

**FIRST AMENDMENT TO CITY OF LINCOLN
REDEVELOPMENT AGREEMENT
(ANTELOPE VILLAGE PROJECT)**

This First Amendment to City of Lincoln Redevelopment Agreement ("First Amendment") is made and entered into on this ___ day of _____, 2012, by and between the City of Lincoln, Nebraska, a municipal corporation in the state of Nebraska ("City"), and Neighborhoods, Inc., a Nebraska nonprofit corporation, d/b/a NeighborWorks Lincoln ("Redeveloper").

RECITALS

A. The City and Redeveloper have previously entered into that City of Lincoln Redevelopment Agreement (Antelope Village Project) dated April 17, 2009 (the "Redevelopment Agreement"), in which Redeveloper agreed to undertake a mixed use redevelopment project to include office and retail space in addition to residential condominiums and townhouses (Redevelopment Project) in the Redevelopment Project Site, as described in the Redevelopment Agreement.

B. Due to external circumstances and timing requirements, the timing, scope, cost, and other information about the Redevelopment Project contained in the Redevelopment Agreement were based on good faith assumptions, but had not been confirmed with the necessary studies, calculations, and estimates.

C. Subsequent to the execution of the Redevelopment Agreement, Redeveloper has had the opportunity and ability to more accurately estimate the timing, scope, and cost of the Redevelopment Project.

D. Based on the more accurate estimation of the cost and timing of the Project, Redeveloper has modified which portions of the Redeveloper Private Improvements will be completed in Phase One and Phase Two. Additionally, depending on the sales and absorption of the townhomes that are constructed in Phase One and Phase Two, and the funds available for construction, the parties acknowledge and agree that Phase Two Private Improvements may need to be divided into a Phase Two and Phase Three to establish the correct effective date for the construction of the Phase Two Private Improvements, as more particularly described on Exhibit A of this First Amendment.

E. Based on the more accurate estimation of the scope of the Project, Redeveloper has modified the plans with respect to that certain portion of the Phase Two Project Site legally described as: Lot One (1), Antelope Creek Village Addition, Lincoln, Lancaster County, Nebraska ("Lot One"). Originally, Redeveloper contemplated the construction of a mixed use building and parking lot on Lot One. However, based on insufficient funds available for construction, Lot One will temporarily remain vacant until further funding is available for construction.

F. The parties desire to amend the Redevelopment Agreement to more accurately reflect the realities of the Redevelopment Project.

NOW, THEREFORE, in consideration of the above Recitals which are hereby made a part of this First Amendment, the mutual covenants contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. **Definition of Phases.** Recital B of the Redevelopment Agreement is hereby deleted in its entirety and replaced with the following recital:

“B. The Redevelopment Plan calls for the City to support redevelopment efforts, including residential townhomes, and potentially including a mixed use building (“Redevelopment Project”) on property generally bounded on the west by 23rd Street, on the north by “Q” Street, on the east by 24th Street, and on the south by “P” Street and legally described as:

Lots One (1) through Nineteen (19), Antelope Creek Village Addition, Lincoln, Lancaster County, Nebraska

(formerly known as: Lots One (1) through Twelve (12), Block Seventeen (17), Kinneys “O” Street Addition, Lincoln, Lancaster County, Nebraska)

(the “Redevelopment Project Site”). Lots Two (2) through Seven (7) of the Redevelopment Project Site shall constitute the “Phase One Project Site” and Lots Eight (8) through Nineteen (19) of the Redevelopment Project Site shall constitute the “Phase Two Project Site.”

2. **Minimum Investment of the Redeveloper.** The first sentence in Section 2 of the Redevelopment Agreement is hereby deleted and replaced with the following sentence:

“Redeveloper through an investment of Three Million Eight Hundred Thousand and No/100 Dollars (\$3,800,000.00) shall, at its own cost and expense, construct the private improvements described on Exhibit “A” attached and incorporated by this reference (the “Redeveloper Private Improvements”).”

3. **Addressing Use of Lot One.** Section 11.A of the Redevelopment Agreement is hereby amended by adding the following subparagraph 4 to Section 11.A:

“4. The City acknowledges and understands that Lot One will temporarily remain vacant until further funding is available for construction. If Lot One is not used for an office or mixed-use building, the Redeveloper cannot, and has no obligation to, provide the Parking Lot License set forth in 11.A.1, above, and the right to use the mixed use building set forth in 11.A.2 above. The City acknowledges that it has received adequate and sufficient consideration for the City Lots even if Lot One is not used to construct the office/mixed-use building.”

