

032116 agenda

MCCOOK CITY COUNCIL

REGULAR MEETING

**Monday - March 21, 2016
6:30 P.M. - City Council Chambers**

- **Call to Order and Roll Call.**
- **Open Meetings Act Announcement.**
**A copy of the Open Meetings Act is posted by the entrance to the Council Chambers and is available for public review.*
- **Pledge of Allegiance.**

1. Citizen's Comments.

**The Council welcomes your input. You may address the Council at this time on items that are not on tonight's agenda. According to Nebraska Open Meeting Laws no action may be taken by Council.*

At the appropriate time during the meeting, citizens wishing to comment on tonight's Agenda items will be given an opportunity.

2. Announcements & Recognitions.

*Motion to recess as a City Council and convene as the McCook Community
Development Agency for consideration of the CDA Agenda.*

MCCOOK COMMUNITY DEVELOPMENT AGENCY

- **Call to Order and Roll Call.**
- **Open Meetings Act Announcement.**
**A copy of the Open Meetings Act is posted by the entrance to the Council Chambers and is available for public review.*

1. Approve the minutes of the February 15, 2016 Community Development Agency regular meeting.
[cda 032116 minutes](#)

2. Recommend approval Resolution No. 2016-07 to the McCook City Council which approves an amendment of a Redevelopment Plan of the City of McCook, Nebraska; approves a Redevelopment Project of the City of McCook, Nebraska; and approves the related actions for the purpose of the development of the 2016 Holiday Inn and Suites Hotel Project Area.
[cda 032116 rec approval](#)

*Motion to recess as the McCook Community Development Agency
and reconvene as the McCook City Council.*

3. Approve Resolution No. 2016-07 approving a Redevelopment Plan of the City of McCook, Nebraska; approving a Redevelopment Project of the City of McCook, Nebraska; and approval of related actions for the purpose of the development of the 2016 Holiday Inn and Suites Hotel Project Area.
[032116 res no 201607](#)

*Motion to recess as a City Council and to reconvene as the
McCook Community Development Agency.*

3. Approve Resolution No. CDA 2016-02 authorizing and providing for the issuance of a tax increment revenue bond, note, or other obligation and authorizing the administration of said tax increment revenue bond process, said authorizing including the approval of a Redevelopment Contract between the Community Development Agency of the City of McCook, Nebraska and McCook Lodging, L.L.C.
[cda 032116 res 201602](#)
[cda 032116 redev contract](#)
[cda 032116 letters](#)
[cda 032116 hotel study](#)

▪ **Adjournment of the McCook Community Development Agency.**

Motion to recess as the McCook Community Development Agency
and reconvene as the McCook City Council.

4. Public Hearings.

- A. Public Hearing - Consider Replat No. 1 of Block 2, Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska.

032116 patton boyd
exhibit 5

- B. Adopt Resolution No. 2016-06 providing for the final approval of Replat No. 1 of Block 2, Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska.

- C. Conduct a public hearing on the application of Smokers Outlet Inc., dba "Smokers Outlet 1", for the addition of a Catering (K) to the current Class "D" License #101003 under the Nebraska Liquor Control Commission located at 1111 West "B" Street, McCook, Nebraska.

032116 smokers

- D. Recommend approval to the Nebraska Liquor Control Commission the application of Smokers Outlet Inc., dba "Smokers Outlet 1", for the addition of a Catering (K) to the current Class "D" License #101003 under the Nebraska Liquor Control Commission located at 1111 West "B" Street, McCook, Nebraska.

- E. Conduct a public hearing on the application of JBN Inc., dba "Hi Times Liquor Mart 1", for the addition of a Catering (K) to the current Class "D" License #100025 under the Nebraska Liquor Control Commission located at 502 East "B" Street, McCook, Nebraska.

032116 jbn

- F. Recommend approval to the Nebraska Liquor Control Commission the application of JBN Inc., dba "Hi Times Liquor Mart 1", for the addition of a Catering (K) to the current Class "D" License #100025 under the Nebraska Liquor Control Commission located at 502 East "B" Street, McCook, Nebraska.

5. Consent Agenda.

**The Consent Agenda is approved on one motion. Any item listed on the Consent Agenda may, by the request of any single Councilmember or public in attendance, be considered as a separate item under the Regular Agenda.*

- A. Approve the minutes of the February March 7, regular City Council meeting.

032116 minutes

- B. Receive and file the claims for the month of February 2016 as published March 10, 2016.

032116 claims

- C. Receive and file the minutes of the March 14, 2016 Planning Commission meeting.

032116 board minutes

- D. Approve the application for a Special Designated Liquor License submitted by Loop Brewing Company - License Number LK-093351, for a reception to be held at the McCook Municipal Auditorium, 302 West 5th Street, on April 2, 2016 from 4:00 P.M. to 1:00 A.M.

032116 sdl

- E. Approve the bid specifications for one (1) new (2015, 2016, or 2017 year model) Trailer Mounted Vacuum Excavation Unit and set the date to receive bids for April 11, 2016 at 2:00 P.M.

032116 bid vac system

6. Regular Agenda.

- A. Council Comments.

▪ **Adjournment.**

MCCOOK CITY COUNCIL

REGULAR MEETING

Monday - March 21, 2016
6:30 P.M. - City Council Chambers

- **Call to Order and Roll Call.**
 - **Open Meetings Act Announcement.**
**A copy of the Open Meetings Act is posted by the entrance to the Council Chambers and is available for public review.*
 - **Pledge of Allegiance.**
1. **Citizen's Comments.**
**The Council welcomes your input. You may address the Council at this time on items that are not on tonight's agenda. According to Nebraska Open Meeting Laws no action may be taken by Council.*

At the appropriate time during the meeting, citizens wishing to comment on tonight's Agenda items will be given an opportunity.

2. **Announcements & Recognitions.**

Motion to recess as a City Council and convene as the McCook Community Development Agency for consideration of the CDA Agenda.

MCCOOK COMMUNITY DEVELOPMENT AGENCY

- **Call to Order and Roll Call.**
 - **Open Meetings Act Announcement.**
**A copy of the Open Meetings Act is posted by the entrance to the Council Chambers and is available for public review.*
1. Approve the minutes of the February 15, 2016 Community Development Agency regular meeting.
 2. Recommend approval Resolution No. 2016-07 to the McCook City Council which approves an amendment of a Redevelopment Plan of the City of McCook, Nebraska; approves a Redevelopment Project of the City of McCook, Nebraska; and approves the related actions for the purpose of the development of the 2016 Holiday Inn and Suites Hotel Project Area.

Motion to recess as the McCook Community Development Agency and reconvene as the McCook City Council.

3. Approve Resolution No. 2016-07 approving a Redevelopment Plan of the City of McCook, Nebraska; approving a Redevelopment Project of the City of McCook, Nebraska; and approval of related actions for the purpose of the development of the 2016 Holiday Inn and Suites Hotel Project Area.

*Motion to recess as a City Council and to reconvene as the
McCook Community Development Agency.*

3. Approve Resolution No. CDA 2016-02 authorizing and providing for the issuance of a tax increment revenue bond, note, or other obligation and authorizing the administration of said tax increment revenue bond process, said authorizing including the approval of a Redevelopment Contract between the Community Development Agency of the City of McCook, Nebraska and McCook Lodging, L.L.C.

*Motion to recess as the McCook Community Development Agency
and reconvene as the McCook City Council.*

4. Public Hearings.

- A. Public Hearing - Consider Replat No. 1 of Block 2, Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska.
- B. Adopt Resolution No. 2016-06 providing for the final approval of Replat No. 1 of Block 2, Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska.
- C. Conduct a public hearing on the application of Smokers Outlet Inc., dba "Smokers Outlet 1", for the addition of a Catering (K) to the current Class "D" License #101003 under the Nebraska Liquor Control Commission located at 1111 West "B" Street, McCook, Nebraska.
- D. Recommend approval to the Nebraska Liquor Control Commission the application of Smokers Outlet Inc., dba "Smokers Outlet 1", for the addition of a Catering (K) to the current Class "D" License #101003 under the Nebraska Liquor Control Commission located at 1111 West "B" Street, McCook, Nebraska.
- E. Conduct a public hearing on the application of JBN Inc., dba "Hi Times Liquor Mart 1", for the addition of a Catering (K) to the current Class "D" License #100025 under the Nebraska Liquor Control Commission located at 502 East "B" Street, McCook, Nebraska.
- F. Recommend approval to the Nebraska Liquor Control Commission the application of JBN Inc., dba "Hi Times Liquor Mart 1", for the addition of a Catering (K) to the current Class "D" License #100025 under the Nebraska Liquor Control Commission located at 502 East "B" Street, McCook, Nebraska.

5. Consent Agenda.

**The Consent Agenda is approved on one motion. Any item listed on the Consent Agenda may, by the request of any single Councilmember or public in attendance, be considered as a separate item under the Regular Agenda.*

- A. Approve the minutes of the February March 7, regular City Council meeting.
- B. Receive and file the claims for the month of February 2016 as published March 10, 2016.
- C. Receive and file the minutes of the March 14, 2016 Planning Commission meeting.

- D. Approve the application for a Special Designated Liquor License submitted by Loop Brewing Company - License Number LK-093351, for a reception to be held at the McCook Municipal Auditorium, 302 West 5th Street, on April 2, 2016 from 4:00 P.M. to 1:00 A.M.
- E. Approve the bid specifications for one (1) new (2015, 2016, or 2017 year model) Trailer Mounted Vacuum Excavation Unity and set the date to receive bids for April 11, 2016 at 2:00 P.M.

6. Regular Agenda.

A. Council Comments.

▪ **Adjournment.**

**CITY MANAGER'S REPORT
MARCH 21, 2016 COMMUNITY DEVELOPMENT AGENCY**

ITEM: CDA 1

Approve the minutes of the February 15, 2016 Community Development Agency regular meeting.

BACKGROUND:

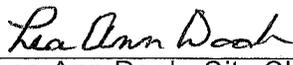
Receive and approve the minutes.

**FISCAL
IMPACT:** None.

RECOMMENDATION:

Approve the minutes of the February 15, 2016 Community Development Agency regular meeting.

APPROVALS:



Lea Ann Doak, City Clerk

March 18, 2016

**MCCOOK COMMUNITY DEVELOPMENT AGENCY
REGULAR MEETING**

MINUTES

**Monday - February 15, 2016
6:30 P.M. - City Council Chambers**

A regular meeting of the Community Development Agency of the City of McCook, Nebraska was held on Monday, February 15, 2016, in the City Council Chambers at the McCook Municipal Center, 505 West "C" Street, McCook, Nebraska, the same being open to the public and preceded by advance publicized notice duly given in strict compliance with the provisions of the Open Meetings Act. Each member of Agency was also given advance notice of the meeting as acknowledged. Additionally, reasonable efforts were made to provide advance notice of the time, date and place of the meeting to all news media requesting the same.

Mayor Gonzales presided and City Clerk Doak recorded the proceedings. The meeting was called to order at 7:45 P.M. and on roll call the following Agency Members were present: Gonzales, Calvin, McDowell, Weedin; the following Agency Member was absent: Hepp. A quorum being present and the meeting duly commenced, the following proceedings were had and done while the meeting was open to the attendance of the public. The Mayor publicly announced that a copy of the Open Meetings Act is posted by the entrance to the Council Chambers and is available for public review.

1. Approve the minutes of the October 19, 2015 Community Development Agency regular meeting.

Upon a motion by Agency Member McDowell, seconded by Agency Member Gonzales, the Agency voted to approve the minutes of the October 19, 2015 Community Development Agency regular meeting. The motion passed upon the following roll call vote: YEA: Gonzales, Calvin, McDowell, Weedin. NAY: None. ABSENT: Hepp.

2. Adopt Resolution No. CDA 2016-01 recommending approval of a Redevelopment Plan of the City of McCook, Nebraska submitted by the Holiday Inn & Suites Redevelopment Project sponsor, whomever that may be; approving a Cost Benefit Analysis, approving a Redevelopment Project of the City of McCook, Nebraska; and approval of related actions.

Upon a motion by Agency Member Gonzales, seconded by Agency Member Calvin, the Agency voted to adopt Resolution No. CDA 2016-01 recommending approval of a Redevelopment Plan of the City of McCook, Nebraska submitted by the Holiday Inn & Suites Redevelopment Project sponsor, whomever that may be; approving a Cost Benefit Analysis, approving a Redevelopment Project of the City of McCook, Nebraska; approval of related actions; and amending Exhibit "D" eligible TIF expenditures by reducing Site Acquisition to \$225,000, reallocating the \$185,000 to other eligible TIF expenditures, with the total TIF amount to remain at \$1,400,000. The motion passed upon the following roll call vote: YEA: Gonzales, Calvin, McDowell, Weedin.

NAY: None. ABSENT: Hepp.

3. Adjournment.

There being no further business to come before the Agency, Mayor Gonzales declared the meeting adjourned at 8:13 P.M.

Lea Ann Doak
Recording Secretary

**CITY MANAGER'S REPORT
MARCH 21, 2016 MCCOOK COMMUNITY DEVELOPMENT AGENCY MEETING**

ITEM NO. ___ Recommend approval of Resolution No. 2016-~~07~~ to the McCook City Council which approves an amendment of a Redevelopment Plan of the City of McCook, Nebraska; approves a Redevelopment Project of the City of McCook, Nebraska; and approves the related actions for the purpose of the development of the 2016 Holiday Inn and Suites Hotel Project Area.

CDA 2

BACKGROUND:

At the February 15, 2016 McCook City Council meeting, a Redevelopment Plan of the City of McCook, Nebraska was approved for the purpose of developing a hotel at the Hwy 83 and West H Street intersection. At the meeting, Council moved to amend the Plan to reflect that only \$210,000 of Tax Increment Financing be utilized for land acquisition purposes. Staff contacted Michael Bacon, the City's Tax Increment Financing attorney, to provide guidance on how to amend the Plan in order to reflect this modification in the Redevelopment Plan. Mr. Bacon directed Staff to bring a Resolution modifying the Plan to reflect the reallocation of TIF dollars. The CDA must first recommend the amendment to the City Council. The Resolution serves to modify the TIF eligible site acquisition expenses to \$210,000. It maintains the total TIF amount at \$1,400,000 by reallocating other expenses to related TIF eligible expenses. The expenses have been reworked to show this change in the classification. The new allocation is summarized in the Resolution. This is only a Resolution to approve the changes to the Plan and does not materially affect the Plan.

RECOMMENDATIONS:

ITEM NO. ___ Recommend approval of Resolution No. 2016-___ to the McCook City Council which approves an amendment of a Redevelopment Plan of the City of McCook, Nebraska; approves a Redevelopment Project of the City of McCook, Nebraska; and approves the related actions for the purpose of the development of the 2016 Holiday Inn and Suites Hotel Project Area.

