

**REDEVELOPMENT PLAN FOR THE
R. PERRY WORKFORCE HOUSING REDEVELOPMENT PROJECT**

PREPARED DECEMBER, 2024

**BY THE COMMUNITY DEVELOPMENT AGENCY
OF LEXINGTON, NEBRASKA**

A. Introduction

This Redevelopment Plan for the R. Perry Workforce Housing Redevelopment Project (this “Redevelopment Plan”), prepared on behalf of the Community Development Agency of Lexington, Nebraska (the “Agency”), is a guide for redevelopment activities to remove or eliminate blight and substandard conditions within the City of Lexington, Nebraska (“City”). The Mayor and City Council of the City, recognizing that blighted and substandard conditions are a threat to the continued stability and vitality of the City, designated certain areas of the City as 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 of the City designated a portion of the City as a blighted and substandard community redevelopment area, commonly referred to as “Redevelopment Area #1” (referred to herein as the “Redevelopment Area”). This Redevelopment Plan sets forth a redevelopment project proposed by R. Perry Construction, Inc., or its affiliate (“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 phased construction of approximately 110 single-family residences, as well as a multi-family apartment complex consisting of approximately three 30-unit apartment buildings, together with such public and private improvements associated therewith, within the Redevelopment Area (such improvements are collectively referred to herein as the "Redevelopment Project").

The Mayor and Council of the City previously approved a redevelopment plan entitled, “Amendment to the Redevelopment Area #1 Redevelopment Plan (The R. Perry Construction, Inc. Redevelopment Project)” (hereinafter referred to as the “Initial R. Perry Plan”), which set forth the proposed phased development of a mixed-density residential subdivision which included the Project Site (defined below) set forth in this Redevelopment Plan. In accordance therewith, this Redevelopment Plan shall supplement, amend and, to the extent necessary, supersede the Initial R. Perry Plan with respect to the proposed redevelopment within the boundaries of the Project Site set forth herein. Notwithstanding the foregoing, the Initial R. Perry Plan shall remain in full force and effect with respect to such other portions of the Redevelopment Area, other than the Project Site, covered thereby.

B. Redevelopment Area; Project Site; Existing Conditions

Exhibit "A-1", attached hereto and incorporated herein, sets forth the boundaries of the Redevelopment Area. The Redevelopment Area is identical to "Redevelopment Area #1," which

the Mayor and Council of the City previously declared blighted and substandard and in need of redevelopment. Exhibit "A-2", 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 within the South Lexington First Subdivision, to the south of Cattlemen Drive, and abutting Beans Lane to the west, 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 Project Site and surrounding areas) included within the City's Comprehensive Plan. The map sets forth a Low Density Residential designation for future use of the portion of the Project Site that will be utilized for single-family housing, and a Medium/High Density Residential designation for future use of the portion of the Project Site that will be utilized for multi-family residential. 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.

The Comprehensive Plan further sets forth the following observations and objectives:

- Increase residential land use density in established neighborhoods having redevelopment potential. Focus efforts on residential neighborhoods included in the five designated redevelopment areas within the City.
- Conduct infill residential development activities.
- Locate future higher density residential developments to buffer commercial and industrial areas from lower density single family and duplex developments.
- Develop up to 821 units of housing in the City during the next 20 years. Plan for both rental and owner housing units for all income levels, age sectors, and family types/sizes in the community.
- Provide additional housing in the City to eliminate the pent-up demand for housing for the current citizens of the community, especially families and retirees and non-traditional households.

The Redevelopment Project will assist in carrying out such objectives. Accordingly, 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 phased construction of approximately 110 new single-family residences and a multi-family apartment complex consisting of approximately three 30-unit apartment buildings, along with the infrastructure to support the same. As further detailed in Paragraph J below, it is anticipated that the residential units will meet the criteria for workforce housing under the Act, of which there is low supply and high demand within the City.

Redeveloper currently owns the Project Site, and no public acquisition of the Project Site is anticipated. Additionally, no families or businesses will be displaced as a result of the Redevelopment Project.

The Redevelopment Project will require infrastructure improvements and other public and private improvements which are not financially feasible to undertake at one time. Completing the Redevelopment Project in phases will allow the Redeveloper to maximize the TIF resources available, which will be necessary for the Redevelopment Project to succeed; and will allow Redeveloper to construct the residences at a rate that the market can support, and to adapt subsequent phases of the project to the changing needs of the City. Further detail regarding phasing and implementation of the Redevelopment Project is set forth in Paragraph H, below.