4. **Issuance of TIF Indebtedness.**

A. The first sentence of Section 12.A of the Redevelopment Agreement is hereby deleted and replaced with the following sentence:

“On or after thirty days following the approval and execution of this Agreement, which date is after the remonstrative period of this Agreement or as soon thereafter as is practicable, the City shall issue Phase One TIF Indebtedness in the estimated amount of \$150,600 to be purchased by Redeveloper or a lender (“TIF Bond Purchaser”) and receive Phase One TIF Proceeds from the TIF Bond Purchaser to be deposited into a fund account for payment of the City’s TIF Bond cost of issuance and the Phase One Eligible Project Costs (the “Phase One Project Account”).”

B. The first sentence of Section 12.B of the Redevelopment Agreement is hereby deleted and replaced with the following sentences:

“The City shall issue Phase Two TIF Indebtedness in one of the following manners:

(1) As soon as practicable following the completion of the Phase One Redeveloper Improvements, the City shall issue Phase Two TIF Indebtedness in the estimated amount of \$332,000 to be purchased by the TIF Bond Purchaser and receive Phase Two TIF Proceeds from the TIF Bond Purchaser to be deposited into a fund account for payment of the City’s TIF Bond cost of issuance and the Phase Two Eligible Project Costs (the “Phase Two Project Account”); or

(2) At the option of the Redeveloper to complete Phase Two in two stages, (i) Phase Two TIF Indebtedness in the estimated amount of \$166,000 shall be issued as described above, and (ii) as soon as practicable following the completion of the Phase Two Redeveloper Improvements, the City shall issue Phase Three TIF Indebtedness in the estimated amount of \$166,000 to be purchased by the TIF Bond Purchaser and receive Phase Three TIF Proceeds from the TIF Bond Purchaser to be deposited into a fund account for payment of the City’s TIF Bond cost of issuance and the Phase Three Eligible Project Costs (the “Phase Three Project Account”).”

5. **TIF Proceeds and Project Valuation.** Section 13 of the Redevelopment Agreement is hereby deleted and replaced with the following paragraph:

“13. Valuation of Property Within the Project Area. The City intends to use the Ad Valorem Tax Provision for both phases to generate a total of approximately Four Hundred Eighty-two Thousand Six Hundred and No/100 Dollars (\$482,600.00) (“TIF Proceeds”) which shall be used to finance the issuance of the TIF Indebtedness and the

assistance to Redeveloper in accordance with this Redevelopment Agreement. The final amount of the TIF Proceeds shall be approved by the Mayor prior to the issuance of the TIF Indebtedness. Phase One is intended to generate approximately \$150,600 (“Phase One TIF Proceeds”) and Phase Two (or Phase Two and Phase Three, at the option of Redeveloper) is intended to generate approximately \$332,000 (“Phase Two TIF Proceeds”). The tax increment is to be derived from the increased valuation, determined in the manner provided for in Article 8, Section 12 of the Constitution of the State of Nebraska and the Community Act which will be attributable to the redevelopment contemplated under this Agreement. The TIF Tax Revenues which are to be used to pay debt service for the TIF Indebtedness will be derived from the increased valuation from redeveloping the Redevelopment Project Site as provided in this Agreement. Redeveloper agrees not to contest any taxable valuation assessed for the Phase One Project Site and improvements thereon which does not exceed Eight Hundred Sixty Four Thousand and No/100 Dollars (\$864,000.00), as allocated between specific improvements by Redeveloper and shown on the schedule attached hereto as Exhibit “E” and incorporated by this reference, commencing in the tax year of the Phase One Effective Date and continuing for a period of not to exceed fifteen (15) years thereafter or so long as any portion of the Phase One TIF Indebtedness with respect to the Redevelopment Project remains outstanding and unpaid, whichever period of time is shorter. Redeveloper agrees not to contest any taxable valuation assessed for the Phase Two Project Site and improvements thereon which does not exceed One Million Seven Hundred Eight Four Thousand and No/100 Dollars (\$1,784,000.00), as allocated between specific improvements by Redeveloper and shown on the schedule attached hereto as Exhibit “E” and incorporated by this reference, commencing in the tax year of the Phase Two Effective Date (and the Phase Three Effective Date, if applicable) and continuing for a period of not to exceed fifteen (15) years thereafter or so long as any portion of the Phase Two TIF Indebtedness with respect to the Redevelopment Project remains outstanding and unpaid, whichever period of time is shorter.”