APPROVALS:



March 17, 2016

Nathan A. Schneider, City Manager



March 17, 2016

Lea Ann Doak, City Clerk

Proposal Only
Recommend approval
of

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF MCCOOK, NEBRASKA APPROVING A REDEVELOPMENT PLAN; AND RELATED MATTERS

WHEREAS, the City of McCook, Nebraska, a municipal corporation and city of the first class (the “City”), has determined it to be desirable to undertake and carry out urban redevelopment projects in certain areas of the City that are determined to be blighted and substandard and in need of redevelopment; and

WHEREAS, the Community Development Law, Chapter 18, Article 21, Reissue Revised Statutes of Nebraska, as amended (the “Act”), prescribes the requirements and procedures for the planning and implementation of redevelopment projects; and

WHEREAS, the City has previously declared the area legally described in **Exhibit A** attached hereto (the “Redevelopment Area”) to be blighted and substandard and in need of redevelopment pursuant to the Act; and

WHEREAS, the Community Development Agency of the City of McCook, Nebraska (the “Agency”) has prepared a Redevelopment Plan (the “Redevelopment Plan”) in the form attached hereto as **Exhibit A**, for the redevelopment of the Redevelopment Area; and

WHEREAS, the Agency and the Planning Commission of the City (the “Planning Commission”) have both reviewed the Redevelopment Plan and recommended its approval by the Mayor and Council of the City; and

WHEREAS, the City published and mailed notices of a public hearing regarding the consideration of the approval of the Redevelopment Plan pursuant to Section 18-2115 of the Act, and has on the _____, 2016, held a public hearing on the proposal to approve the Redevelopment Plan; and

WHEREAS, the City has reviewed the Redevelopment Plan and determined that the proposed land uses and building requirements described therein are designed with the general purpose of accomplishing a coordinated, adjusted, and harmonious development of the City and its environs which will, in accordance with present and future needs, promote health, safety, morals, order, convenience, prosperity and the general welfare, as well as efficiency in economy in the process of development; including, among other things, adequate provision for traffic, vehicular parking, the promotion of safety from fire, panic, and other dangers, adequate provisions for light and air, the promotion of the healthful and convenient distribution of population, the provision of adequate transportation, water, sewerage, and other public utilities, schools, parks, recreational and community facilities, and other public requirements, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of unsanitary or unsafe dwelling accommodations, or conditions of blight.

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF MCCOOK, NEBRASKA:

Section 1. The Redevelopment Plan is hereby determined to be feasible and in conformity with the general plan for the development of the City as a whole, and the Redevelopment Plan is in conformity

with the legislative declarations and determinations set forth in the Act; and it is hereby found and determined, based on the analysis conducted by the Agency, that (a) the redevelopment project described in the Redevelopment Plan would not be economically feasible and would not occur within the Project Area without the use of tax-increment financing, and (b) the costs and benefits of the redevelopment project, including costs and benefits to other affected political subdivisions, the economy of the City, and the demand for public and private services have been analyzed by the City and have been found to be in the long-term best interest of the community impacted by the redevelopment project. The City acknowledges receipt of the recommendations of the Agency and the Planning Commission with respect to the Redevelopment Plan.

Section 2. The Redevelopment Plan is hereby approved in substantially the form attached hereto with the exception that such plan shall limit the funds for purchase of real estate not to exceed \$210,000 and further authorize redevelopment related expenditures for in an amount not to exceed \$1,400,000.

Section 3. In accordance with Section 18-2147 of the Act, the City hereby provides that any ad valorem tax on the real estate described in the Redevelopment Plan for the benefit of any public body be divided for a period of 15 years after the effective date as provided in Section 18-2147 of the Act, which effective date shall be determined in a Redevelopment Contract entered into between the Redeveloper and the Agency. Said tax shall be divided as follows:

(a) That proportion of the ad valorem tax which is produced by levy 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 all other taxes collected by or for the bodies; and

(b) That proportion of the ad valorem tax on real property in the Project Area in excess of such amount (the Redevelopment Project Valuation), if any, shall be allocated to, is pledged to, and, when collected, paid into a special fund of the Agency to pay the principal of, the interest on, and any premiums due in connection with the bonds, 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 Project. When such bonds, loans, notes, advances of money, or indebtedness, including interest and premium due have been paid, the Agency shall so notify the County Assessor and County Treasurer and all ad valorem taxes upon real property in the Project Area shall be paid into the funds of the respective public bodies.

Section 4. The Mayor and Clerk are hereby authorized and directed to execute such documents and take such further actions as are necessary to carry out the purposes and intent of this Resolution and the Redevelopment Plan.

PASSED AND APPROVED this _____ day of _____, 2016.

CITY OF MCCOOK, NEBRASKA

ATTEST:

By: _____
Clerk

By: _____
Mayor

[SEAL]

EXHIBIT A

FORM OF REDEVELOPMENT PLAN

**CITY MANAGER'S REPORT
MARCH 21, 2016 MCCOOK CITY COUNCIL MEETING**

ITEM NO. 3 Approve Resolution No. 2016-07 approving a Redevelopment Plan of the City of McCook, Nebraska; approving a Redevelopment Project of the City of McCook, Nebraska; and approval of related actions for the purpose of the development of the 2016 Holiday Inn and Suites Hotel Project Area.

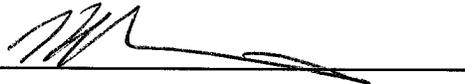
BACKGROUND:

At the February 15, 2016 McCook City Council Meeting, a Redevelopment Plan of the City of McCook, Nebraska was approved for the purpose of developing a hotel at the Hwy 83 and West H Street intersection. At the meeting, Council moved to amend the Plan to reflect that only \$210,000 of Tax Increment Financing be utilized for land acquisition purposes. Staff contacted Michael Bacon, the City's Tax Increment Financing attorney, to provide guidance on how to amend the Plan in order to reflect this modification in the Redevelopment Plan. Mr. Bacon directed Staff to bring a Resolution modifying the Plan to reflect the reallocation of TIF dollars. The Resolution serves to modify the TIF eligible site acquisition expenses to \$210,000. It maintains the total TIF amount at \$1,400,000 by reallocating the \$210,000 amount to other TIF eligible expenses. The expenses have been reworked to show this change in the classification. This is the final Resolution presented to the City Council for its approval.

RECOMMENDATIONS:

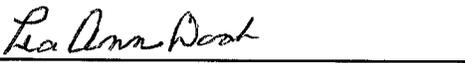
ITEM NO. ___ Approve Resolution No. 2016-07 approving a Redevelopment Plan of the City of McCook, Nebraska; approving a Redevelopment Project of the City of McCook, Nebraska; and approval of related actions for the purpose of the development of the 2016 Holiday Inn and Suites Hotel Project Area.

APPROVALS:



Nathan A. Schneider, City Manager

March 17, 2016



Lea Ann Doak, City Clerk

March 17, 2016

RESOLUTION NO. 2016-07

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF MCCOOK, NEBRASKA APPROVING A REDEVELOPMENT PLAN; AND RELATED MATTERS

WHEREAS, the City of McCook, Nebraska, a municipal corporation and city of the first class (the “City”), has determined it to be desirable to undertake and carry out urban redevelopment projects in certain areas of the City that are determined to be blighted and substandard and in need of redevelopment; and

WHEREAS, the Community Development Law, Chapter 18, Article 21, Reissue Revised Statutes of Nebraska, as amended (the “Act”), prescribes the requirements and procedures for the planning and implementation of redevelopment projects; and

WHEREAS, the City has previously declared the area legally described in **Exhibit A** attached hereto (the “Redevelopment Area”) to be blighted and substandard and in need of redevelopment pursuant to the Act; and

WHEREAS, the Community Development Agency of the City of McCook, Nebraska (the “Agency”) has prepared a Redevelopment Plan (the “Redevelopment Plan”) in the form attached hereto as **Exhibit A**, for the redevelopment of the Redevelopment Area; and

WHEREAS, the Agency and the Planning Commission of the City (the “Planning Commission”) have both reviewed the Redevelopment Plan and recommended its approval by the Mayor and Council of the City; and

WHEREAS, the City published and mailed notices of a public hearing regarding the consideration of the approval of the Redevelopment Plan pursuant to Section 18-2115 of the Act, and has on the 15th day of February, 2016, held a public hearing on the proposal to approve the Redevelopment Plan; and

WHEREAS, the City has reviewed the Redevelopment Plan and determined that the proposed land uses and building requirements described therein are designed with the general purpose of accomplishing a coordinated, adjusted, and harmonious development of the City and its environs which will, in accordance with present and future needs, promote health, safety, morals, order, convenience, prosperity and the general welfare, as well as efficiency in economy in the process of development; including, among other things, adequate provision for traffic, vehicular parking, the promotion of safety from fire, panic, and other dangers, adequate provisions for light and air, the promotion of the healthful and convenient distribution of population, the provision of adequate transportation, water, sewerage, and other public utilities, schools, parks, recreational and community facilities, and other public requirements, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of unsanitary or unsafe dwelling accommodations, or conditions of blight.

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF MCCOOK, NEBRASKA:

Section 1. The Redevelopment Plan is hereby determined to be feasible and in conformity with the general plan for the development of the City as a whole, and the Redevelopment Plan is in conformity

with the legislative declarations and determinations set forth in the Act; and it is hereby found and determined, based on the analysis conducted by the Agency, that (a) the redevelopment project described in the Redevelopment Plan would not be economically feasible and would not occur within the Project Area without the use of tax-increment financing, and (b) the costs and benefits of the redevelopment project, including costs and benefits to other affected political subdivisions, the economy of the City, and the demand for public and private services have been analyzed by the City and have been found to be in the long-term best interest of the community impacted by the redevelopment project. The City acknowledges receipt of the recommendations of the Agency and the Planning Commission with respect to the Redevelopment Plan.

Section 2. The Redevelopment Plan is hereby approved in substantially the form attached hereto with the exception that such plan shall limit the funds for purchase of real estate not to exceed \$210,000 and further authorize redevelopment related expenditures for in an amount not to exceed \$1,400,000.

Section 3. In accordance with Section 18-2147 of the Act, the City hereby provides that any ad valorem tax on the real estate described in the Redevelopment Plan for the benefit of any public body be divided for a period of 15 years after the effective date as provided in Section 18-2147 of the Act, which effective date shall be determined in a Redevelopment Contract entered into between the Redeveloper and the Agency. Said tax shall be divided as follows:

(a) That proportion of the ad valorem tax which is produced by levy 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 all other taxes collected by or for the bodies; and

(b) That proportion of the ad valorem tax on real property in the Project Area in excess of such amount (the Redevelopment Project Valuation), if any, shall be allocated to, is pledged to, and, when collected, paid into a special fund of the Agency to pay the principal of, the interest on, and any premiums due in connection with the bonds, 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 Project. When such bonds, loans, notes, advances of money, or indebtedness, including interest and premium due have been paid, the Agency shall so notify the County Assessor and County Treasurer and all ad valorem taxes upon real property in the Project Area shall be paid into the funds of the respective public bodies.

Section 4. The Mayor and Clerk are hereby authorized and directed to execute such documents and take such further actions as are necessary to carry out the purposes and intent of this Resolution and the Redevelopment Plan.

PASSED AND APPROVED this 21st day of March, 2016.

CITY OF MCCOOK, NEBRASKA

ATTEST:

By: _____
Lea Ann Doak, City Clerk

By: _____
Michael D. Gonzales, Mayor

[S E A L]

EXHIBIT A

FORM OF REDEVELOPMENT PLAN

RESOLUTION NO. 2016-04

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF MCCOOK, NEBRASKA APPROVING A REDEVELOPMENT PLAN; AND RELATED MATTERS

WHEREAS, the City of McCook, Nebraska, a municipal corporation and city of the first class (the "**City**"), has determined it to be desirable to undertake and carry out urban redevelopment projects in certain areas of the City that are determined to be blighted and substandard and in need of redevelopment; and

WHEREAS, the Community Development Law, Chapter 18, Article 21, Neb. Rev. Stat., as amended (the "**Act**"), prescribes the requirements and procedures for the planning and implementation of redevelopment projects; and

WHEREAS, the City has previously declared the area legally described in **Attachment 1** attached hereto (the "**Redevelopment Project Area**") to be blighted and substandard and in need of redevelopment pursuant to the Act; and

WHEREAS, the Community Development Agency of the City of McCook, Nebraska (the "**Agency**") has prepared or caused to be prepared a Redevelopment Plan, (the "**Redevelopment Plan**"), in the form attached hereto as **Attachment 1**, for the redevelopment of the Redevelopment Project Area; and

WHEREAS, the Agency and the Planning Commission of the City (the "**Planning Commission**") have both reviewed the Redevelopment Plan and recommended its approval by the Mayor and Council of the City; and

WHEREAS, the City published and mailed notices of a public hearing regarding the consideration of the approval of the Redevelopment Plan pursuant to Section 18-2115 of the Act, and has on the date of this Resolution held a public hearing on the proposal to approve the Redevelopment Plan; and

WHEREAS, the City has reviewed the Redevelopment Plan and determined that the proposed land uses and building requirements described therein are designed with the general purpose of accomplishing a coordinated, adjusted, and harmonious development of the City and its environs which will, in accordance with present and future needs, promote health, safety, morals, order, convenience, prosperity and the general welfare, as well as efficiency in economy in the process of development; including, among other things, adequate provision for traffic, vehicular parking, the promotion of safety from fire, panic, and other dangers, adequate provisions for light and air, the promotion of the healthful and convenient distribution of population, the provision of adequate transportation, water, sewerage, and other public utilities, schools, parks, recreational and community facilities, and other public requirements, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of unsanitary or unsafe dwelling accommodations, or conditions of blight.

NOW THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF MCCOOK, NEBRASKA:

Section 1. The Redevelopment Plan is hereby determined to be feasible and in conformity with the general plan for the development of the City as a whole, and the Redevelopment Plan is in conformity with the legislative declarations and determinations set forth in the Act; and it is hereby found and determined, based on the analysis conducted by the Agency, that (a) the redevelopment project described in the Redevelopment Plan would not be economically feasible without the Project Area without the use of tax-increment financing, and (c) the costs and benefits of the redevelopment project, including costs and benefits to other affected political subdivisions, the economy of the City, and the demand for public and private services have been analyzed by the City and have been found to be in the long-term best interest of the community impacted by the redevelopment project. The City acknowledges receipt of the recommendations of the Agency and the Planning Commission with respect to the Redevelopment Plan.

Section 2. The Redevelopment Plan is hereby approved in substantially the form attached hereto, with such immaterial changes, additions, or deletions thereto as may be determined to be necessary by the Mayor in his sole and absolute discretion.

Section 3. The "cost benefit analysis" set forth in the Plan has been reviewed by the Mayor and Council and is hereby approved and adopted as required by Section 18-2113 of the Act.