Exhibit "C", attached hereto and incorporated herein, sets forth the proposed site plan for the Redevelopment Project (the "Site Plan"). The Site Plan is preliminary in nature and subject to change.

E. Existing Conditions

1. Existing Land Use

The Project Site currently consists of unimproved land.

2. Existing Zoning

The Project Site is currently zoned as R-3 (High Density Residential).

3. Existing Public Improvements

The Project Site currently abuts Cutler Drive to the east, Beans Lane to the west, and Cattlemen Drive to the north, allowing for public access connectivity. The Project Site is without internal paving, sewer, water, storm sewer, electrical service, public walks, and related infrastructure, but abuts such infrastructure.

F. Proposed Redevelopment

1. Public Improvements

The Redevelopment Project will require significant infrastructure improvements and other public improvements. These improvements will include, but are not limited to:

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

The Project Site abuts multiple means of public access. As shown on the Site Plan, Redeveloper anticipates the construction of multiple access points as part of its development of the Redevelopment Project, including tie-ins to Cattleman's Drive, Beans Lane, and Cutler Drive. The public improvements for the Redevelopment Project will address any traffic and street infrastructure concerns that would otherwise be created by the Redevelopment Project. All streets and other public infrastructure 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 the Project Site.

c. Other incidental improvements

The Project Site is currently undeveloped and will require grading to provide effective drainage throughout the area. The Project Site requires filling and grading to properly drain the ground water runoff and provide appropriate grading levels to erect the residences. Redeveloper also anticipates the construction of electric and telecommunications utilities extending to the residences on the Project Site. 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 Redevelopment Project is residential in nature and will increase population density in the area. The increase in population density is supported by the City's desire to provide additional housing. The Project Site will be properly platted, and adequate public infrastructure improvements will be implemented, to accommodate the increase in population density anticipated as part of the Redevelopment Project.

g. Land Coverage

The Project Site consists of approximately 45.58 acres of undeveloped land. The land coverage footprint for the single-family residences constructed within the Project Site is anticipated to be approximately 1,188 square feet per residence on 10,285 square foot lots, but will vary based upon the lot and type of residence; provided that all residences and/or apartment buildings will comply with applicable setback and land coverage requirements under the City's zoning ordinance. In accordance with the foregoing, the Redevelopment Project will comply with all applicable land coverage ratios required by the City.

h. Parking

The residences constructed on the Project Site will each have a driveway and garage. No further onsite parking is required under the City's zoning ordinance. The parking requirements for the multi-family residential portion of the Redevelopment Project will be determined upon finalization of such plans, and Redeveloper will be obligated to comply with the same.

i. Zoning, Building Code and Ordinance

The Project Site is currently zoned as R-3 (High Density Residential), which allows for both single-family residences and multi-family apartment complexes. Accordingly, no zoning

change will be required 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, if any.

2. Private Improvements

Private improvements for the Redevelopment Project consist of the construction of approximately 110 single-family residences and a multi-family residential apartment complex consisting of approximately three 30-unit apartment buildings, in addition to the related facilities and improvements ancillary thereto. Redeveloper or other builders taking conveyance from Redeveloper will construct the private improvements.

G. Project Costs

The total estimated cost of the Redevelopment Project is \$53,688,256. The estimated costs of the Redevelopment Project are attached and incorporated herein as Exhibit "D". Such figures are only estimates based upon 2024 pricing, and are subject to change without further amendment of this Redevelopment Plan.

H. Implementation

Redeveloper anticipates that the Redevelopment Project will be completed over the course of multiple years, with each calendar year constituting a phase; provided that, market demand and other extraneous factors may necessitate that Redeveloper completes one or more phases over an additional period of time. Redeveloper intends to commence construction of the Redevelopment Project upon approval of this Redevelopment Plan. Redeveloper's rate of construction for the residences and timeline for completion of the same will be dictated entirely by market demand.

In accordance with the foregoing, the construction of the residences and/or multi-family units, and the division of TIF Revenues (defined below) related thereto, will occur on a lot-by-lot basis over the course of multiple years (referred to herein as a "phase"). The timing and nature of each phase will be based upon the rate of construction of the residences on the buildable lots, such that the "Effective Date" (as provided under section 18-2147 of the Act) of each phase for purposes of TIF will be determined annually on a lot-by-lot basis in order to maximize the TIF proceeds available to help finance the eligible costs of the Redevelopment Project. Upon the completion of each phase, as determined by a material increase in the assessed valuation of a lot and/or lots within the Project Site in a given year, Redeveloper shall provide notice of the same to the Agency, and the Agency shall file a notice for the division of TIF Revenues with the

county treasurer establishing the Effective Date for the pertinent phase/lot(s). New phases will occur until the buildout of structures on all lots within the Project Site is complete.