6. **Tax Increment Deficiency on TIF Indebtedness.** Section 25 of the Redevelopment Agreement is hereby deleted in its entirety and replaced as follows:

“The obligation of the City on the TIF Indebtedness shall be limited solely to the TIF Tax Revenues from the Ad Valorem Tax Provision pledged as security for such TIF Indebtedness. To the extent of any deficiency in such TIF Tax Revenues for required debt service on the TIF Indebtedness for any Phase, the following provisions shall apply to that Phase of the Redevelopment Project: (a) if Redeveloper is the purchaser or holder of the TIF Indebtedness, Redeveloper agrees to defer payment of the same for each year that there exists a deficiency during the Tax Increment Period and further forgive any remaining debt on the TIF Indebtedness in the event the TIF Indebtedness is not retired in full at the end of the Tax Increment Period; or (b) if a lender is the purchaser or holder of the TIF

Indebtedness, Redeveloper agrees to pay the amount of the deficiency to the City within thirty (30) days of a written request of the City and shall pay the same for each year that there exists a deficiency in the Tax Increment Provision. If Redeveloper is required to pay any such deficiency, the City shall reimburse all sums paid by said Redeveloper for such purpose if and when Tax Revenues do become available from the Ad Valorem Tax Provision to meet current debt service and reimburse Redeveloper for such deficiency payments.”

7. **Priority of Series Notes.** Section 26 of the Redevelopment Agreement is hereby deleted in its entirety.

8. **Exhibit A.** Exhibit A of the Redevelopment Agreement is hereby deleted and replaced in its entirety by Exhibit A attached to this First Amendment.

9. **Exhibit D.** Exhibit D of the Redevelopment Agreement is hereby deleted and replaced in its entirety by Exhibit D attached to this First Amendment.

10. **Exhibit E.** Exhibit E of the Redevelopment Agreement is hereby deleted and replaced in its entirety by Exhibit E attached to this First Amendment.

11. **Effective Date.** The Effective Date for Phase One of the Redevelopment Agreement is January 1, 2012 (“Phase One Effective Date”). The Effective Date for Phase Two of the Redevelopment Agreement is January 1, 2014 (“Phase Two Effective Date”). If Redeveloper elects to complete Phase Two in two stages, then the Effective Date for Phase Three of the Redevelopment Agreement shall be January 1 of the year after construction of the Phase Three Redevelopment Improvements is completed (“Phase Three Effective Date”).

12. **Reconfirm All Other Terms.** All provisions of the Redevelopment Agreement not expressly amended herein shall remain in full force and effect.

Dated as of the date first written above.

ATTEST:

City Clerk

**CITY OF LINCOLN,
NEBRASKA,**
a municipal corporation

By: _____
Chris Beutler, Mayor of Lincoln

NEIGHBORHOODS, INC.
a Nebraska nonprofit corporation
d/b/a NeighborWorks Lincoln

By: _____
Michael A. Renken, Executive Director

STATE OF NEBRASKA)
)ss.
COUNTY OF LANCASTER)

The foregoing instrument was acknowledged before me this ___ day of _____, 2012, by Chris Beutler, Mayor of the City of Lincoln, Nebraska, a municipal corporation.

Notary Public

STATE OF NEBRASKA)
)ss.
COUNTY OF LANCASTER)

The foregoing instrument was acknowledged before me this ___ day of _____, 2012, by Michael A. Renken, Executive Director of Neighborhoods, Inc., a Nebraska nonprofit corporation, on behalf of the corporation.

Notary Public

EXHIBIT "A"

REDEVELOPER PRIVATE IMPROVEMENTS

The Redeveloper Private Improvements to be constructed on the Redevelopment Project Site shall consist of the following:

PHASE ONE PRIVATE IMPROVEMENTS:

- (a) Six (6) townhomes for sale to individuals or families; and
- (b) Driveways, parking lots, and other amenities reflected on the site plan.

PHASE TWO PRIVATE IMPROVEMENTS:

- (a) Twelve (12) townhomes for sale to individuals or families; and
- (b) Driveways, parking lots, and other amenities as reflected on the Site Plan.

PROVIDED, HOWEVER, depending on the sales and absorption of the townhomes that are constructed in Phase One and the initial six townhomes constructed in Phase Two, the Redeveloper shall have the option to complete the Phase Two Private Improvements in two stages, as follows:

- (1) six (6) of the Phase Two townhomes and the associated private improvements shall be completed as Phase Two; and
- (2) six (6) of the Phase Two townhomes and the associated private improvements shall be completed as Phase Three, in order to establish a correct effective date for said portion of the Redevelopment Project.