Section 4. In accordance with Section 18-2147 of the Act, the City hereby provides that any ad valorem tax on real property in the Project Area for the benefit of any public body be divided as follows for a period of 15 years after the effective date which shall be established by a separate redevelopment contract as provided in Section 18-2147 of the Act. The taxes shall be divided as follows:

(a) That proportion of the ad valorem tax which is produced by levy 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 all other taxes collected by or for the bodies; and

(b) That proportion of the ad valorem tax on real property in the Project Area in excess of such amount (the Redevelopment Project Valuation), if any, shall be allocated to, is pledged to, and, when collected, paid into a special fund of the Agency to pay the principal of, the interest on, and any premiums due in connection with the bonds, 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 Project. When such bonds, loans, notes, advances of money, or indebtedness, including interest and premium due have been paid, the Agency shall so notify the County Assessor and County Treasurer and all ad valorem taxes upon real property in the Project Area shall be paid into the funds of the respective public bodies.

Section 5. The Mayor and Clerk are hereby authorized and directed to execute such documents and take such further actions as are necessary to carry out the purposes and intent of this Resolution and the Redevelopment Plan.

PASSED AND APPROVED this 15th of February, 2016.

CITY OF MCCOOK, NEBRASKA

ATTEST:

By: Lea Ann Doak
Lea Ann Doak, City Clerk

By: 
Michael D. Gonzales, Mayor

[SEAL]

ATTACHMENT 1

REDEVELOPMENT PLAN

CITY OF MCCOOK
REDEVELOPMENT PLAN FOR THE
Highway 83 and West H Street Intersection Area
Holiday Inn & Suites Redevelopment Project

I. INTRODUCTION.

The City of McCook, Nebraska, recognizes that blight is a threat to the continued stability and vitality of the City as a focal point of business, financial, social, cultural and civic activity of the region, and a focus of community pride and achievement. Therefore, the City has initiated a program of revitalization whose goal is to enhance the City of McCook as the center of government in the county-wide region; as the center of retail, business, industry, office, financial and entertainment activities, and of communication for the community, and as a center of tourism and meetings for the region. To reach this goal of maintaining the City of McCook as a multi-use center of the region, it will be necessary that the Highway 83 and H Street Intersection area be strengthened by capturing a share of the anticipated private market activity within the region. This area constitutes a primary entrance to the community. This plan seeks to enhance the Highway 83 and H Street Intersection area by assisting in the site acquisition, preparation and infrastructure extension allowing for the development of an 80 unit motel. The level of investment to finance the needed site acquisition, site preparation, infrastructure and planning will require the combined efforts of the public and private sectors. Municipal leadership is essential as the catalyst for major private investment.

This Redevelopment Plan covers an area consisting of approximately 43,960 square feet located east of and adjacent to Highway 83 and south of West H Street which is legally described and shown on Exhibit "A", attached hereto and incorporated herein by this reference ("Community Redevelopment Area"). Additionally, the adjoining public right-of-way is included in the Area. The Community Redevelopment Area was declared blighted and substandard by the McCook City Council on February 13, 2013. The Community Redevelopment Area has been determined, through the blight and substandard resolution, to be in need of revitalization and strengthening to ensure that it will contribute to the economic and social well-being of the City. All available evidence suggests that the area has not had the private investment necessary to contribute to the well-being of the community, nor would the area be reasonably anticipated to be developed without public action.

To encourage private investment in the Community Redevelopment Area, this Redevelopment Plan has been prepared to set forth the Highway 83 and H Street Intersection area Redevelopment Project ("Redevelopment Project"), which is considered to be of the highest priority in accomplishing the goal of revitalizing and strengthening the Community Redevelopment Area.

II. EXISTING SITUATION.

This section of the Redevelopment Plan examines the existing conditions within the designated Community Redevelopment Area. This section is divided into the following

subsections: existing land use, existing zoning, existing public improvements, and existing building condition/blighting influences.

A. Existing Land Use. The Community Redevelopment Area contains approximately 43,960 square feet. This use is shown on Exhibit "B". [attach google map showing site boundary]

B. Existing Zoning. The Community Redevelopment Area is zoned highway commercial. The intent of the General Commercial District is to provide for a variety of commercial, office and service, including motel uses which may develop substantial traffic. This district is adapted to McCook's largest commercial districts outside of downtown and is generally found along arterials or in areas that can be well buffered from residential districts.

C. Existing Public Improvements.

1. Street System. There is no internal street network or system constructed within the Community Redevelopment Area. Highway 83 forms the western boundary of the Community Redevelopment Area and is constructed as a four lane roadway. West H Street forms the northern boundary and is a two lane road.

2. Utilities. Public utilities are present within the Community Redevelopment Area.

D. Existing Building Conditions/Blighting Influences. Hanna Keelan Associates conducted a study entitled "2013 General Redevelopment Plan, McCook, Nebraska Study Area," ("Blight Study"). The "study area" for the Blight Study, which includes the Community Redevelopment Area, as well as additional property. The evaluation and subsequent findings of the Blight Study were based upon the criteria outlined in the Nebraska Community Development Law (Neb. Rev. Stat. § 18-2101 et seq.). The Blight Study determined that the study area exhibited a number of deficiencies applicable to the consideration of a "substandard and blight" designation including the existence of conditions which endanger life or property by fire or other causes, improper subdivision and dilapidation/deterioration. In addition, the Blight Study identified the existence of at least one condition within the study area that is a determinant of blight – the area substantially impairs or arrests the sound growth of the community and the average age of structures in the area is greater than 40 years. The City Council declared the Community Redevelopment Area blighted and substandard and eligible for a Redevelopment Project on February 13, 2013, by resolution of the McCook City Council, after a public hearing with notice pursuant to the Community Development Law. The Blight Study is incorporated herein by this reference. A copy of the Blight Study is available at the City of McCook Clerk's Office.

III. FUTURE SITUATION.

This section of the Redevelopment Plan examines the future conditions within the Community Redevelopment Area. This section is divided into the following subsections:

- A. Proposed Land Use Plan
- B. Conformance with the Comprehensive Plan; Conformance with the Community Development Law Declarations
- C. Relationship to Local Objectives
- D. Building Requirements and Standards after Redevelopment
- E. Proposed Changes and Actions
- F. Cost-Benefit Analysis
- G. Proposed Cost and Financing
- H. Procedure for Changes in the Approved Redevelopment Plan

A. Proposed Land Use Plan. Changes are contemplated in the current Land Use Plan for the area. The site will go from commercial development as a 4 story 70 - 80 unit motel. This plan does not contemplate demolition of structures existing on the site. The Redevelopment Project will primarily provide for site acquisition, preparation and utility extension for the development of a 80 unit motel with 3 stories. The proposed site plan for the area after completion of a Redevelopment Project is shown on attached Exhibit "C" which is attached hereto and incorporated herein by this reference. The land use plan shows a proposed Redevelopment Project including approximately 11,457 square feet (ground floor) of new construction for the motel.

In the event, the City determines that the private sector is unable to carry out any related public improvements necessitated by the Redevelopment Project (demolition or removal of existing buildings, right of way, roads, storm water drainage, sanitary sewer, etc.) without assistance from the City of McCook then the City may negotiate a specific redevelopment agreement with said redeveloper outlining the proposed Redevelopment Project, and what, if any, contributions are necessary from the City of McCook. In such case the written redevelopment agreement would include a site plan, Redevelopment Project description, specific funding arrangements, and specific covenants and responsibilities of the City and the redeveloper to implement the Redevelopment Project.

B. Conformance with the Comprehensive Plan; Conformance with the Community Development Law Declarations. In accordance with Nebraska State Law, the Redevelopment Plan described in this document has been designed to conform to the McCook Comprehensive Plan 2013 - 2014 ("Comp Plan"). The City Council finds that this redevelopment plan is feasible and in conformity with the general plan for the development of the City as a whole and the plan is in conformity with the legislative declarations and determinations set forth in the Community Development Law.

C. Relationship to Local Objectives. The proposed Community Redevelopment Area lies within the following boundary: See attached Exhibit "A."

The Redevelopment Plan has been developed on the basis of the goals, policies and actions adopted by the City for the community as a whole and for the Highway 83 and West H Street Intersection area. General goals, policies and actions relating to the community as a whole and for the Highway 83 and West H Street Intersection area are contained in the Comp Plan.

D. Building Requirements and Redevelopment Standards. The redevelopment of the Community Redevelopment Area should generally achieve the following requirements and standards:

1. Population Density. There are no dwelling units currently located within the Community Redevelopment Area, and none are proposed under this Redevelopment Plan. Consequently, there is no change proposed for the permanent population density within the Community Redevelopment Area. However, transient population will increase in the area consistent with the proposed project.

Redevelopment of the Community Redevelopment Area as a motel will help provide amenities and services to both the western sector of the City as well as the City as a whole. These improvements should increase the attractiveness of the areas, which in turn will spur additional development.

2. Land Coverage and Building Density. There no existing building located within the Community Redevelopment Area. After redevelopment project completion, building coverage will be approximately 11,457 square feet on the ground floor.

3. General Environment. Provide for the creation of hospitality and related service activities which will intensify and strengthen McCook as a focal point for local and regional development.

Provide for the establishment of a vibrant motel in order to increase the amount and variety of activity in the Highway 83 and West H Street Intersection area while maintaining good traffic flow, pedestrian movement and visual interest.

Provide an environment that minimizes automobile-pedestrian conflicts.

Assure that lighting, signs, pedestrian ways, and communication devices are oriented to the human scale.

4. Pedestrian ways and Open Spaces. Provide a pedestrian circulation system to facilitate the movement of pedestrians to and within the major development activities within the area.

5. Building Heights and Massing. Building heights and massing for the proposed project will comply with the highway commercial zone.

6. Circulation, Access and Parking. Provide for vehicular circulation through and access to the Community Redevelopment Area in a manner consistent with the needs of the development and the community.

Provide for an adequate supply of appropriately located parking in accordance with applicable zoning district regulations. Adequate parking needs to be provided so the motel does not generate parking problems for abutting commercial and residential streets.

7. Off-Street Loading, Service and Emergency Facilities. Provide for consolidated off-street loading and service facilities, with access to be provided (where feasible) from screened public service alleys, drives or courts and connected appropriately with the street system.

Provide for emergency vehicle access in a manner compatible with established design and environmental objectives.

Provide a maximum floor area ratio in accordance with applicable zoning district regulations in the Community Redevelopment Area.

E. Proposed Changes and Actions. The Community Redevelopment Area is anticipated to function as motel with related service for the community and the surrounding region. See Exhibit "C" for an example of a conceptual land use and site plan for the Community Redevelopment Area. This section describes the proposed changes needed, if any, to the zoning ordinances or maps, street layouts, street levels or grades, and building codes and ordinances, and actions to be taken to implement this Redevelopment Plan.

1. Zoning, Building Codes and Ordinances. The Community Redevelopment Area is zoned highway commercial. No additional changes to the City's Zoning Ordinances, Building Codes, or other local ordinances are contemplated to implement this Redevelopment Plan.

2. Traffic Flow, Street Layout and Street Grades. The only street adjacent to the Community Redevelopment Area is West H Street. The existing driveway access into the Community Redevelopment Area from West H Street and north bound Highway 83 will remain in place, and no improvements to the streets are anticipated.

3. Public Redevelopments, Improvements, Facilities, Utilities and Rehabilitations. In order to support the new land uses in the Community Redevelopment Area, the following proposed public redevelopments, improvements, facilities, utilities and rehabilitations may be needed:

- (i) Site acquisition
- (ii) Site preparation
- (iii) Public right-of-way improvements and curb cuts;

- (ii) Reroute sanitary sewer
- (iv) Other potential public improvements in and abutting the Community Redevelopment Area based upon the final approved site plan.

4. Site Preparation and Demolition. Site preparation will consist of excavation, backfill and compaction. In addition, soil boring, and testing will be required.

5. Private Redevelopment, Improvements, Facilities and Rehabilitation. The private improvements anticipated within the Community Redevelopment Area include construction of a room nationally branded hotel with paved parking.

6. Acquisition and Relocation. In the event there is any need to buy certain right of way and/or easements in order to facilitate public improvements within the Community Redevelopment Area, said City acquisition must be reviewed and will only be authorized as part of an approved Redevelopment Agreement with the redeveloper. Although none is anticipated, if the right of way and/or easement acquisition for public improvements involves relocation, the City shall relocate or provide assistance pursuant to the procedures described in the Relocation Assistance Act and pursuant to section 18-2154 of the Community Development Law.

7. Open Spaces, Pedestrian ways, Landscaping, Lighting, Parking. The proposed site plan and private sector improvements will comply with the City's minimum open space, pedestrian way, landscaping, lighting, and parking standards as defined in the Zoning and Subdivision Ordinances, Building Codes, or other local ordinances. In addition, the City may elect to require additional standards in these areas as described in a written redevelopment agreement in order to help remove blight and substandard conditions

F. Cost-Benefit Analysis. A City of McCook Redevelopment Project TIF Statutory Cost Benefit Analysis is incorporated herein by this reference ("Cost-Benefit Analysis") and is shown on Exhibit "D". The Cost-Benefit Analysis complies with the requirements of the Community Development Law in analyzing the costs and benefits of the Redevelopment Project, including costs and benefits to the economy of the community and the demand for public and private services.

G. Proposed Costs and Financing; Statements. In the event, the City determines that the private sector is unable to carry out the related public improvements associated with the motel without assistance from the City of McCook, then the City will either (i) solicit proposals from interested private sector redevelopers, asking interested redeveloper(s) to state their level of interest, proposed funding, time frame, ability to carry out the proposed public portion of the Redevelopment Project, and what, if any, contributions are necessary to be made by the City of McCook, or (ii) work with the redeveloper owner of the Community Redevelopment Area to

identify proposed funding, timeframe, ability to carry out the proposed Redevelopment Project, and what, if any, contributions are necessary to be made by the City of McCook.

Upon careful review of the redeveloper(s) responses, the City will be in a position to select a redeveloper of record to begin good faith negotiating on a specific written redevelopment agreement or negotiate with the redeveloper owner of the Community Redevelopment Area on a specific written redevelopment agreement. The written redevelopment agreement would include a site plan, motel description, specific funding arrangements, and specific covenants and responsibilities of the City and the redeveloper to implement the Redevelopment Project.

Estimated Redevelopment Project costs, including acquisition, preparation, and relocation costs are broken down as follows:

<u>POTENTIAL PUBLIC AND ELIGIBLE PRIVATE IMPROVEMENTS*</u>	
Legal	\$ 17,000
Site Acquisition	\$ 410,000
Site preparation	\$ 165,000
Utility & ROW improvements	\$ 187,000
Planning (Architecture, engineering, testing)	\$ 785,000
Total eligible costs	\$1,564,000
 TOTAL AMOUNT EQUALING AVAILABLE TIF not to exceed	 \$1,400,000

The figures above are estimates. Final figures are subject to a specific site plan, design specifications, City approval and public procurement procedures and regulations.