Redeveloper is unable to undertake the construction in the first phase of the Redevelopment Project without some assurance that Redeveloper can undertake the additional phases. Redeveloper could not complete the initial public improvements for the first phase but-for the approval of the entire Redevelopment Project and, likewise, the subsequent phases of the Redevelopment Project would not occur but-for these initial public improvements. Accordingly, this Redevelopment Plan contemplates that the costs and expenses of all the public improvements for the Redevelopment Project are eligible TIF uses for each phase of the Redevelopment Project (as allocated). As such, Redeveloper may apply the TIF Revenues (defined below) generated from each phase of the Redevelopment Project toward the payment of the eligible expenses of the entire Redevelopment Project, as necessary.

The anticipated start dates and completion dates for the phases are preliminary and subject to change based upon market conditions, availability of materials, workforce availability and other extraneous factors. More or less phases spanning more or less time than the anticipated completion dates listed above may be necessary as a result of such extraneous conditions or factors. Additionally, in the event such extraneous factors (i.e., market conditions, demand, etc.) inhibit Redeveloper's ability to construct residences upon all of the lots within the subdivision, it is the intent of this Redevelopment Plan that Redeveloper shall still receive TIF for the residences that are constructed.

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 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" (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 ("Base Tax Amount"); and
- (b) That portion of the ad valorem tax derived from 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 Agency 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 Agency 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 each phase of the Redevelopment Project will be established via the notifications from Redeveloper to the Agency referenced in Paragraph H, above, as shall be further detailed in the “redevelopment contract” (as defined in the Act) entered into between Redeveloper and the Agency with respect to the Redevelopment Project. The Agency and Redeveloper anticipate that the Effective Dates will be different for each phase, and therefore the increment period for each phase, will be different.

Notwithstanding any provision herein to the contrary, the TIF Revenues for each phase shall only be divided and allocated over the applicable 15-year increment period or payment of the TIF Indebtedness, whichever occurs first.

1. Necessity of TIF

It is not economically feasible to develop the Redevelopment Project, and Redeveloper would not undertake the same, without TIF. In support thereof, Redeveloper represented and warranted to the City that, without the assistance of TIF (and specifically Workforce Housing TIF), the Redevelopment Project could not be constructed in a manner that would meet the criteria of Workforce Housing under the Act, which would thereby both increase the cost to construct the residences, as well as the purchase price for the owner-occupied units. Accordingly, to be economically feasible, Redeveloper would need to construct larger residences at much higher purchase points, which does not address the most pressing housing needs of the City. As such, the Redevelopment Project, as presented, could not occur without the assistance of TIF.

The City concurs with Redeveloper’s representations. There is a demand for market rate workforce housing in the proposed area. The market rate for such housing, however, does not provide a great enough revenue source for the Redevelopment Project to have a positive return on investment. Without TIF, the price point of the housing units would need to increase significantly to provide acceptable cash-flow, which is not desirable to Redeveloper, and would not satisfy the housing demand for workforce (i.e., middle income) housing in the City. In order to achieve a price point needed/desired for housing within the City, Redeveloper anticipates that it will sell the residences at a discounted value that is roughly equal to Redeveloper’s building costs. Specifically, Redeveloper anticipates that the fair market value of the residences constructed will be approximately \$325,000+, but Redeveloper will sell the homes at or near its

own cost to build of ~\$300,000. Redeveloper's ability to do so depends entirely on the utilization of TIF to facilitate a profit margin and mitigate cost/risk. Thus, it is the finding of this Redevelopment Plan that the Redevelopment Project, as presented, is not feasible without the use of TIF, and Redeveloper would not construct the Redevelopment Project 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 of \$9,799,039. The TIF Indebtedness shall bear interest at a rate of 2.00% per annum.

The total estimated cost of the Redevelopment Project is \$53,688,256. 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.

