuant to standard statutory requirements. Only the incremental taxes created by the Project will be captured to pay eligible public expenditures. Since the incremental taxes would not exist without the use of TIF to support the Project, the true tax shift of this Project is a positive shift in taxes after 15 years. However, for the purposes of illustrating the incremental taxes used for TIF, the 15 year tax shift is as follows:

a.	Redevelopment Project Valuation:	\$77,232
b.	Projected Completed Project Assessed Valuation:	\$14,000,000
c.	Projected Incremental Valuation:	\$13,922,768
d.	Estimated Tax Levy:	1.917669
e.	Annual Projected Tax Shift:	\$266,993

Note: 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 or change in the tax levy over the 15 year TIF period. There has been no accounting for any annual state property tax credit.

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:

No substantial adverse effects are anticipated on the public infrastructure and community public service needs. The Redeveloper anticipates expenditures of approximately \$18,500,000 for construction and installation of the Project and related and ancillary improvements. Of these costs, approximately \$3,000,000 are TIF-eligible uses under the Community Development Law. TIF will be utilized to assist with the payment of approximately \$2,617,000 of these TIF-eligible costs and Redeveloper shall be responsible for the excess costs. Utility infrastructure improvements are included in the TIF uses for this Project, and said improvements shall positively impact the City. Redeveloper shall pay for all other Project costs, utilizing TIF to finance the eligible site-specific expenditures. No other public infrastructure improvements are anticipated to

be necessary based on this Project, and the Project will not have a material adverse effect on any community public services.

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

The Project will create material tax and other public revenue for the City and other local taxing jurisdictions. While the use of tax increment financing will defer receipt of a majority of new ad valorem real property taxes generated by the Project, the Project should generate immediate tax growth for the City. The Project will include an amount of personal property that will be on the property tax rolls upon its acquisition and installation. Additionally, the City should realize revenue from sales and occupancy taxes paid by the visitors to the hotel on the Project Site. The Project will also require and pay for City services. It is not anticipated that the Project will have any material adverse impact on such City services, and the City will generate revenue providing support for those services.

3. Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project:

It is not anticipated that the Project will have a material adverse impact on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project. The additional hotel option for business travel should be a positive impact on the recruitment of new employers in the area, as there appears to be room in the market for the additional hotel.

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

The Project should have a material positive impact on private sector businesses in and around the area outside the boundaries of the redevelopment project. The Project is not anticipated to impose a burden or have a negative impact on other local area employers. In addition to the general benefits of the Project enhancements already mentioned, the Project should also generally increase the need for services and products from existing businesses as the new business will require typical goods and services, such as office supplies, janitorial services, etc. Additionally, the Project is anticipated to attract highway travelers that will purchase additional goods and services from local businesses.

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

It is not anticipated that the Project will have a material impact on the student populations of the school district within 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 is anticipated to create 15 full time and 10 part time jobs in the City. Wages and salaries will be competitive in the industry. When secondary employment

effects in other employment sectors are added, the total employment effects are expected to be even higher. There are no other material impacts determined by the CDA relevant to the consideration of the cost of benefits arising from the Project.

7. Summary of Findings:

The Project will increase the City's tax base, without material adverse effect on either public or private entities. The Project will increase property tax revenue in the long-term. The Project will facilitate the development of a blighted and substandard area of the City without the incurrence of significant public cost. The benefits outweigh the costs of the proposed Project.