The Proposed Public Improvements and Eligible Private Improvements should not exceed the amount of funds available from the tax-increment financing indebtedness that the City Council may elect to issue, unless the redeveloper and/or City are able to secure and fund additional monies and such funds are identified in a written redevelopment agreement.

The public will fund as much of the above Proposed Public Improvements and Eligible Private Improvements as needed to the extent necessary to meet the public purpose and community goals, policies and standards. The City will not fund improvements that exceed the amount of funds available from tax-increment financing indebtedness that the City Council may elect to issue pursuant to section 18-2147 to 18-2151 of the Community Development Law, unless the redeveloper and/or City are able to secure and fund additional monies and such funds are identified in a written redevelopment agreement. The amount of the available proceeds for tax-increment financing is estimated at approximately \$1,400,000 assuming the motel will generate an estimated property valuation of \$6,750,000 over the estimated present property valuation base of \$68,824.

Any ad valorem tax levied upon the real property in a Redevelopment Project for the benefit of any public body shall be divided, for a period not to exceed fifteen (15) years after the effective date of such provision established in the redevelopment contract to be executed by the Redeveloper and the Community Development Agency. Said tax shall be divided as follows:

a. That portion of the ad valorem tax which is produced by the levy at the rate fixed each year by or for each such 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; and

b. That portion of the ad valorem tax on real property in the Redevelopment Project in excess of such 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, a Redevelopment Project. When such bonds, loans, notes, advances of money, or indebtedness, including interest and premiums due, have been paid, the authority shall so notify the county assessor and county treasurer and all ad valorem taxes upon taxable real property in such a Redevelopment Project shall be paid into the funds of the respective public bodies.

Because the redevelopment plan proposes to use tax-increment financing funds as authorized in section 18-2147 of the Community Development Law, the City Council finds as follows:

a. the Redevelopment Project in the plan would not be economically feasible without the use of tax-increment financing;

b. the Redevelopment Project would not occur in the community redevelopment area without the use of tax-increment financing; and

c. the costs and benefits of the Redevelopment Project, including costs and benefits to other affected political subdivisions, the economy of the community, and the demand for public and private services have been analyzed by the governing body and been found to be in the long term best interest of the community impacted by the Redevelopment Project.

H. Procedure for Changes in the Approved Redevelopment Plan. If the City of McCook desires to modify this Redevelopment Plan, it may do so after holding a public hearing on the proposed change in accordance with applicable state and local laws. A redevelopment plan which has not been approved by the governing body when recommended by the authority may again be recommended to it with any modifications deemed advisable. A redevelopment plan may be modified at any time by the authority, provided, that if modified after the lease or sale of real property in the Redevelopment Project Area, the modification must be consented to by the redeveloper or redevelopers of such property or his successor, or their successors, in interest affected by the proposed modification. Where the proposed modification will substantially change the redevelopment plan as previously approved by the governing body the modification must similarly be approved by the governing body.

EXHIBIT "A"
REDEVELOPMENT AREA

Attach survey.

DEDICATION

McCook Lodging LLC and B&S Properties LLC, as it appears on the foregoing Plat and as described in the Surveyor's Certificate is with the free consent and in accordance with the desires of the undersigned owners and proprietors. The said owners hereby dedicate the streets, alleys, easements and other open areas to the Public use and benefit.

By: _____
McCook Lodging LLC, Operating Partner: Kirti Trivedi

By: _____
B&S Properties LLC, Owner: Samuel H. O'Toole

By: _____
B&S Properties LLC, Owner: Bart J. Stromberger

ACKNOWLEDGMENT

Personally appeared before me a Notary Public in and for the State of Nebraska, Kirti Trivedi, known to me to be the identical person whose name is affixed to the foregoing instrument and he acknowledges the same to be his voluntary act and deed.

Witness my hand and official Seal this _____ day of _____ 2016.

My commission expires _____
Notary Public _____

ACKNOWLEDGMENT

Personally appeared before me a Notary Public in and for the State of Nebraska, Samuel H. O'Toole, known to me to be the identical person whose name is affixed to the foregoing instrument and he acknowledges the same to be his voluntary act and deed.

Witness my hand and official Seal this _____ day of _____ 2016.

My commission expires _____
Notary Public _____

ACKNOWLEDGMENT

Personally appeared before me a Notary Public in and for the State of Nebraska, Bart J. Stromberger, known to me to be the identical person whose name is affixed to the foregoing instrument and he acknowledges the same to be his voluntary act and deed.

Witness my hand and official Seal this _____ day of _____ 2016.

My commission expires _____
Notary Public _____

PLANNING COMMISSION APPROVAL

This Plat was duly approved by the City of McCook, Red Willow County, Nebraska Planning Commission on this _____ day of _____ 2016.

Nate Schneider, Secretary
Kurt Vosburg, Chairman

MUNICIPAL APPROVAL

This Plat was duly approved by the City of McCook, Red Willow County, Nebraska on this _____ day of _____ 2016.

LeaAnn Dook, City Clerk
Mike Gonzales, Mayor

RECORDING INFORMATION

State of Nebraska) County of Red Willow)

Instrument No. _____

DATE: _____

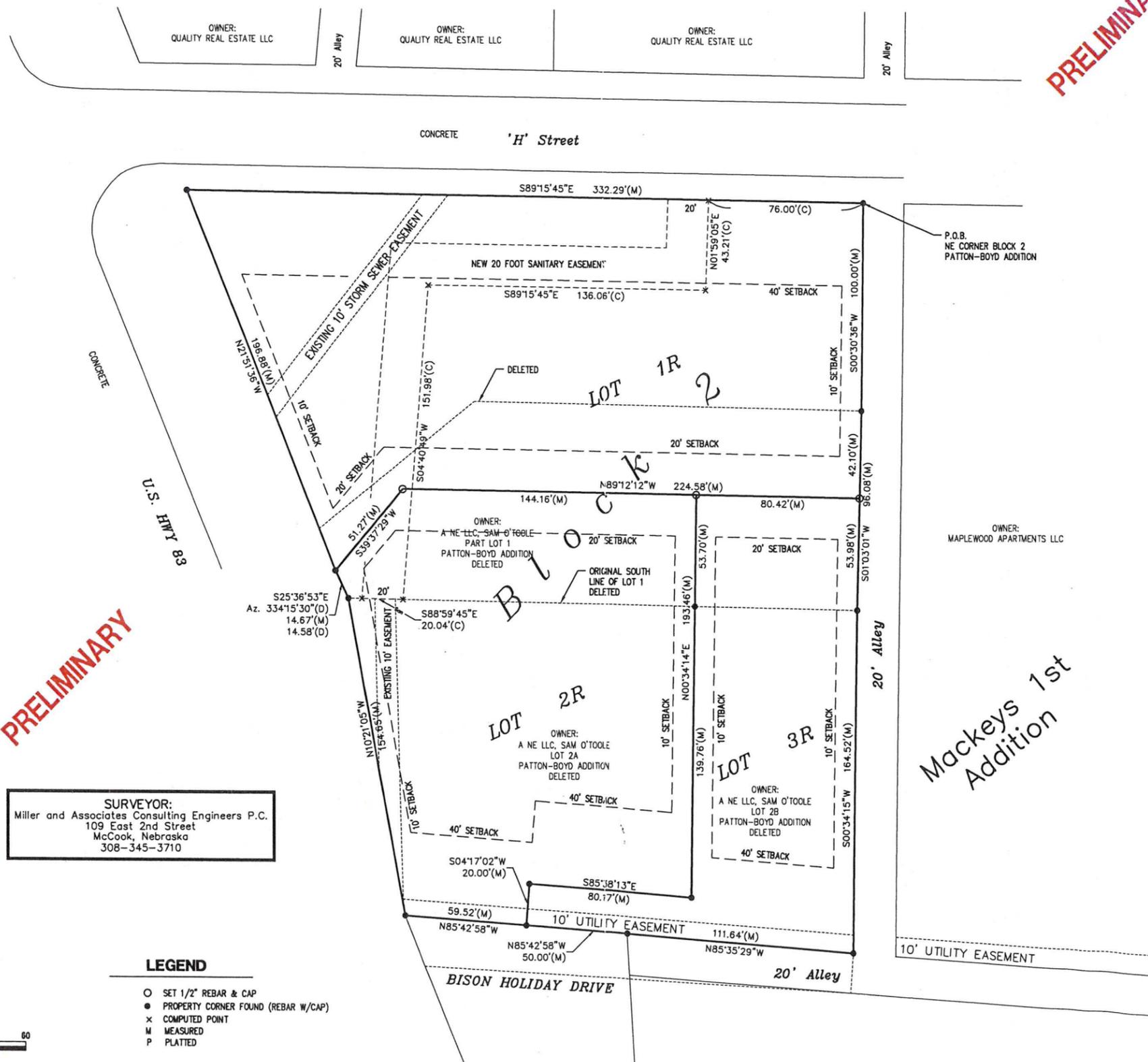
TIME: _____

Register of Deeds: Tami Teel

REPLAT No. 1 of BLOCK 2 PATTON-BOYD ADDITION TO THE CITY OF MCCOOK, RED WILLOW COUNTY, NEBRASKA

LOT 1 IS DELETED, LOT 2A AND LOT 2B ARE DELETED

NEW LOTS CREATED WILL BE LOT 1R, LOT 2R, LOT 3R BLOCK 2, PATTON-BOYD ADDITION TO THE CITY OF MCCOOK, RED WILLOW COUNTY NEBRASKA



PRELIMINARY

PRELIMINARY

SURVEYORS CERTIFICATE

I hereby state that during the month of February, 2016 I surveyed a tract of land which is part of Block 2 Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska. This tract of land will now be referred to as REPLAT NO. 1, of BLOCK 2, PATTON-BOYD ADDITION to the City of McCook, Red Willow County Nebraska and is more particularly described as follows:

Beginning at the NE corner of Block 2, Patton-Boyd Addition, thence S00°30'36"W along the east line of Block 2 a distance of 100.00 feet; thence S01°03'01"W along the east line of Block 2 a distance of 96.08 feet; thence S00°34'15"W along the east line of Block 2 a distance of 164.52 feet to the SE corner of BLOCK 2; thence N85°35'29"W along the south line of BLOCK 2 a distance of 111.64 feet; thence N85°42'58"W along the south line of Highway 83; thence N10°21'05"W along said right of way line a distance of 154.65 feet; thence N25°36'53"W along said right of way line a distance of 14.67 feet; thence N21°51'36"W along said right of way line a distance of 196.88 feet to a point on the south right of way line of West "H" Street; thence S89°15'45"E along said right of way line a distance of 332.29 feet to the point of beginning;

Said tract containing 2.16 acres (94,122.24 Sq. Ft.), more or less, subject to any existing easements, right-of-ways or reservations of record.

GERHARD H. DICENTA, RLS 514



OWNERS

McCook Lodging LLC
P.O. Box 3847
McCook, Nebraska 69001
Kirti Trivedi - Operating Partner

B&S Properties LLC
705 North Hwy 83
P.O. Box 994
McCook, Nebraska 69001
Samuel H O'Toole
Bart J. Stromberger

ZONED: HIGHWAY COMMERCIAL

FRONT YARD SETBACK - 40'
SIDE YARD SETBACK - 10'
REAR SETBACK - 20'

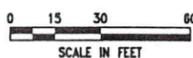
DEVELOPERS:

McCook Lodging LLC
P.O. Box 3847, McCook, Nebraska 69001
Kirti Trivedi - Operating Partner

B&S Properties LLC
P.O. Box 994, 705 North Highway 83
Samuel H. Toole, Bart J. Stromberger

LEGEND

- SET 1/2" REBAR & CAP
- PROPERTY CORNER FOUND (REBAR W/CAP)
- x COMPUTED POINT
- M MEASURED
- P PLATTED



PLOTTED: 1/23/2016 2:40 PM
 SAVED: 1/23/2016 2:40 PM
 C:\Projects\2015\2015 SURVEYS\2015-02-15\2015-02-15\2015-02-15\2015-02-15.dwg
 Survey Drawing
 Survey
 2015-02-15-02-15.dwg

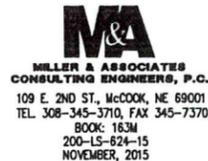


EXHIBIT "B"

INSERT AERIAL PHOTO OF SITE

[Google map]



Google earth

feet
meters



EXHIBIT "C"
Site layout

PROJECT 151241

NO.	REVISIONS	DATE	BY

REGA
ENGINEERING GROUP, INC.
801 OLD CREEK RD., SUITE A
LINCOLN, NEBRASKA 68502
(402) 484-2242

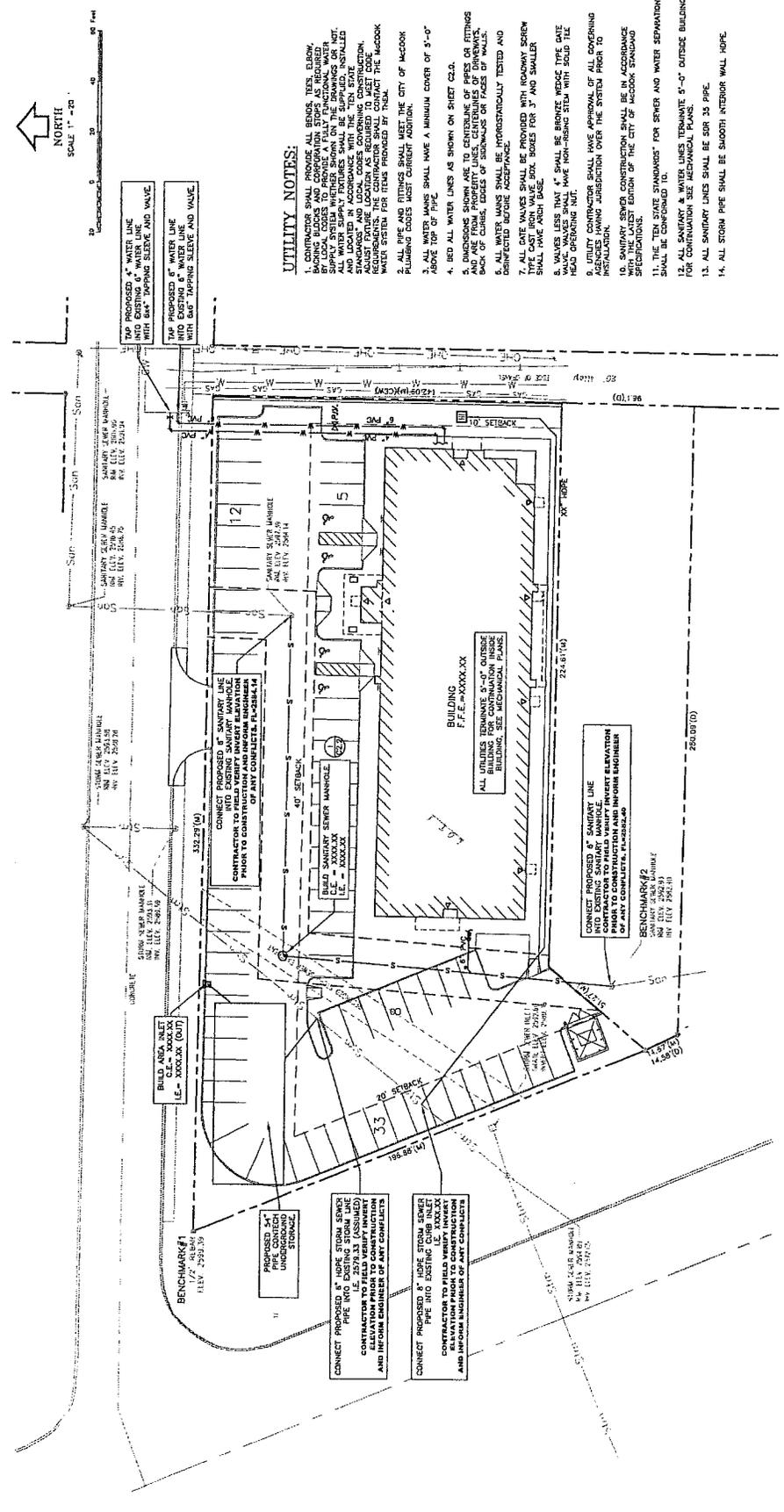
- ENGINEERING
- PLANNING
- LAND SURVEYING