J. Use of Workforce Housing TIF; Conformance with Incentive Plan

Pursuant to the Act and the workforce housing incentive plan (the "Incentive Plan") adopted by the City, this Redevelopment Plan specifically contemplates and authorizes the use of TIF for all single-family and multi-family residences/improvements constructed on the Project Site that do not exceed the maximums set forth under section 18-2103(32)(c) of the Act, as may be adjusted from time to time. With respect to the owner-occupied single-family residences, such figures (i.e., the maximums) shall be determined at the time of sale of each residence/lot, and shall not be fixed as of the date of this Redevelopment Plan – such that any changes to the maximums under 18-2103(32)(c) shall apply to the subsequent sale of any unsold lots/residences which are part of the Redevelopment Project. Accordingly, so long as a lot/residence complies with the then-current maximums (at the time of the sale) set forth under 18-2103(32)(c) of the Act, the improvements associated therewith shall be considered "Workforce Housing" under the Act, and shall be eligible for treatment as such with respect to the City's administration of TIF, in accordance therewith. With respect to the non-owner-occupied multi-family apartments, eligibility will be determined via Redeveloper's per-unit cost to construct the apartments, in accordance with 18-2103(32)(c) of the Act. The City and/or Agency shall verify eligibility of the improvements as Workforce Housing in accordance with the foregoing, as shall be set forth in further detail under the redevelopment contract between Redeveloper and the Agency.

Subject to the foregoing, the City and Agency have determined that the proposed construction of single-family housing on the Project Site meets the definition of "Workforce

Housing” under the Act, and meets the qualifications for an award of Workforce Housing TIF under the Incentive Plan, in that it:

- Is housing that meets the needs of today’s working families;
- Is housing that is attractive to new residents considering relocation to a rural community;
- Will address certain housing needs identified in the City’s current housing study;
- Will assist with the prevention of blight and substandard conditions within the City, and will help address the City’s lack of safe and suitable housing within a price range that is attainable for the City’s workforce;

The City has further found and determined that the grant of Workforce Housing TIF authorized and approved hereunder will not result in the unjust enrichment of Redeveloper. In support thereof, and as detailed above, it is anticipated that Redeveloper will sell the residences at a discounted price equal to Redeveloper’s approximate cost to build each residence. As such, Redeveloper’s projected return on investment (per residence) would be break even or negative without Workforce Housing TIF. The use of Workforce Housing TIF will provide for a commercially reasonable rate of return. In consideration of the above, the return on investment for the Redevelopment Project without Workforce Housing TIF is below what would be necessary to attract economically-prudent investment and/or financing, thereby demonstrating that Workforce Housing TIF is needed and will not result in unjust enrichment.

In the event that some, but not all, of the residential improvements constructed by Redeveloper meet the eligibility criteria for Workforce Housing TIF, this Redevelopment Plan authorizes the use of Workforce Housing TIF for only the eligible portion(s). Any ineligible portion(s) or residence(s)/unit(s) shall still qualify for normal TIF. The foregoing shall be set forth in further detail in the redevelopment contract between Redeveloper and the Agency.

K. Cost-Benefit Analysis

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

Exhibits:

- Exhibit A: Redevelopment Area and Existing Land Use
- 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-1"

