

**AMENDMENT TO THE REDEVELOPMENT PLAN
FOR THE TRANSFORMATION HILL REDEVELOPMENT AREA
OF THE CITY OF BLAIR, NEBRASKA**

BLAIR, NEBRASKA

PREPARED FEBRUARY, 2020

1. Introduction

The Mayor and City Council for the City of Blair, Nebraska (the "City"), previously approved and adopted a redevelopment plan entitled "Redevelopment Plan for the Transformation Hill Redevelopment Area of the City of Blair, Nebraska" for redevelopment in a blighted and substandard area in the City (the "Redevelopment Plan"). A copy of the Redevelopment Plan is attached hereto and incorporated herein as Exhibit "2".

This amendment to the Redevelopment Plan ("Amendment") submits certain changes to the Redevelopment Plan, as highlighted in sections 3 through 6, below. This Amendment incorporates the terms of the Redevelopment Plan as if fully set forth herein; provided, however, that if the terms of this Amendment conflict with the Redevelopment Plan, this Amendment shall control. Any capitalized terms not otherwise defined herein shall have the meaning set forth in the Redevelopment Plan.

2. Purpose and Necessity of Amendment

The City and Community Development Agency of the City of Blair, Nebraska (the "Agency") anticipate that the construction of private improvements upon the developed lots included as part of the Project will occur over a number of years. Accordingly, in order to maximize the tax-increment revenues available for the Project and decrease the financial burden that would otherwise be assessed by the City against lot owners, the City and Agency wish to phase the Project so that the statutory period for collecting the excess ad valorem real property taxes on a certain lot or lots mirrors the completion of the private improvement build-out associated with such lot or lots. By doing so, the City will increase the amount of TIF available for reimbursement of the public improvements associated with the Project, while decreasing the amount assessed to subsequent landowners or incurred by the City. No further substantive changes to the Redevelopment Plan are necessary, except those provided in sections 3 through 6, below. As such, in compliance with section 18-2117 of the Act, this Amendment to the Redevelopment Plan is necessary to ensure that the Redevelopment Plan reflects the updated phased construction and financing plan for the Project.

3. Amendment to Total Cost of Project and Amount of TIF Indebtedness

The total anticipated cost of \$2,000,000 for the Project, and all references in the Redevelopment Plan thereto, shall be amended and replaced with a total anticipated cost of \$2,440,112 for the Project. Further, the anticipated amount of \$1,480,000 in TIF Indebtedness, and all references in the Redevelopment Plan thereto, shall be amended and replaced with an anticipated amount of \$1,950,000 in TIF Indebtedness.

4. Phasing of Project

The City, as redeveloper, intends to construct all public infrastructure improvements detailed in the Redevelopment Plan that are necessary for the Project. Thereafter, private developers will construct the private improvements thereon, creating the valuation increases to be captured by TIF. Because construction of the private improvements is subject to market demand and absorption, the period(s) for such collection of the excess ad valorem real estate taxes will be phased in connection with the progression of the private improvements to maximize the TIF resources available. For example, if private improvements are built on lots 1-7 during the first year that taxes are to be divided, such lots shall constitute the first phase of the Project, with the process repeating in a like manner for subsequent years; provided that the Agency, in its discretion, may include unimproved lots within any such phase. It is anticipated that the Project could include up to eleven (11) phases, but more or less may be necessary based upon market demand and other extraneous factors, subject to the Agency's discretion. By maximizing the TIF resources available and capturing more in TIF, the City will decrease the amount that would otherwise be assessed against the lots to pay for the costs of the Project exceeding those serviced by TIF.

The City is unable to undertake construction of the public infrastructure during the first phase of the Project but-for the approval of the entire Project (inclusive of the build-out of the private improvements) and, likewise, the subsequent phases of the 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 Project are eligible TIF uses for each phase of the Project (as allocated). As such, the City may apply the TIF revenues generated from each phase of the Project toward the payment of the eligible expenses of the entire Project, if necessary.

5. Amendment to Section II(D) of Redevelopment Plan

Section II(D) of the Redevelopment Plan shall be amended and replaced in its entirety as provided below. Sections II(D)(i) and II(D)(ii) shall not be amended, except as otherwise provided in this Amendment.

D. Financing of Project

Redevelopment of the Redevelopment Area is not economically feasible without TIF. As such, the City and the Agency contemplate using TIF for the Project identified in this

Redevelopment Plan, and any projects identified in future amendments to this Redevelopment Plan.

The total estimated cost of the Project is approximately \$2,440,112, not including the build-out of the residential lots by private developers (i.e., the private improvements). The City expects to request grant assistance from the Agency in the estimated principal amount of \$1,950,000 with such grant to come from community development revenue bonds issued by the Agency in the approximate estimated principal amount of \$1,950,000, (the “**TIF Indebtedness**”). It is anticipated that one bond will be issued for all phases of the 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 resolution, in the redevelopment project in excess of the Base Tax Amount, if any, 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.

The Project will occur in phases, determined by the buildout of the private improvements. Accordingly, with respect to the Project, the actual base tax year and Base Tax Amount for each phase will be determined as provided below.

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. Upon the completion of each phase, the City will submit to the Agency an amendment to the "redevelopment contract" (as defined in the Act) on a form prescribed by the Agency. Each amendment to the redevelopment contract shall set forth the "effective date" (as defined in the Act) for the pertinent phase and must be submitted to the Agency on or before June 30 of the year in which taxes are to

be divided for such phase. The City and the Agency anticipate that each phase will occur on a yearly basis over the course of development (of the private improvements). Accordingly, a phase for a particular year will be determined by the valuation increases that occur as a result of the private development on specific lots during that year.