HOLIDAY INN EXPRESS AND SUITES
WEST 'H' STREET AND HIGHWAY 83
MCCOOK, NE

DATE: 01/2016
DESIGNED BY: SDB/NB
DRAWN BY: SDB/NB
CHECKED BY: NB/DR

NOT FOR CONSTRUCTION
PERMIT PLAN

SHEET NO. C14



UTILITY NOTES:

1. ALL SANITARY SEWER AND STORM DRAIN LINES SHALL BE INSTALLED IN ACCORDANCE WITH THE NEBRASKA PLUMBING CODE AND THE CITY OF MCCOOK PLUMBING CODES MUST CURRENT ADDITION.
2. ALL PIPE AND FITTINGS SHALL MEET THE CITY OF MCCOOK PLUMBING CODES MUST CURRENT ADDITION.
3. ALL WATER MAINS SHALL HAVE A MINIMUM COVER OF 2'-0" ABOVE TOP OF PIPE.
4. BED ALL WATER LINES AS SHOWN ON SHEET C-2.0.
5. DIMENSIONS SHOWN ARE TO CENTERLINE OF PIPES OR FITTINGS UNLESS OTHERWISE NOTED.
6. ALL WATER MAINS SHALL BE HYDROSTATICALLY TESTED AND DRAINIFIED BEFORE ACCEPTANCE.
7. ALL GATE VALVES SHALL BE PROVIDED WITH ROADWAY SCREW SMALL DRAIN HOLES FOR 3" AND SMALLER.
8. VALVES LESS THAN 12" SHALL BE BRASS. VALVES 12" AND GREATER SHALL BE NON-STEEL WITH BRASS HEAD CHECKING NUT.
9. UTILITY CONTRACTOR SHALL HAVE APPROVAL OF ALL COVERING MATERIALS AND FINISHING JURISDICTION OVER THE STREET PRIOR TO INSTALLATION.
10. SANITARY SEWER CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE LATEST EDITION OF THE CITY OF MCCOOK STANDARD SPECIFICATIONS.
11. THE "TIE-IN" STAINLESS STEEL FOR SEWER AND WATER SEPARATION SHALL BE CONFORMED TO.
12. ALL SANITARY & WATER LINES TERMINATE 5'-0" OUTSIDE BUILDING FOR CONTINUATION SEE MECHANICAL PLANS.
13. ALL SANITARY LINES SHALL BE 30" PIPE.
14. ALL STORM PIPE SHALL BE SMOOTH EXTERIOR WALL HOPE.

SHEET NOTE:
THE DESIGN OF THIS PROJECT IS BASED ON A TOPOGRAPHIC SURVEY PROVIDED TO REGA ENGINEERING BY THE CLIENT. REGA ENGINEERING HAS CONDUCTED VISUAL TOPOGRAPHIC FEATURES AND ANY NEGATIVE ADJUSTMENTS TO THIS PROJECT. CONTRACTOR SHALL FIELD VERIFY ALL NECESSARY ELEVATIONS AND HORIZONTAL CONTROL BEFORE COMMENCING WORK.

REGISTERED PROFESSIONAL ENGINEER
Bridgette Jettine
Nebraska

NOTE: THE DESIGN OF THIS PROJECT IS BASED ON A TOPOGRAPHIC SURVEY PROVIDED TO REGA ENGINEERING BY THE CLIENT. REGA ENGINEERING HAS CONDUCTED VISUAL TOPOGRAPHIC FEATURES AND ANY NEGATIVE ADJUSTMENTS TO THIS PROJECT. CONTRACTOR SHALL FIELD VERIFY ALL NECESSARY ELEVATIONS AND HORIZONTAL CONTROL BEFORE COMMENCING WORK.

ISSUED FOR:	DATE:	BY:	REVIEW BY:

LEGEND

- - - PROPERTY LINE
- - - SANITARY SEWER LINE
- - - WATER LINE
- - - PROPOSED STORM SEWER LINE
- - - WATER VALVE
- - - POST INDICATOR VALVE
- - - PROPOSED STORM SEWER INLET
- - - PROPOSED AREA INLET
- - - SANITARY MANHOLE
- - - CLEANOUT

BENCHMARK
BENCHMARK #1: 1/2" REBAR
BENCHMARK #2: SANITARY SEWER MANHOLE, RM-2524.23

EXHIBIT "D"
 STATUTORY COST BENEFIT ANALYSIS
 Holiday Inn & Suites Redevelopment Project

As authorized in the Nebraska Community Development Law, §18-2147, *Neb. Rev. Stat. (2012)*, the City of McCook has analyzed the costs and benefits of the proposed Holiday Inn & Suites Redevelopment Project, including:

Project Sources and Uses. Approximately \$1,400,000 in public funds from tax increment financing provided by the City of McCook will be required to complete the project. This investment by the city will leverage \$7,492,000 in private sector financing; a private investment of \$5.35 for every city dollar investment.

Use of Funds.

Description	Total Cost	Redeveloper	TIF
Site Acquisition	\$ 410,000.00		\$ 410,000.00
Site Preparation	\$ 165,000.00		\$ 165,000.00
Legal	\$ 17,000.00		\$ 17,000.00
Building	\$ 6,000,000.00	\$ 6,000,000.00	
Planning/ Arch/ Eng	\$ 785,000.00		\$ 785,000.00
Row & Utility	\$ 187,000.00	\$ 164,000.00	\$ 23,000.00
Concrete	\$ 283,000.00	\$ 283,000.00	
Fees/ OH/ Profit	\$ 450,000.00	\$ 450,000.00	
Financing	\$ 145,000.00	\$ 145,000.00	
Contingency	\$ 450,000.00	\$ 450,000.00	
Totals	\$ 8,892,000.00	\$ 7,492,000.00	\$ 1,400,000.00

Tax Revenue. The property to be redeveloped is anticipated to have a January 1, 2016, valuation of \$68,824. Based on the 2015 levy this would result in a real property tax of less than \$1,338.98. It is anticipated that the assessed value will increase by \$6,750,000 as a result of the site redevelopment. This development will result in an estimated tax increase of over \$134,000 annually. The tax increment gained from this Redevelopment Project area would not be available for use as city general tax revenues, but would be used for eligible public and private improvements to enable this project to be realized.

Estimated 2016 assessed value:	\$68,824
Estimated value after completion	\$6,750,000
Increment value	\$6,750,000
Annual TIF generated (estimated)	\$134,000
TIF bond issue	not to exceed \$1,400,000

Public Infrastructure and Community Public Service Needs. The Project is currently served by sanitary sewer and potable water by the city. A sewer line will have to be relocated and right of way improvements made. A portion of the TIF funds will be used for these costs.

Employment Within the Project Area. Employment within the Project Area is expected to increase subject to increased usage of the motel by the public. After construction and a marketing effort, employment will increase by 40 full and part time employees. Temporary construction employment will increase during the construction. The construction period is expected to exceed 10 months. Current project employment is zero.

Employment in the City Outside the Project Area. The latest available labor statistics show that the Red Willow County labor pool is 5905, with a 2.8% unemployment rate.

Other Impacts. No are other impacts are expected.

Tax shifts. No shift of taxes or other negative impact is expected.

**CITY MANAGER'S REPORT
MARCH 21, 2016 MCCOOK COMMUNITY DEVELOPMENT AGENCY MEETING**

CDA 3 ITEM NO. __ Approve Resolution No. CDA 2016-~~02~~ authorizing and providing for the issuance of a tax increment revenue bond, note or other obligation and authorizing the administration of said tax increment revenue bond process, said authorization including the approval of a Redevelopment Contract between the Community Development Agency of the City of McCook, Nebraska and McCook Lodging, L.L.C.

BACKGROUND:

At the February 11, 2013 Planning Commission meeting, the Planning Commission reviewed a study that determined whether certain areas qualified as blighted and substandard pursuant to the Nebraska Community Development Law. At that same meeting, the Planning Commission made a recommendation to the City Council requesting approval of Redevelopment Area #3 within the City of McCook, NE. The City Council approved the Redevelopment Area #3 at the February 18, 2013 City Council meeting. The area at issue regarding this matter is within Redevelopment Area #3.

At the February 15, 2016 McCook City Council Meeting, a Redevelopment Plan was approved setting forth a plan for developing the Highway 83 and H Street area. The Plan contemplated the building of a 70- 80 unit hotel at the intersection of Highway 83 and H Street. In addition to the hotel structure, additional work, including site preparation and infrastructure extension would have to be completed in order to complete the proposed hotel project. To promote the development of the proposed area, the Developer requested that Tax Increment Financing (TIF) be a part of the financing package. The Developer proposed that it would finance the purchase of a bond by securing its own private loan to pay the TIF eligible costs in the amount of \$1,400,000. Accordingly, the City of McCook nor the McCook Economic Development Corporation would incur any financial liability as a result of the financing structure. The estimated value of the finished project is \$6,750,000. The project will generate an estimated \$5.35 of private investment for every TIF dollar invested (ie. \$6,750,000/\$1,400,000). But for the TIF, the project would not be feasible.

As part of the process, The McCook Community Development Agency must approve and authorize the issuance of a Tax Increment Revenue Bond. The attached Resolution accomplishes this requirement. The Bond serves to pledge certain ad valorem revenue in order to provide consideration for the purchase of the Bond. The Bond would be sold for \$1,400,000 if approved. The process is detailed in the following paragraph in conjunction with the proposed Redevelopment Contract.

The Redevelopment Contract has been prepared for the Council to review and approve. The Contract contemplates that the portion of the ad valorem tax on real property in the Redevelopment Area in excess of the current amount would be collected and used to pay the principal and interest on the bonded indebtedness. The total value of the indebtedness would equal \$1,400,000. The Developer would purchase the Bond from the Community Development Agency with the \$1,400,000. The CDA would hold the \$1,400,000 in a separate account for the contemplated TIF related expenses. As eligible invoices are presented to the City, they will be reviewed and paid as long as they fall

within the \$1,400,000 amount and are within the contemplated categories.

The Developer has obligations that it must meet in order to successfully comply with the Contract. Of note, the funds must be utilized to demolish and rehabilitate structures on the site, prepare the site for redevelopment, and install required utilities and improvements in the public right-of-way. Reports must be made when requested. Also, the Developer must keep policies of insurance which will provide for coverage for its contractors and subcontractors in the amount of \$7,000,000. This amount is an estimate of the TIF related costs that will be incurred due to construction. Before a TIF Bond is issued, the Bond or Letter of Credit must be approved by the City's TIF attorney, Michael Bacon. The City does not want to be responsible for any unpaid costs or claims that may arise as a result of the Developer's project, and this requirement will assure this.

Additional terms of the Contract are included in the proposed attachment. The Contract is intended to be a part of this Resolution.

The Resolution and accompanying Contract will be reviewed in more detail at the Council Meeting.

In addition, attached to this Report is the 2014 Hotel Study that was completed by the McCook Economic Development Corporation as well as letters that have been prepared in opposition to the proposed Contract. All of this information is necessary to provide as much detail as is possible with respect to this matter. The additional items listed in this paragraph are being provided for demonstrative purposes only and are not made a part of the Resolution itself.

RECOMMENDATIONS:

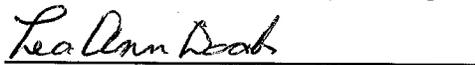
ITEM NO. __ Approve Resolution No. CDA 2016-~~02~~ authorizing and providing for the issuance of a tax increment revenue bond, note or other obligation and authorizing the administration of said tax increment revenue bond process, said authorization including the approval of a Redevelopment Contract between the Community Development Agency of the City of McCook, Nebraska and McCook Lodging, L.L.C.

APPROVALS:



March 17, 2016

Nathan A. Schneider, City Manager



March 17, 2016

Lea Ann Doak, City Clerk

EXTRACT FROM MINUTES

A meeting of the Mayor and City Council of the City of McCook, Nebraska, acting as the governing body of the Community Development Agency of the City of McCook, Nebraska was convened in open and public session at __:__ o'clock p.m. on _____, 2016, at the City Hall in McCook, Nebraska. Present were: Mayor: _____, Council Members: _____

_____. Absent:_____.

Notice of the meeting was given in advance thereof by publication, one of the City's designated methods for giving notice, a copy of the proof of publication being attached to these minutes. Advanced notice of the meeting was given to the Mayor and all members of the Council and a copy of their acknowledgment of receipt of notice and the agenda is attached to these minutes. Availability of the agenda was communicated in the advance notice and in the notice to the Mayor and all members of the Council. All proceedings hereafter shown were taken while the meeting was open to the attendance of the public.

The Mayor publicly stated to all in attendance that a current copy of the Nebraska Open Meetings Act was available for review and indicated the location of such copy posted in the room where the meeting was being held.