Redevelopment Area and Existing Land Use

EXISTING LAND USE MAP

**REDEVELOPMENT AREA #1, PROPOSED, REVISED
LEXINGTON, NEBRASKA**

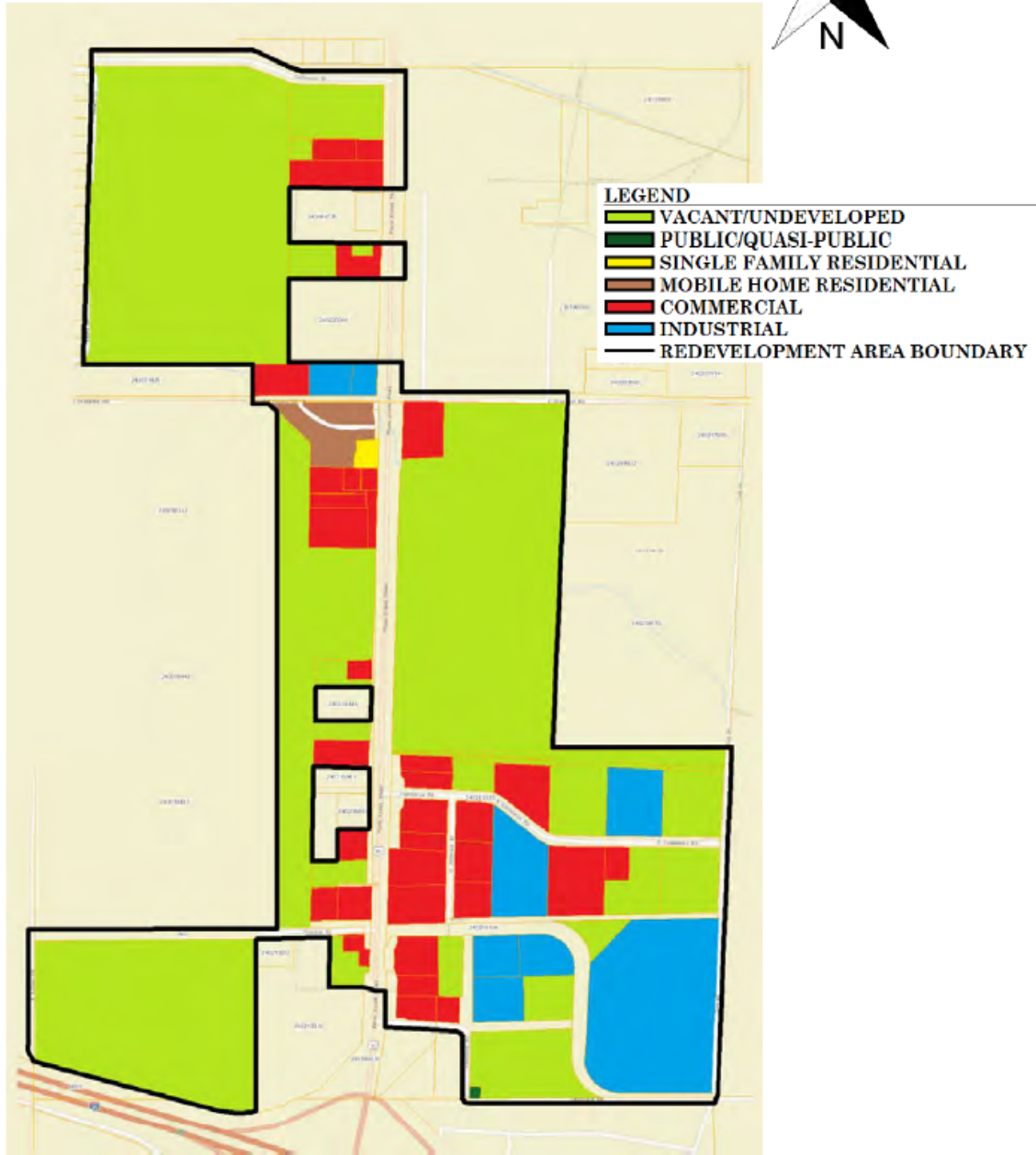


EXHIBIT "A-2"

Project Site and Existing Land Use

Legal Description:

LOT A, ADMINISTRATIVE REPLAT OF BLOCK 3, SOUTH LEXINGTON FIRST SUBDIVISION (Parcel ID 240220067); and

BLOCK 2, SOUTH LEXINGTON FIRST SUBDIVISION (Parcel ID 240224134).