If Redeveloper elects to complete the Phase Two Private Improvements as Phase Two and Phase Three, all terms and conditions in the Redevelopment Agreement relating to Phase Two, except for the effective date, shall also apply to Phase Three.

EXHIBIT “D”

TIF INDEBTEDNESS

PHASE ONE TIF INDEBTEDNESS:

1. **Principal Amount.** The principal amount of the TIF Indebtedness shall be the amount, together with interest accruing thereon, which can be amortized by the Phase One Maturity Date, solely from the Tax Increment Revenues based upon the current aggregate ad valorem tax rate applicable to the Redevelopment Project Site multiplied by an assumed valuation of Eight Hundred Sixty Four Thousand and No/100 Dollars (\$864,000.00). Due to the fact that Redeveloper or its lender shall purchase the TIF Indebtedness, the City shall not require the maintenance of any minimum debt service coverage or the posting of any reserves. The City shall receive its cost of issuance from the Project account realized upon the sale of the TIF Indebtedness.
2. **Payments.** Semi-annually with interest only until real estate taxes are fully collected for the tax year of the Phase One Effective Date in an amount sufficient to fully amortize the TIF Indebtedness on or before the Phase One Maturity Date.
3. **Phase One Maturity Date.** On or before December 31, 2027.

PHASE TWO TIF INDEBTEDNESS:

1. **Principal Amount.** The principal amount of the TIF Indebtedness shall be the amount, together with interest accruing thereon, which can be amortized by the Phase Two Maturity Date, solely from the Tax Increment Revenues based upon the current aggregate ad valorem tax rate applicable to the Redevelopment Project Site multiplied by an assumed valuation of (i) One Million Seven Hundred Eighty-four Thousand and No/100 Dollars (\$1,784,000.00) or, if Redeveloper elects to complete the Phase Two Private Improvements in two stages, then (ii) the assumed Phase Two valuation will be Eight Hundred Ninety Two Thousand and No/100 Dollars (\$892,000.00) and there will be Phase Three TIF Indebtedness, as described below. Due to the fact that Redeveloper or its lender shall purchase the TIF Indebtedness, the City shall not require the maintenance of any minimum debt service coverage or the posting of any reserves. The City shall receive its cost of issuance from the Project account realized upon the sale of the TIF Indebtedness.
2. **Payments.** Semi-annually with interest only until real estate taxes are fully collected for the tax year of the Phase Two Effective Date in an amount sufficient to fully amortize the TIF Indebtedness on or before the Phase Two Maturity Date.
3. **Maturity Date.** On or before December 31, 2029.

PHASE THREE TIF INDEBTEDNESS:

If Redeveloper elects to construct the Phase Two Private Improvements in two stages and therefore create Phase Three TIF Indebtedness, as described herein, then the following provisions shall apply:

1. **Principal Amount.** The principal amount of the TIF Indebtedness shall be the amount, together with interest accruing thereon, which can be amortized by the Phase Three Maturity Date, solely from the Tax Increment Revenues based upon the current aggregate ad valorem tax rate applicable to the Redevelopment Project Site multiplied by an assumed valuation of Eight Hundred Ninety Two Thousand and No/100 Dollars (\$892,000.00). Due to the fact that Redeveloper or its lender shall purchase the TIF Indebtedness, the City shall not require the maintenance of any minimum debt service coverage or the posting of any reserves. The City shall receive its cost of issuance from the Project account realized upon the sale of the TIF Indebtedness.
2. **Payments.** Semi-annually with interest only until real estate taxes are fully collected for the tax year of the Phase Three Effective Date in an amount sufficient to fully amortize the TIF Indebtedness on or before the Phase Three Maturity Date.
3. **Maturity Date.** On or before December 31 of the fifteenth (15th) year after the Phase Three Effective Date.

EXHIBIT "E"

PROTEST THRESHOLD VALUATION SCHEDULE

PHASE ONE

<u>Lot</u>	<u>Value</u>
2	\$122,000
3	\$122,000
4	\$166,000
5	\$166,000
6	\$144,000
7	\$144,000

PHASE TWO (AND PHASE THREE, IF APPLICABLE)

- Townhomes 1-12 (individual value of lot depends on type of townhome constructed on the lot.)
Type I: \$170,000
Type II: \$127,000
Type III: \$149,000

There will be four (4) of each type of townhome, for a total of \$1,784,000.