Discussion was had by the Community Development Agency concerning further actions to be taken in regard to the redevelopment plan entitled "REDEVELOPMENT PLAN FOR THE Highway 83 and N Street Intersection Area" (the "Plan") for the redevelopment of certain parcels of land located within the City as described in full in the Redevelopment Contract (the "Redevelopment Contract") presented to the City Council. Thereupon, Council Member _____ offered the following resolution and moved its adoption:

RESOLUTION NO. CDA 2016-02

A RESOLUTION OF THE CITY OF MCCOOK, NEBRASKA, ADOPTED BY THE MAYOR AND COUNCIL OF THE CITY OF MCCOOK, ACTING AS THE GOVERNING BODY OF THE COMMUNITY DEVELOPMENT AGENCY OF SAID CITY;

AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF A TAX INCREMENT REVENUE BOND, NOTE OR OTHER OBLIGATION; PROVIDING FOR THE TERMS AND PROVISIONS OF SAID BOND, NOTE OR OTHER OBLIGATION; PLEDGING CERTAIN REVENUES OF THE AGENCY PURSUANT TO THE COMMUNITY DEVELOPMENT LAW; AUTHORIZING THE SALE OF SAID BOND, NOTE OR OTHER OBLIGATION; PROVIDING FOR A GRANT OF THE PROCEEDS OF SAID BOND, NOTE OR OTHER OBLIGATION; PROVIDING FOR THE TERMS AND THE SALE OF THE BOND, NOTE OR OTHER OBLIGATION; PROVIDING FOR PREPAYMENT OF SAID BOND, NOTE OR OTHER OBLIGATION; PAYING THE COSTS OF ISSUANCE THEREOF; PRESCRIBING THE FORM AND CERTAIN DETAILS OF THE BOND, NOTE OR OTHER OBLIGATION; PLEDGING CERTAIN TAX REVENUE AND OTHER REVENUE TO THE PAYMENT OF THE PRINCIPAL AND INTEREST ON THE BOND, NOTE OR OTHER OBLIGATION AS THE SAME BECOME DUE; LIMITING PAYMENT OF THE BOND, NOTE OR OTHER OBLIGATION TO SUCH TAX REVENUES; CREATING AND ESTABLISHING FUNDS AND ACCOUNTS; DELEGATING, AUTHORIZING AND DIRECTING THE TREASURER OF THE AGENCY TO EXERCISE HER INDEPENDENT DISCRETION AND JUDGMENT IN DETERMINING AND FINALIZING CERTAIN TERMS AND PROVISIONS OF THE BOND, NOTE OR OTHER OBLIGATION NOT SPECIFIED HEREIN; APPROVING THE REDEVELOPMENT CONTRACT; TAKING OTHER ACTIONS AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING; PROVIDING FOR THIS RESOLUTION TO TAKE EFFECT; AND RELATED MATTERS

BE IT RESOLVED by the Mayor and Council of the City of McCook, Nebraska, acting as the governing body of the Community Development Agency of the City of McCook, Nebraska, as follows:

Section 1. The Mayor and Council of the City of McCook, Nebraska (the "City") hereby find and determine (a) that The Community Development Agency of the City of McCook, Nebraska (the "Agency") has been duly created by ordinance for purposes of assisting with redevelopment of blighted and substandard real estate located within the City; that the Agency has and may exercise all of the powers of a redevelopment authority provided for under the Community Development Law of the State of Nebraska; that there has been prepared a redevelopment plan, entitled "**CITY OF MCCOOK REDEVELOPMENT PLAN FOR THE Highway 83 and West H Street Intersection Area** Holiday Inn & Suites Redevelopment Project" (the "Plan") and a Redevelopment Contract (the "Redevelopment Contract") for the redevelopment of the real estate described in the Redevelopment Contract as the "Redevelopment Project Area" (hereinafter in this Resolution referred to as the "Redevelopment Project Area"); (b) that prior to the recommendation or approval of the Plan the Redevelopment Project Area was declared blighted and substandard by action of the Mayor and Council of the City; (c) that the City has had in effect its general plan for the development of the City from the time prior to the preparation of the Plan; (d) that the Plan was prepared by the Redeveloper (as defined below) and submitted to the Planning Commission of the City and approved and thereafter recommended by the Agency to the Mayor and Council of the City; (e) that on the __ day of _____, 2016, the Mayor and Council of the City held a public hearing on the Plan for which notice was given by publication prior to such hearing in the *McCook*

Gazette on _____, 2016, and _____, 2016, and, after such hearing, the Mayor and Council gave their approval to the Plan; (f) that the Plan, among other things, calls for the redevelopment of the Redevelopment Project Area by the acquisition of land, demolition of structures and construction of a hotel and related infrastructure (all as described in the Plan and Redevelopment Contract, the “Project”); (g) that McCook Lodging, LLC., a Nebraska limited liability company (hereafter referred to as the “Redeveloper”) is interested in the redevelopment of the Redevelopment Project Area and the Redeveloper has undertaken and is currently incurring costs and is undertaking preliminary steps related to construction and rehabilitation as provided for in the Plan and Redevelopment Contract and the City and the Agency have previously communicated willingness to assist such redevelopment in order to encourage the providing of employment and the economic development of the City as well as for the redevelopment of a blighted and substandard area of the City; (h) that the Agency and the Redeveloper are about to enter into the Redevelopment Contract (as approved in Section 12 of this Resolution and incorporated by reference herein) and under the terms of the Redevelopment Contract, the Agency agrees to assist the Redeveloper with grant assistance to pay part of the cost of the Project and for such purpose it is necessary for the Agency to authorize the issuance and sale of its tax increment revenue bond, with principal purchase price to be paid by the Redeveloper or its designee in accordance with the terms of the Redevelopment Contract; (i) that all conditions, acts and things required by law to exist or to be done precedent to the authorizing of the Agency’s tax increment revenue bond as provided for in this Resolution do exist and have been done as provided by law.

Section 2. Pursuant to and in full compliance with the Community Development Law, Section 18-2125, R.R.S. Neb. 2012, and this Resolution, and for purpose of providing funds to pay for completing the Project and for costs of issuing the Bond, the Agency shall issue the Bond in a principal amount not to exceed \$1,400,000. The Bond shall be designated as “Tax Increment Development Revenue Bond of the City of McCook, Nebraska (Holiday Inn & Suites Redevelopment Project),” shall have an appropriate series designation as determined by the Treasurer of the Agency (the “Agent”), shall be dated the date the Bond is initially issued and delivered, which shall be the date of the first deposit of proceeds of that series in the Project Fund (defined below) as further described below “Date of Original Issue,” shall mature, subject to right of prior redemption, not later than December 31, 2031, and shall bear five percent interest (5.0%). The Bond shall be issued as a single Bond as further described below. Any Bond issued pursuant to this Resolution shall only be due and payable to the extent moneys are available therefor in accordance with the terms of this Resolution.

The Bond, is a special, limited obligation of the Agency payable solely from the Revenue (defined as (a) those tax revenues referred to (1) in the last sentence of the first paragraph of Article VIII, Section 12 of the Constitution of the State of Nebraska, and (2) in Section 18-2147, Reissue Revised Statutes of Nebraska, as amended, and (b) all payments made in lieu thereof) and the amounts on deposit in the funds and accounts established by this Resolution. The Bond shall not in any event be a debt of the Agency (except to the extent of the Revenue and other money pledged under this Resolution), the State, nor any of its political subdivisions, and neither the Agency (except to the extent of the Revenue and other money pledged under this Resolution), the City, the State nor any of its political subdivisions is liable in respect thereof, nor in any event shall the principal and interest on the Bond be payable from any source other than the Revenue and other money pledged under this Resolution. The Bond does not constitute a debt within the meaning of

any constitutional, statutory, or charter limitation upon the creation of general obligation indebtedness of the Agency and does not impose any general liability upon the Agency. Neither any official of the Agency nor any person executing the Bond shall be liable personally on the Bond by reason of its issuance. The validity of the Bond is not and shall not be dependent upon the completion of the Project or upon the performance of any obligation relative to the Project.

The Revenue and the amounts on deposit in the funds and accounts established by this Resolution are hereby pledged and assigned for the payment of the Bond, and shall be used for no other purpose than to pay the principal of and interest on the Bond, except as may be otherwise expressly authorized in this Resolution. The Bond shall not constitute a debt of the Agency or the City within the meaning of any constitutional, statutory, or charter limitation upon the creation of general obligation indebtedness of the Agency, and neither the Agency nor the City shall be liable for the payment thereof out of any money of the Agency or the City other than the Revenue and the other funds referred to herein.

Nothing in this Resolution shall preclude the payment of the Bond from (a) the proceeds of future bonds issued pursuant to law or (b) any other legally available funds. Nothing in this Resolution shall prevent the City or the Agency from making advances of its own funds howsoever derived to any of the uses and purposes mentioned in this Resolution.

The Bond shall be dated the Date of Original Issue and shall be issued in installments to the purchaser thereof, as the person(s) identified as the owner(s) of the Bond from time to time, as indicated on the books of registry maintained by the "Registrar" (the Treasurer of the Agency, in her capacity as registrar and paying agent for the Bond). The Bond shall be issued as a single Bond.

Proceeds of the Bond may be advanced and disbursed in the manner set forth below:

(a) There shall be submitted to the Agency a grant disbursement request (the "Disbursement Request"), executed by the City's Clerk and an authorized representative of the Redeveloper, (i) certifying that a portion of the Project has been substantially completed and (ii) certifying the actual costs incurred by the Redeveloper in the completion of such portion of the Project.

(b) If the costs requested for reimbursement under the Disbursement Request are currently reimbursable under the Redevelopment Contract, the Redevelopment Plan and the Community Development Law, the Agency shall evidence such allocation in writing and inform the owner of the Bond of any amounts allocated to the Bond.

(c) Upon notification from the Agency as described in Section 2(b), deposits to the accounts in the Project Fund may be made from time to time from funds received by the Agency from the owner of the Bond (if other than the Redeveloper) in the amounts necessary to pay amounts requested in properly completed, signed and approved written Disbursement Requests as described herein. Such amounts shall be proceeds of the Bond and the Agency shall inform the Registrar in writing of the date and amount of such deposits. At the option of the Redeveloper, if the Redeveloper is the owner of the Bond, the Agency shall make a grant to Redeveloper in the amount of the approved Disbursement Request; in such event, the approved Disbursement Request

amount shall offset funding of the Bond. The Registrar shall keep and maintain a record of the amounts deposited into the Project Fund from Bond proceeds pursuant to the terms of this Resolution as “Principal Amount Advanced” and shall enter the aggregate principal amount then Outstanding as the “Cumulative Outstanding Principal Amount” on its records maintained for the Bond. The aggregate amount deposited into the Project Fund from proceeds of the Bond shall not exceed \$1,400,000.

The records maintained by the Registrar as to principal amount advanced and principal amounts paid on the Bond shall be the official records of the Cumulative Outstanding Principal Amount for all purposes.

The Bond shall be dated the Date of Original Issue, which shall be the initial date of a deposit of the proceeds of the Bond in the Project Fund.

The principal and interest on the Bond shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal and of the Bond due at maturity or upon earlier redemption shall be payable upon presentation and surrender of the Bond to the Registrar.

The Bond shall be executed by the manual signatures of the Mayor and Clerk and the original, official seal of the City shall be impressed or printed thereon. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if s/he had remained in office until such delivery, and the Bond may be signed by such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The Agent is hereby authorized to hereafter, from time to time, specify, set, designate, determine, establish and appoint, as the case may be, and in each case in accordance with and subject to the provisions of this Resolution, (1) the Date of Original Issue, the principal amount of the Bond as set forth above, (2) the maturity date of the Bond, which shall be not later than December 31, 2031, (3) the initial Payment Date and (4) any other term of the Bond not otherwise specifically fixed by the provisions of this Resolution.

Any Bond issued upon transfer or exchange of any other Bond shall be dated as of the Date of Original Issue.

The Bond shall be issued to such owner as shall be mutually agreed between the Redeveloper and the Agency for a price equal to 100% of the principal amount thereof. No Bond shall be delivered to any owner unless the City and the Agency shall have received from the owner thereof such documents as may be required by the Agency to demonstrate compliance with all applicable laws. The Agency may impose such restrictions on the transfer of any Bond as may be required to ensure compliance with all requirements relating to any such transfer.

The Bond shall be issued in fully registered form. The Agent is hereby designated as paying agent and registrar for the Bond (the “Agent” or “Registrar”). The Registrar shall have only such

duties and obligations as are expressly stated in this Resolution and no other duties or obligations shall be required of the Registrar. The principal and interest due on the initial payment date and each subsequent payment date prior to maturity shall be payable to the registered owner of record as of the fifteenth day of the calendar month immediately preceding the calendar month in which such payment date occurs (the "Record Date"). Payments on the Bond, except for payments due on final maturity date, or other final payment, shall be made by the Agency by mailing or delivering a check or draft in the amount then available for payment on the Bond to the registered owner of the Bond, as of the Record Date for such payment date, to such owner's registered addresses as shown on the books of registration as required to be maintained in Section 3 hereof. Payments of principal and interest due at final maturity or other final payment shall be made by the Agency to the registered owner upon presentation and surrender of the Bond to the Agency at the Agency's offices at City Hall in the City of McCook, Nebraska. The Agency and the Agent may treat the registered owner of the Bond as the absolute owner of the Bond for the purpose of making payments thereon and for all other purposes and neither the Agency nor the Agent shall be affected by any notice or knowledge to the contrary, whether the Bond or any installment due thereon shall be overdue or not. All payments on account of principal and interest made to the registered owner of the Bond in accordance with the terms of this Resolution shall be valid and effectual and shall be a discharge of the Agency and the Agent, in respect of the liability upon the Bond to the extent of the sum or sums so paid.

Section 3. The Agent shall keep and maintain for the Agency books for the registration and transfer of the Bond at the Agency's offices at City Hall in McCook, Nebraska. The name and registered address of the registered owner of the Bond (including notation of any pledgee as may be requested by the Redeveloper) shall at all times be recorded in such books.

The transfer of the Bond may be registered only upon the books kept for the registration and registration of transfer of the Bond upon (a) surrender thereof to the Registrar, together with an assignment duly executed by the Owner or its attorney or legal representative in such form as shall be satisfactory to the Registrar and (b) evidence acceptable to the Agency that the assignee is a bank or a qualified institutional buyer as defined in Rule 144A promulgated by the Securities and Exchange Commission. Prior to any transfer and assignment, the Owner will obtain and provide to the Agency, an investor's letter in form and substance satisfactory to the Agency evidencing compliance with the provisions of all federal and state securities laws, and will deposit with the Agency an amount to cover all reasonable costs incurred by the Agency, including legal fees, of accomplishing such transfer. A transfer of any Bond may be prohibited by the Agency if (1) a default then exists under the Redevelopment Contract, or (2) a protest of the valuation of the Redevelopment Project Area is ongoing. Upon any such registration of transfer the Agency shall execute and deliver in exchange for such Bond a new Bond registered in the name of the transferee, in a principal amount equal to the principal amount of the Bond surrendered or exchanged, of the same series and maturity and bearing interest at the same rate.

In all cases in which any Bond shall be exchanged or a transfer of a Bond shall be registered hereunder, the Agency shall execute at the earliest practicable time execute and deliver a Bond in accordance with the provisions of this Resolution. The Bond surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Registrar. Neither the Agency nor the Registrar shall make a charge for the first such exchange or registration of transfer of any Bond by

any owner. The Agency or the Registrar, or both, may make a charge for shipping, printing and out-of-pocket costs for every subsequent exchange or registration of transfer of such Bond sufficient to reimburse it or them for any and all costs required to be paid with respect to such exchange or registration of transfer. The Agency and the Agent shall not be required to transfer the Bond during any period from any Record Date until its immediately following payment date or to transfer the Bond when called for redemption, in whole or in part, for a period of 15 days next preceding any date fixed for redemption or partial redemption.