* Once 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

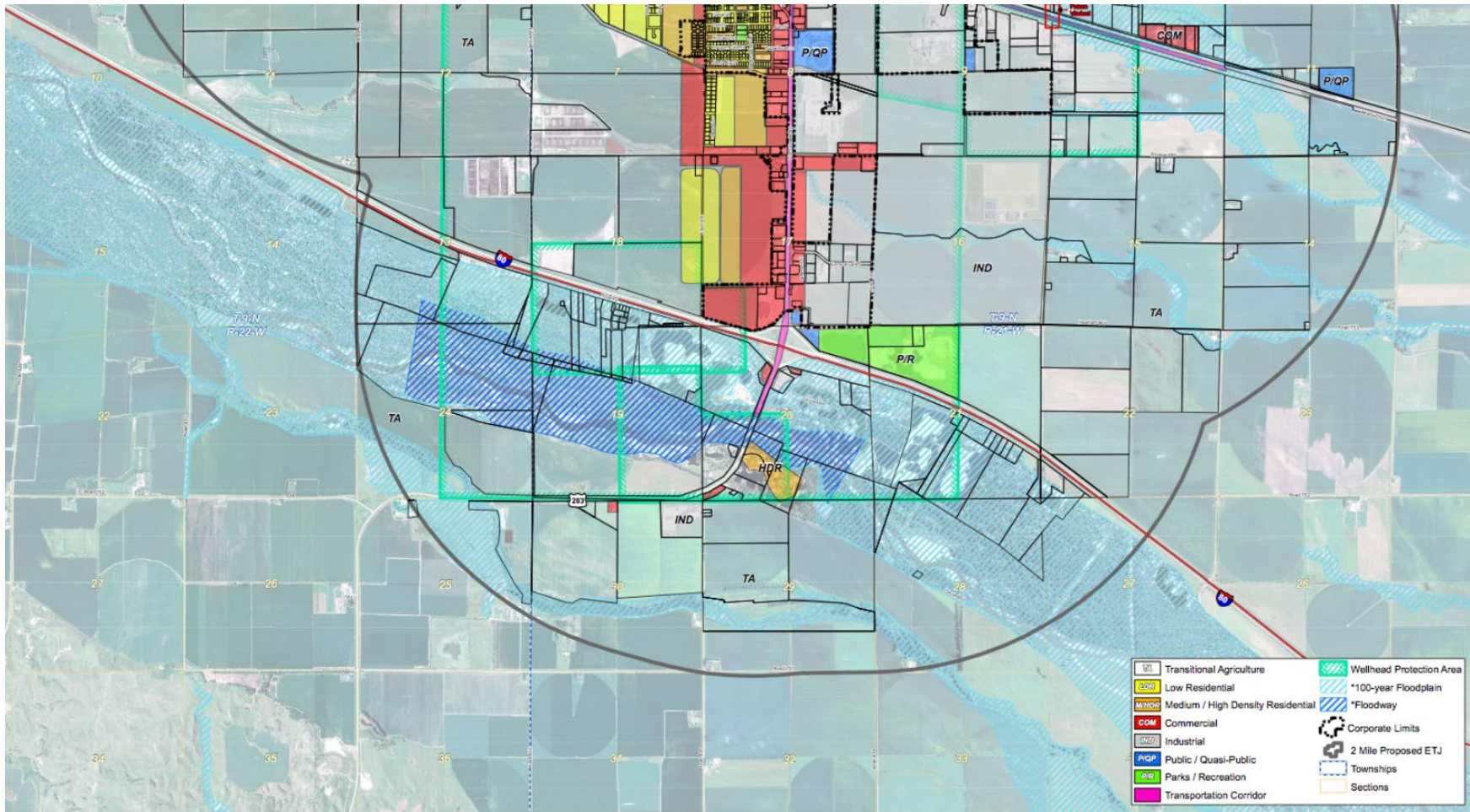


Exhibit "B"

EXHIBIT "C"