Notwithstanding any provision herein to the contrary, all tax revenues resulting from improvements constructed/installed after the commencement of the first portion of each phase shall only be divided and allocated over the applicable 15-year increment period or payment of the TIF Indebtedness, whichever occurs first.

The City will have full responsibility for (i) the purchasing of the TIF Indebtedness from the Agency or (ii) arranging for the purchase of the TIF Indebtedness from the Agency. Any issuance of the TIF Indebtedness is to be upon the basis of a private placement with the purchaser.

The City will issue warrants to cover construction costs of the Project. A portion of the warrants will be paid off via purchase of the TIF Indebtedness. The City will form improvement districts within the Redevelopment Area and issue bonds for the (applicable) public improvements therein in excess of the TIF Indebtedness.

6. Amendment to Exhibit "G" of Redevelopment Plan

The Cost Benefit Analysis for the Redevelopment Plan, attached thereto as Exhibit "G", shall amended in their entirety and replaced by Exhibit "1", attached hereto and incorporated herein.

7. Headings

Headings of sections of this Amendment and the exhibits attached hereto are for convenience of reference only and do not form a part of the Redevelopment Plan and do not in any way modify the Redevelopment Plan except as otherwise provided in this Amendment.

Exhibit "1"

Amendment to Exhibit "G"

(See attached)

TRANSFORMATION HILL REDEVELOPMENT PROJECT
COST-BENEFIT ANALYSIS
(Pursuant to Neb. Rev. Stat. § 18-2113)
May, 2018
Amended February, 2020

The cost-benefit analysis for the above referenced project, as described in the attached Redevelopment Plan, which will utilize funds authorized by Neb. Rev. Stat. §18-2147, can be summarized as follows:

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.	Project Valuation*:	\$500,000.00
b.	Projected Completed Project Assessed Valuation**:	\$13,485,000.00
c.	Projected Tax Increment Base (b. minus a.):	\$12,985,000.00
d.	Estimated Tax Levy: 2.122854	
e.	Annual Projected Tax Shift (less 1% assessor's fee)***:	\$272,896.00

* 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 2019 levy rate. There has been no accounting for incremental growth over the fifteen-year TIF period (for each phase). The base value is assumed based upon an estimate of the current valuation of the Project Area if it were owned by an entity that is not tax exempt, and the actual value is likely to be different than that provided.

** This calculation includes both the public improvements from the Project and the private improvements required under separate development agreements entered into between the City and private developers. The Project is contingent upon the City entering into such development agreements and therefore the increase in valuation stemming therefrom is included as part of the above calculations.

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 Project anticipates expenditures of approximately \$2,440,112 for construction and installation of public improvements. It is proposed that up to \$1,950,000 in TIF over the 15-year statutory period (per phase) will be used for eligible public expenditures associated with the Project. The actual amount of the TIF Indebtedness will depend on the interest rate the redeveloper obtains from a TIF lender. The cost of the eligible public improvements is estimated to exceed \$1,950,000. The public infrastructure improvements associated with the Project include, among other things, the construction of two new public roads and the construction/extension of public utility infrastructure, as more particularly described under paragraph A of section II of the Redevelopment Plan. These public improvements are necessary to utilize the Redevelopment Area for any use and will create a material positive impact on existing public infrastructure. The Comprehensive Plan provides that the City's need for additional residential development includes the provision of adequate, efficient, and appropriate utilities and services throughout the community. Accordingly, the improvements will materially benefit the City and help meet the objectives of the Comprehensive Plan.

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 TIF 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 Project will require and pay for City services. It is not anticipated that the 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 area of the Project:

Currently, there are no businesses within the Redevelopment Area. The Project will require temporary construction jobs during the construction period. Many of these construction employees will be local workers, and the other workers will use services and buy goods in the City during their construction phase.

It is not anticipated that the Project will have a material adverse impact on other employers and employees of firms locating or expanding within the boundaries of the Redevelopment Area. The City anticipates that the increased population density and public infrastructure should positively impact the Redevelopment Area and could lead to additional non-residential development that positively impacts employment in the area.

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 Area. The Project is not anticipated to impose a burden or have a negative impact on local area employers, but should provide needed housing for employees of surrounding businesses. Improvements to the public/quasi-public areas should benefit the entire community.

5. Impacts on student populations for school districts within the boundaries of the area of the redevelopment project:

There is no indication that the school district cannot accommodate an increase of the student population resulting from the Project, and it is anticipated that many of the new residents within the Redevelopment Area will be current residents relocating within the City. The school district will not receive taxes from the residences built during the time the increased taxes are utilized to pay the TIF indebtedness. The school district has received state aid to education in the past. Part of the school aid formula involves assessed valuation in the school district. The valuation that generates the TIF payments is not included in the formula 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 (per phase), whichever is sooner, the increased valuation from the residential construction will be available to the school district. Because the Project would not occur but-for the use of TIF, there is no loss in prospective tax revenues to the school district.

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 Project will provide needed housing and revitalization to public/quasi-public areas in furtherance of the City's Comprehensive Plan. There are no other material impacts determined by the Agency relevant to the consideration of the cost or benefits arising from the Project.

Exhibit "2"

Redevelopment Plan

(See attached)