Section 4. At any time, the Agency shall have the option of prepaying in whole or in part principal of the Bond. Notice of any optional redemption for the Bond shall be given at the direction of the Agency by the Agent by mail not less than 15 days prior to the date fixed for redemption, first class, postage prepaid, sent to the registered owner of the Bond at said owner's registered address. Notice of call for redemption may be waived in writing by any registered owner. In the event of prepayment in whole the Bond shall be cancelled. The determination of the amount and timing of any optional redemption of the Bond shall be in the absolute discretion of the Agency. The records of the Agency shall govern as to any determination of the principal amount of the Bond outstanding at any time and the registered owner shall have the right to request information in writing from the Agency at any time as to the principal amount outstanding upon the Bond.

Section 5. The Bond shall be in substantially the following form, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution and with such additional changes as the Agent may deem necessary or appropriate:

(FORM OF BOND)

THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS, AND THIS BOND MAY NOT BE TRANSFERRED UNLESS THE PROPOSED ASSIGNEE IS A BANK OR A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION AND THE OWNER HAS OBTAINED AND PROVIDED TO THE AGENCY, PRIOR TO SUCH TRANSFER AND ASSIGNMENT, AN INVESTOR'S LETTER IN FORM AND SUBSTANCE SATISFACTORY TO THE AGENCY EVIDENCING THE COMPLIANCE WITH THE PROVISIONS OF ALL FEDERAL AND STATE SECURITIES LAWS AND CONTAINING SUCH OTHER REPRESENTATIONS AS THE AGENCY MAY REQUIRE.

THIS BOND MAY BE TRANSFERRED ONLY IN THE MANNER AND ON THE TERMS AND CONDITIONS AND SUBJECT TO THE RESTRICTIONS STATED IN RESOLUTION NO. _____ OF THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MCCOOK, NEBRASKA.

**UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF RED WILLOW**

**COMMUNITY DEVELOPMENT AGENCY
OF THE CITY OF MCCOOK, NEBRASKA**

**TAX INCREMENT DEVELOPMENT REVENUE BOND
(HOLIDAY INN & SUITES REDEVELOPMENT PROJECT), SERIES 2016**

No. R-1

**Up to \$1,400,000.00
(subject to reduction as described herein)**

<u>Date of Original Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>
	December 31, 2031	5.0%

REGISTERED OWNER: McCook Lodging, LLC

PRINCIPAL AMOUNT: SEE SCHEDULE 1 ATTACHED HERETO

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THE BOND SET FORTH ON THE FOLLOWING PAGES, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

IN WITNESS WHEREOF, THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MCCOOK, NEBRASKA has caused this Bond to be signed by the manual signature of the Mayor of the City, countersigned by the manual signature of the Clerk of the City, and the City's corporate seal imprinted hereon.

**COMMUNITY DEVELOPMENT AGENCY
OF THE CITY OF MCCOOK, NEBRASKA**

[S E A L]

By: _____ (manual signature)
Mayor

By: _____ (manual signature)
Clerk

The **COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MCCOOK, NEBRASKA** (the “Agency”) acknowledges itself indebted to, and for value received hereby promises to pay, but solely from certain specified tax revenues and other funds hereinafter specified, to the Registered Owner named above, or registered assigns, on the Date of Maturity stated above (or earlier as hereinafter referred to), the Principal Amount on Schedule 1 attached hereto upon presentation and surrender hereof at the office of the registrar and paying agent herefor, the Treasurer of the City of McCook, Nebraska (the “Registrar”). The principal of this Bond is payable in any coin or currency which on the respective dates of payment thereof is legal tender for the payment of debts due the United States of America.

This Bond is issued by the Agency under the authority of and in full compliance with the Constitution and statutes of the State of Nebraska, including particularly Article VIII, Section 12 of the Nebraska Constitution, Sections 18-2101 to 18-2153, inclusive, Reissue Revised Statutes of Nebraska, as amended, and under and pursuant to Resolution No. _____ duly passed and adopted by the Agency on March __, 2016, as from time to time amended and supplemented (the “Resolution”).

THE PRINCIPAL AMOUNT OF THIS BOND IS SET FORTH IN SCHEDULE 1 ATTACHED HERETO. THE MAXIMUM PRINCIPAL AMOUNT OF THIS BOND IS \$1,400,000.

This Bond is a special limited obligation of the Agency payable as to principal solely from and is secured solely by the Revenue (as defined in the Resolution) and certain other money, funds and securities pledged under the Resolution, all on the terms and conditions set forth in the Resolution. The Revenue represents that portion of ad valorem taxes levied by public bodies of the State of Nebraska, including the City, on real property in the Project Area (as defined in this Resolution) which is in excess of that portion of such ad valorem taxes produced by the levy at the rate fixed each year by or for each such public body upon the valuation of the Project Area as of a certain date and as has been certified by the County Assessor of Red Willow County, Nebraska to the City in accordance with law.

Reference is hereby made to the Resolution for the provisions, among others, with respect to the collection and disposition of certain tax and other revenues, the special funds charged with

and pledged to the payment of the principal on this Bond, the nature and extent of the security thereby created, the terms and conditions under which this Bond has been issued, the rights and remedies of the Registered Owner of this Bond, and the rights, duties, immunities and obligations of the City and the Agency. By the acceptance of this Bond, the Registered Owner assents to all of the provisions of the Resolution.

The principal and interest hereon shall not be payable from the general funds of the City nor the Agency nor shall this Bond constitute a legal or equitable pledge, charge, lien, security interest or encumbrance upon any of the property or upon any of the income, receipts, or money and securities of the City or the Agency or of any other party other than those specifically pledged under the Resolution. This Bond is not a debt of the City or the Agency within the meaning of any constitutional, statutory or charter limitation upon the creation of general obligation indebtedness of the City or the Agency, and does not impose any general liability upon the City or the Agency and neither the City nor the Agency shall be liable for the payment hereof out of any funds of the City or the Agency other than the Revenues and other funds pledged under the Resolution, which Revenues and other funds have been and hereby are pledged to the punctual payment of the principal and interest on this Bond in accordance with the provisions of this Resolution.

The Registered Owner may from time to time enter the respective amounts advanced pursuant to the terms of the Resolution under the column headed "Principal Amount Advanced" on **Schedule 1** hereto (the "**Table**") and may enter the aggregate principal amount of this Bond then outstanding under the column headed "Cumulative Outstanding Principal Amount" on the Table. On each date upon which a portion of the Cumulative Outstanding Principal Amount is paid to the Registered Owner pursuant to the redemption provisions of the Resolution, the Registered Owner may enter the principal amount paid on this Bond under the column headed "Principal Amount Redeemed" on the Table and may enter the then outstanding principal amount of this Bond under the column headed "Cumulative Outstanding Principal Amount" on the Table. Notwithstanding the foregoing, the records maintained by the Agent as to the principal amount issued and principal amounts paid on this Bond shall be the official records of the Cumulative Outstanding Principal Amount of this Bond for all purposes.

Reference is hereby made to the Resolution, a copy of which is on file in the office of the City Clerk, and to all of the provisions of which each Owner of this Bond by its acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for this Bond; the Revenue and other money and securities pledged to the payment of the principal on this Bond; the nature and extent and manner of enforcement of the pledge; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Owner of this Bond; the rights, duties and obligations of the Agency and the Registrar thereunder; the terms and provisions upon which the liens, pledges, charges, trusts and covenants made therein may be discharged at or prior to the maturity or redemption of this Bond, and this Bond thereafter no longer be secured by the Resolution or be deemed to be outstanding thereunder, if money or certain specified securities shall have been deposited with the Registrar sufficient and held in trust solely for the payment hereof; and for the other terms and provisions thereof.

This Bond is subject to redemption prior to maturity, at the option of the Agency, in whole or in part at any time at a redemption price equal to 100% of the principal amount being redeemed.

Reference is hereby made to the Resolution for a description of the redemption procedures and the notice requirements pertaining thereto.

In the event this Bond is called for prior redemption, notice of such redemption shall be given by first-class mail to the Registered Owner hereof at its address as shown on the registration books maintained by the Registrar not less than 10 days prior to the date fixed for redemption, unless waived by the Registered Owner hereof. If this Bond, or any portion thereof, shall have been duly called for redemption and notice of such redemption duly given as provided, then upon such redemption date the portion of this Bond so redeemed shall become due and payable and if money for the payment of the portion of the Bond so redeemed to the date fixed for redemption shall be held for the purpose of such payment by the Registrar.

This Bond is transferable by the Registered Owner hereof in person or by its attorney or legal representative duly authorized in writing at the principal office of the Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond of the same series and maturity and for the same principal amount will be issued to the transferee in exchange therefor. The Agency and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal due hereon and for all other purposes.

This bond is being issued as fully a registered bond without coupons. This bond is subject to exchange as provided in the Resolution.

It is hereby certified, recited and declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this Bond have happened, do exist and have been performed in regular and due time, form and manner; that this Bond does not exceed any constitutional, statutory or charter limitation on indebtedness; and that provision has been made for the payment of the principal and interest on this Bond as provided in this Resolution.

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(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Print or Type Name, Address and Social Security Number
or other Taxpayer Identification Number of Transferee

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ agent to transfer the within Bond on the bond register kept by the Registrar for the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within bond in every particular.

Signature Guaranteed By:

Name of Eligible Guarantor Institution as defined by SEC Rule 17 Ad-15 (17 CFR 240.17 Ad-15)

By: _____
Title: _____

[The remainder of this page intentionally left blank]

Section 6. Pursuant to the provisions of Section 18-2147, R.R.S. Neb. 2012, and the terms of the Redevelopment Contract the effective date is hereby confirmed as January 1, 2016, after which ad valorem taxes on real property located within each Phase of the Project Area may be apportioned pursuant to said Section 18-2147. From and after said effective date that portion of the ad valorem taxes on all real estate located within each Phase of the Project Area which is described in subdivision (1)(b) of Section 18-2147, R.R.S. Neb. 2012, as amended (the "Project Area Tax Receipts"), shall be paid into the Bond Fund (as defined in Section 15. below) to be held by the Agent. The Agency hereby pledges for the payment of the Bond principal as the same fall due, equally and ratably, all Project Area Tax Receipts as so paid into the Bond Fund as a prior and first lien upon said receipts for the security and payment of the Bond. Monies held in the Bond Fund shall be invested to the extent practicable and investment earnings on such monies shall be applied in the same manner as all other funds held in the Bond Fund. The Agency hereby agrees that so long as any principal of the Bond remains outstanding it will not issue any additional bonds payable from the Project Area Tax Receipts without the written consent of the registered owner (including any pledgee) of the Bond as then outstanding. The Agency further reserves the right to provide for payment of principal on the Bond from the proceeds of a refunding bond or refunding bonds. Monies held in the Bond Fund shall be invested to the extent practicable and investment earnings on such monies shall be applied in the same manner as all other funds held in the Bond Fund. Pursuant to the terms of the Redevelopment Contract, the Agency's Secretary (the City Clerk) is hereby authorized and directed to give notice to the County Assessor and Treasurer of the provision of the Redevelopment Contract for dividing ad valorem taxes in accordance with the requirements of subdivision (3) of Section 18-2147, R.R.S. 2012.

Section 7. The Bond shall be executed on behalf of the Agency by the Mayor and City Clerk. Upon execution of the Bond and compliance with all other provisions of this Resolution and the Redevelopment Contract, the Bond shall be registered by the Agent in the name of the owner or its designee as the initial registered owner and shall be delivered in consideration of payment of the principal amount thereof to the Agency's Treasurer in current bankable funds. The Redeveloper may request notation of a pledge interest in the Bond on the records of the Agent. The initial purchaser (and any pledgee) shall be required to deliver an investment representation letter to the Agent. Such letter shall be satisfactory in form to the officers of the Agency, or any one or more of them, as advised by the Agency's attorneys. Subject to Section 2 above, from such purchase price, the Agency is to make a grant to the Redeveloper in accordance with the terms of the Redevelopment Contract.

Section 8. If the date for payment of principal on the Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the City of McCook, Nebraska, are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

Section 9. The City Clerk shall make and certify one or more copies of the transcript of the proceedings of the Agency precedent to the issuance of the Bond one of which copies shall be delivered to the City and held in its records pertaining to the Agency.

Section 10. The Mayor and City Clerk or any one of them are hereby authorized to take any and all actions, and to execute any and all documents deemed by them necessary to effect the transactions authorized by this Resolution.

Section 11. The authorization for the Bond provided for in this Resolution is based upon expectations as to completion of construction, valuation and proposed tax rates suggested by the Redeveloper. The Agency has given and hereby gives no assurances that such expectations will in fact be fulfilled and the Bond is being issued with the understanding that the Redeveloper is the initial purchaser of the Bond and any pledgee of the Redeveloper accepts and understands the risks related thereto.

Section 12. The Redevelopment Contract between the Agency and the Redeveloper in the form presented is hereby approved. Notice of such contract shall be given immediately by the Agency's Secretary to the Mayor and Council of the City of McCook and such contract proposal shall be executed and delivered by the Agency. The Mayor (or in his absence, the President of the Council), acting as the Agency's chairperson (or Vice-Chairperson), is hereby authorized to execute and deliver the Redevelopment Contract, in substantially the form presented but with any such changes as such executing officer shall determine appropriate, on behalf of the Agency.

Section 13. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Resolution.

Section 14. Without in any way limiting the power, authority or discretion elsewhere herein granted or delegated, the Agency hereby (a) authorizes and directs the Mayor, Agent, Clerk, City Attorney and all other officers, officials, employees and agents of the City to carry out or cause to be carried out, and to perform such obligations of the City and the Agency and such other actions as they, or any of them, in consultation with their counsel, the owner and its counsel shall consider necessary, advisable, desirable or appropriate in connection with this Resolution, including without limitation the execution and delivery of all related documents, instruments, certifications and opinions, and (b) delegates, authorizes and directs the Agent the right, power and authority to exercise her independent judgment and absolute discretion in (1) determining and finalizing all terms and provisions to be carried by the Bond not specifically set forth in this Resolution and (2) the taking of all actions and the making of all arrangements necessary, proper, appropriate, advisable or desirable in order to effectuate the issuance, sale and delivery of the Bond. The execution and delivery by the Agent or by any such other officers, officials, employees or agents of the City of any such documents, instruments, certifications and opinions, or the doing by them of any act in connection with any of the matters which are the subject of this Resolution, shall constitute conclusive evidence of both the Agency's and their approval of the terms, provisions and contents thereof and of all changes, modifications, amendments, revisions and alterations made therein and shall conclusively establish their absolute, unconditional and irrevocable authority with respect thereto from the Agency and the authorization, approval and ratification by the Agency of the documents, instruments, certifications and opinions so executed and the actions so taken.