Site Plan and Future Land Use

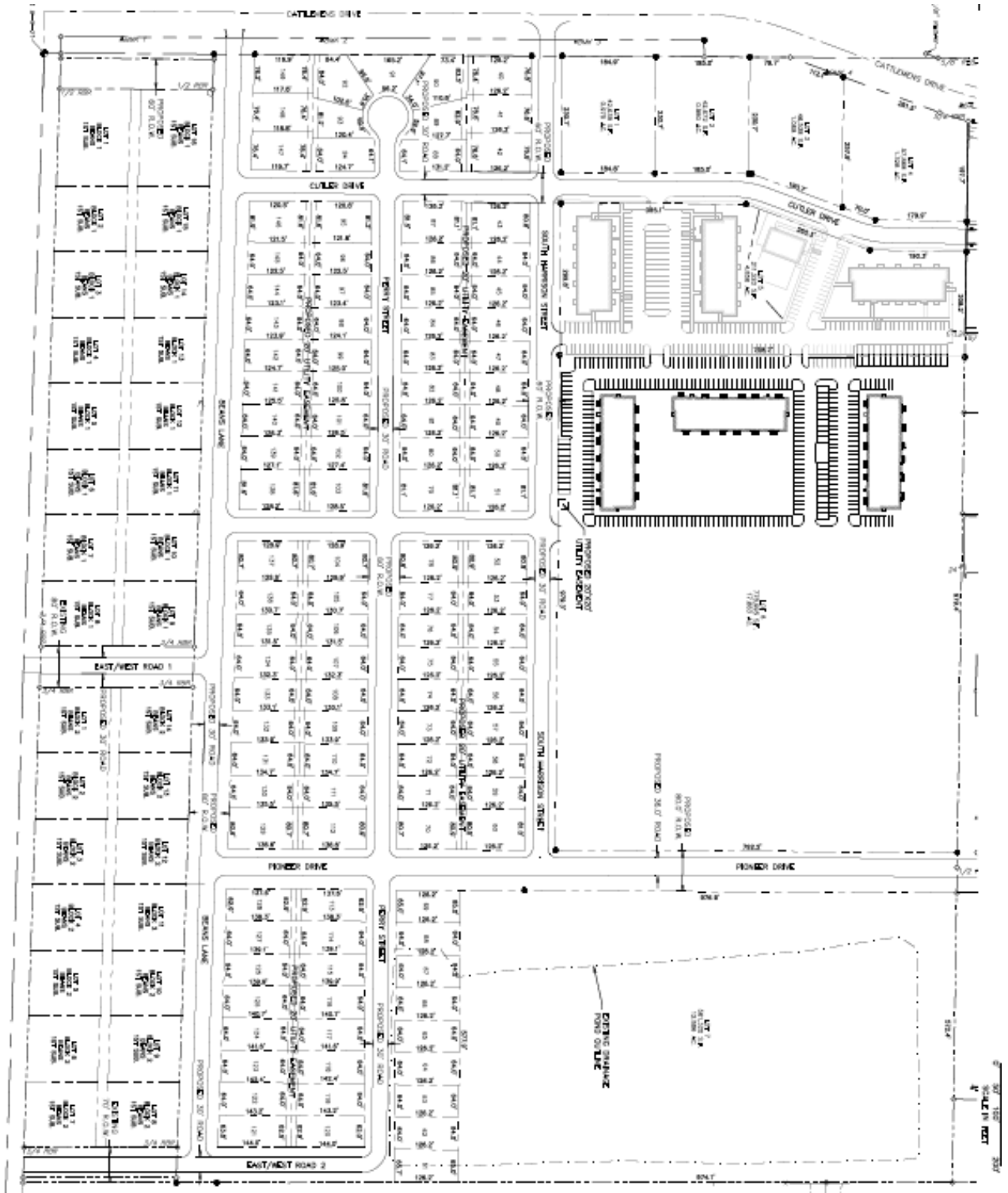


Exhibit "C"

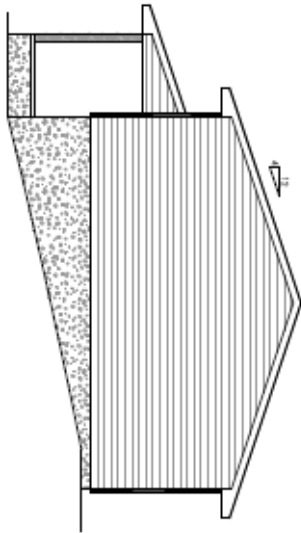
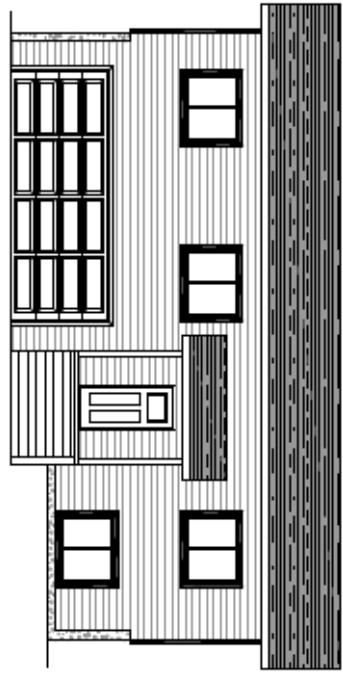
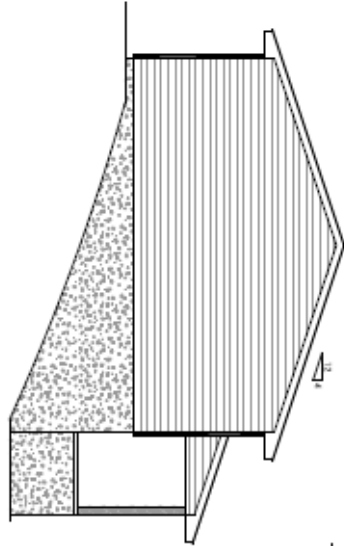
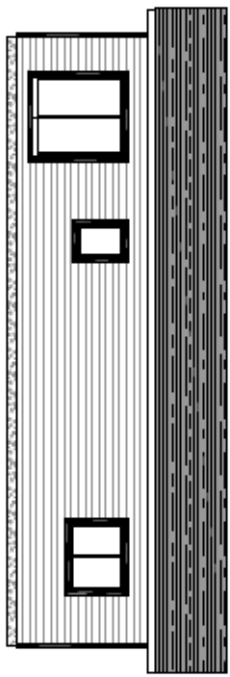


Exhibit "C"

EXHIBIT "D"

Estimate of Construction Costs

Land Acquisition	\$490,352
Site Development	\$12,066,145
Building Cost	\$36,000,000
Architectural and Engineering Fees	\$2,413,229
Contingencies	\$1,573,845
Legal Fees	\$20,000
Financing Costs	\$1,124,685
<hr/>	
TOTAL	\$53,688,256

* 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

USES:*

Land Acquisition	\$490,352
Streets	\$5,752,189
Water Infrastructure	\$1,703,878
Sanitary Sewer	\$1,883,233
Other Site Development & Utilities	\$1,153,000
Building Cost**	\$36,000,000
Architectural and Engineering Fees	\$2,413,229
Legal Fees	\$20,000
TOTAL	\$49,415,881

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

** Subject to meeting the criteria of Workforce Housing TIF, as detailed under Paragraph J of the Redevelopment Plan.

SOURCES:

General Assumptions*:

Base Value:	\$201,592
Post-Redevelopment Value**:	\$40,250,000
Tax Levy (2023):	1.647327
TIF Indebtedness:	\$9,799,039
Interest Rate:	2.00%***

* 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.

** While the cost to build the homes (and sales price) is estimated to be at or below ~\$300,000 per lot, it is anticipated the fair market value (and thus, the tax assessed valuation) will be higher than such amount. As detailed in Paragraph K of the Redevelopment Plan, this is due to Redeveloper selling the homes at cost and deriving its profit from the Workforce Housing TIF, which acts as a reduction to the purchase price from the home's actual fair market value. As such, irrespective of the sales price of the homes, the fair market value – and thus the tax assessed valuation – of the single-family lots is anticipated to be \$325,000, based upon comparable housing stock within the City. The future valuation of the multi-family apartment complex is estimated to be \$4,500,000.

*** An interest rate of 2% accounts for the natural increases to property valuations over the course of the TIF period.

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 2023 levy rate. The projections accounted for year-over-year incremental growth of 2% over the TIF period, as reflected by the per-annum interest rate.*

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:

The Redevelopment Project requires public infrastructure installation. The Project Site will require the construction of internal rights-of-way, with tie-ins to Cattleman's Drive, Beans Lane, and Cutler Drive, along with the construction and/or extension of utilities to serve the residences within the subdivision. The public improvements for the Redevelopment Project will address any traffic and street infrastructure concerns that would otherwise be created by the Redevelopment Project. The Project Site will be filled and graded to provide for effective

surface water runoff. 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 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. The Redevelopment Project and new residences created thereby will require and pay for City services. Additionally, the City will recoup sales tax on materials used for construction of the Redevelopment Project. It is not anticipated that the Redevelopment Project will have any material adverse impact on such City services, but rather, 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:

No employers will be located within the Project Site. However, the Redevelopment Project will have a material positive impact on employees locating within the Project Site. The Redevelopment Project will provide needed additional housing for current and new employees of businesses in the surrounding area.

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 Redevelopment Project is anticipated to have a material positive impact on private sector businesses in the City and vicinity of the Project Site. The Redevelopment Project will require installation of public utilities, and the use of TIF should defray the costs of these and other public improvements that would otherwise be paid through tax revenue or special assessments that would burden adjacent property owners. The Redevelopment Project will provide needed housing in the community, which will benefit employers, employees, and the City in general. The housing constructed as part of the Redevelopment Project should increase the need for services and products from existing businesses, such as household products and general consumer goods/services. Accordingly, the Redevelopment Project should have a positive impact on employers and employees of firms outside of the Project Site.

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

The increase of population density within the Project Site may result in an increase in school-aged children within the related school districts. However, there is no indication that the

schools within the district are unable to withstand an increase in enrollment proportionate to the size of the Redevelopment Project. The school district will not receive taxes from the residences built during the time the increased taxes are utilized to pay the TIF Indebtedness. However, to the extent the school district receives state aid to education, the valuation that generates the TIF payments is not included in the formula for the same and does not count against the state aid that the school district would receive. Taxes on any increase in the base value of the land will benefit the school district. After the TIF Indebtedness is paid, or at the end of the respective 15 years of division of taxes, whichever is sooner, the increased valuation from the residential construction will be available to the school district. As such, Redeveloper and the Agency do not anticipate a negative impact on school districts located within the boundaries of the area of the Redevelopment Project.

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

The Redevelopment Project will revitalize and occupy a vacant and underutilized space 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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