All actions heretofore taken by the Agent and all other officers, officials, employees and agents of the City, including without limitation the expenditure of funds and the selection,

appointment and employment of counsel and financial advisors and agents, in connection with issuance and sale of the Bond, together with all other actions taken in connection with any of the matters which are the subject hereof, be and the same is hereby in all respects authorized, adopted, specified, accepted, ratified, approved and confirmed.

Section 15. There is hereby created and established by the Agency the following funds and accounts which funds shall be held by the Agency separate and apart from all other funds and moneys of the Agency and the City:

(a) a special trust fund called the "Holiday Inn & Suites Redevelopment Project Bond Fund" (the "Bond Fund"). All of the Revenue shall be deposited into the Bond Fund. The Revenue accumulated in the Bond Fund shall be used and applied on the Business Day prior to each Payment Date (i) to make any payments to the City or the Agency as may be required under the Redevelopment Contract and (ii) to pay principal on the Bond to the extent of any money then remaining the Bond Fund on such Payment Date. Money in the Bond Fund shall be used solely for the purposes described in this Section 15. All Revenues received through and including December 31, 2031 shall be used solely for the payments required by this Section 15; and

(b) a special trust fund called the "Holiday Inn & Suites Redevelopment Project Fund" (the "Project Fund") The Agency shall disburse any money on deposit in the Project Fund from time to time to pay or as reimbursement for payment made for the Project Costs in each case within 5 Business Days after completion of the steps set forth in Section 2. If a sufficient amount to pay a properly completed Disbursement Request is not in the Project Fund at the time of the receipt by the Agency of such request, the Agency shall notify the owner of the Bond and such owner may deposit an amount sufficient to pay such request with the Agency for such payment. As set forth in Section 2., if the Redeveloper is the owner of the Bond and the Redeveloper so elects, the Agency shall make a grant to Redeveloper in the amount of an approved Disbursement Request; in such event, the approved Disbursement Request amount shall offset funding of the Bond.

So long as the Bond remains unpaid, the money in the foregoing funds and accounts shall be used for no purpose other than those required or permitted by this Resolution, any Resolution supplemental to or amendatory of this Resolution and the Redevelopment Law.

Section 16. The provisions of this Resolution shall constitute a contract between the Agency and the owner and the provisions thereof shall be enforceable by the owner by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is presently or may hereafter be authorized under the laws of the State in any court of competent jurisdiction. Such contract is made under and is to be construed in accordance with the laws of the State.

After the issuance and delivery of any Bond, this Resolution and any supplemental Resolution shall not be repealable, but shall be subject to modification or amendment to the extent and in the manner provided in this Resolution, but to no greater extent and in no other manner.

Section 17. With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the Bond is intended or should

be construed to confer upon or give to any person other than the Agency and the owner of the Bond any legal or equitable right, remedy or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement or provision herein contained. The Resolution and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the City, the Agency and the owner from time to time of the Bond as herein and therein provided.

Section 18. No officer or employee of the Agency shall be individually or personally liable for the payment of the principal on the Bond. Nothing herein contained shall, however, relieve any such officer or employee from the performance of any duty provided or required by law.

Section 19. The Resolution shall be construed and interpreted in accordance with the laws of the State of Nebraska. All suits and actions arising out of this Resolution shall be instituted in a court of competent jurisdiction in the State except to the extent necessary for enforcement, by any trustee or receiver appointed by or pursuant to the provisions of this Resolution, or remedies under this Resolution.

Section 20. Any Resolution of the City, or the Agency and any part of any resolution, inconsistent with this Resolution is hereby repealed to the extent of such inconsistency.

Section 21. This Resolution shall take effect and be in full force from and after its passage by the Council and approval by the Mayor, acting as the Community Development Agency of the City.

Section 22. This Resolution shall be in force and take effect from and after its adoption as provided by law.

Passed and Approved this _____ day of March, 2016.

(SEAL)

Mayor

ATTEST:

City Clerk

Council Member _____ seconded the motion. Upon roll call vote the following Council Members voted "Aye": _____

_____. The following Council Members voted "Nay": _____ . The Mayor declared the resolution adopted.

I, Lea Ann Doak, the undersigned City Clerk for the City of McCook, Nebraska, hereby certify that the foregoing is a true and correct copy of the proceedings had and done by the Mayor and Council on March __, 2016, acting as the governing body of the Community Development Agency of the City of McCook, Nebraska; that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and readily available for public inspection at the office of the City Clerk; that such subjects were contained in said agenda for at least twenty-four hours prior to said meeting; that a current copy of the Nebraska Open Meetings Act was publicly announced, available and accessible to members of the public, posted during such meeting in the room in which such meeting was held; that at least one copy of all reproducible material discussed at the meeting was available at the meeting for examination and copying by members of the public; that said minutes from which the foregoing proceedings have been extracted were in written form and available for public inspection within ten working days and prior to the next convened meeting of said body; that all news media requesting notification concerning meetings of said body were provided advance notification of the time and place of said meeting and the subjects to be discussed at said meeting.

City Clerk

REDEVELOPMENT CONTRACT

This Redevelopment Contract is made and entered into as of the _____ day of _____, 2016, by and between the Community Development Agency of the City of McCook, Nebraska ("Agency"), and McCook Lodging, LLC, a Nebraska limited liability company ("Redeveloper").

WITNESSETH:

WHEREAS, the City of McCook, Nebraska (the "City"), in furtherance of the purposes and pursuant to the provisions of Section 12 of Article VIII of the Nebraska Constitution and Sections 18-2101 through 18-2154, Reissue Revised Statutes of Nebraska, 2012, as amended (collectively the "Act"), has designated an area within the City as blighted and substandard;

WHEREAS, the Agency has adopted, after approval by the Mayor and Council of the City, that redevelopment plan entitled "**REDEVELOPMENT PLAN FOR THE Highway 83 and West H Street Intersection Area** Holiday Inn & Suites Redevelopment Project" (the "Redevelopment Plan");

WHEREAS, Agency and Redeveloper desire to enter into this Redevelopment Contract in order to implement the Redevelopment Plan and provide for the redevelopment of lots and lands located in a blighted and substandard area;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, Agency and Redeveloper do hereby covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01 Terms Defined in this Redevelopment Contract.

Unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Redevelopment Contract, such definitions to be equally applicable to both the singular and plural forms and masculine, feminine and neuter gender of any of the terms defined:

"Act" means Section 12 of Article VIII of the Nebraska Constitution, Sections 18-2101 through 18-2154, Reissue Revised Statutes of Nebraska, 2012, as amended, and acts amendatory thereof and supplemental thereto.

"Agency" means the Community Development Agency of the City of McCook, Nebraska.

"City" means the City of McCook, Nebraska.

"Governing Body" means the Mayor and City Council of the City.

"Holder(s)" means the registered owner or owners of Indebtedness issued by the Agency from time to time outstanding.

"Indebtedness" means any bonds, notes, loans, and advances of money or other indebtedness, including interest and premium, if any, thereon, incurred by the Agency pursuant to the Resolution and Article III hereof to provide financing for a portion of the Project Costs and secured in whole or in part by TIF Revenues. The Indebtedness as initially issued by the Agency shall consist of the Agency's Tax Increment Development Revenue Bond (Holiday Inn & Suites Redevelopment Project), Series 2016, to be issued in an amount not to exceed \$1,400,000.00 in substantially the form set forth on Exhibit C and purchased by the Redeveloper as set forth in Section 3.04 of this Redevelopment Contract.

"Liquidated Damages Amount" means the amounts to be repaid to Agency by Redeveloper pursuant to Section 6.02 of this Redevelopment Contract.

"Project" means the improvements to the Redevelopment Project Area, as further described in Exhibit B attached hereto and incorporated herein by reference and, as used herein, shall include the Redevelopment Project Property and additions and improvements thereto.

"Project Cost Certification" means a statement prepared and signed by the Redeveloper verifying the Redeveloper has become legally obligated for, or has paid the Project Costs identified on Exhibit D.

"Project Costs" means only costs or expenses incurred by Redeveloper for the purposes set forth in §18-2103(12)(a) through (f), inclusive, including the providing for such costs by the exercise of the powers set forth in §18-2107(4) of the Act, all as identified on Exhibit D. Project Costs shall include, but not be limited to site acquisition costs, demolition and rehabilitation expenditures, all improvements related to Project public infrastructure costs, site preparation costs, utility extensions and costs of the Agency for legal and plan preparation, all as described in Section 3.04 of this Redevelopment Contract.

"Redeveloper" means McCook Lodging, LLC, a Nebraska limited liability company.

"Redevelopment Project Area" means that certain real property situated in the City of McCook, Red Willow County, Nebraska which has been declared blighted and substandard by the City pursuant to the Act, and which is more particularly described on Exhibit A attached hereto and incorporated herein by this reference. All such legal descriptions are subject to change based upon any re-platting requested by the Redeveloper and approved by the City.

"Redevelopment Project Property" means all of the Redevelopment Project Area which is the site for the improvements constituting the Project, as more particularly described on Exhibit A attached hereto and incorporated herein by this reference.

"Redevelopment Contract" means this redevelopment contract between the Agency and Redeveloper with respect to the Project.

"Redevelopment Plan" means the Redevelopment Plan Amendment (also defined in the recitals hereto) for the Redevelopment Project Area related to the Project, as attached hereto as Exhibit B, prepared by the Agency, approved by the City and adopted by the Agency pursuant to the Act.

"Resolution" means the Resolution of the Agency authorizing the issuance of the Indebtedness, as supplemented from time to time, and also approving this Redevelopment Contract.

"TIF Revenues" means incremental ad valorem taxes generated on the Redevelopment Project Property by the Project which are to be allocated to and paid to the Agency pursuant to the Act.

Section 1.02 Construction and Interpretation.

The provisions of this Redevelopment Contract shall be construed and interpreted in accordance with the following provisions:

- (a) Whenever in this Redevelopment Contract it is provided that any person may do or perform any act or thing the word "may" shall be deemed permissive and not mandatory and it shall be construed that such person shall have the right, but shall not be obligated, to do and perform any such act or thing.
- (b) The phrase "at any time" shall be construed as meaning at any time or from time to time.
- (c) The word "including" shall be construed as meaning "including, but not limited to."
- (d) The words "will" and "shall" shall each be construed as mandatory.
- (e) The words "herein," "hereof," "hereunder", "hereinafter" and words of similar import shall refer to the Redevelopment Contract as a whole rather than to any particular paragraph, section or subsection, unless the context specifically refers thereto.
- (f) Forms of words in the singular, plural, masculine, feminine or neuter shall be construed to include the other forms as the context may require.

(g) The captions to the sections of this Redevelopment Contract are for convenience only and shall not be deemed part of the text of the respective sections and shall not vary by implication or otherwise any of the provisions hereof.

ARTICLE II FINDINGS AND REPRESENTATIONS

Section 2.01 Findings of Agency.

The Agency makes the following findings:

(a) The Agency is a duly organized and validly existing community Development Agency under the Act.

(b) The Redevelopment Plan has been duly approved by the City and adopted by the Agency pursuant to Sections 18-2109 through 18-2117 of the Act.

(c) The Agency deems it to be in the public interest and in furtherance of the purposes of the Act to accept the proposal submitted by Redeveloper as specified herein.

(d) The Redevelopment Project is expected to achieve the public purposes of the Act by among other things, increasing employment, improving public infrastructure, increasing the tax base, and lessening blighted and substandard conditions in the Redevelopment Project Area and other purposes set forth in the Act.

(e) (1) The Redevelopment Plan is feasible and in conformity with the general plan for the development of the City as a whole and the Redevelopment Plan is in conformity with the legislative declarations and determinations set forth in the Act, and

(2) Based on representations made by the Redeveloper and information provided to the Agency:

(i) the Project would not be economically feasible without the use of tax-increment financing, and

(ii) the Project would not occur in the Redevelopment Project Area without the use of tax-increment financing.

(f) The Agency has determined that the costs and benefits of the Project, including costs and benefits to other affected political subdivisions, the economy of the community, and the demand for public and private services have been analyzed by the Agency and have been found to be in the long-term best interest of the community impacted by the Project.

(g) The Agency has determined that the proposed land uses and building requirements in the Redevelopment Area are designed with the general purpose of

accomplishing, in conformance with the general plan, a coordinated, adjusted, and harmonious development of the City and its environs which will, in accordance with present and future needs, promote health, safety, morals, order, convenience, prosperity, and the general welfare, as well as efficiency and economy in the process of development: including, among other things, adequate provision for traffic, vehicular parking, the promotion of safety from fire, panic, and other dangers, adequate provision for light and air, the promotion of the healthful and convenient distribution of population, the provision of adequate transportation, water, sewerage and other public utilities, schools, parks, recreational and community facilities, and other public requirements, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of insanitary or unsafe dwelling accommodations, or conditions of blight.

Section 2.02 Representations of Redeveloper.

The Redeveloper makes the following representations:

(a) The Redeveloper is a Nebraska limited liability company, having the power to enter into this Redevelopment Contract and perform all obligations contained herein and by proper action has been duly authorized to execute and deliver this Redevelopment Contract. Prior to the execution and delivery of this Redevelopment Contract, the Redeveloper has delivered to the Agency a certificate of good standing, a certified copy of the Redeveloper's by-laws and a certified copy of the resolution or resolutions authorizing the execution and delivery of this Redevelopment Contract.

(b) The execution and delivery of this Redevelopment Contract and the consummation of the transactions herein contemplated will not conflict with or constitute a breach of or default under any debenture, bond, note or other evidence of indebtedness or any contract, loan agreement or lease to which Redeveloper is a party or by which it is bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature upon any of the property or assets of the Redeveloper contrary to the terms of any instrument or agreement.

(c) There is no litigation pending or to the best of its knowledge threatened against Redeveloper affecting its ability to carry out the acquisition, construction, equipping and furnishing of the Project or the carrying into effect of this Redevelopment Contract or in any other matter materially affecting the ability to Redeveloper to perform its obligations hereunder.

(d) The Project would not be economically feasible without the use of tax increment financing.

(e) The Project would not occur in the Redevelopment Project Area without the use of tax-increment financing.

ARTICLE III

OBLIGATIONS OF THE AGENCY

Section 3.01 Division of Taxes.

In accordance with Section 18-2147 of the Act and the terms of the Resolution, the Agency hereby provides that any ad valorem tax on any Lot or Lots located in the Redevelopment Project Area for the benefit of any public body be divided for a period of fifteen years after the effective date (the "Effective Date"), as described in Section 18-2147 (1) of the Act, which Effective Date shall be the January 1, 2017. Said taxes shall be divided as follows:

(a) That portion of the ad valorem tax on the real estate located in the Redevelopment Project Area which is produced by levy at the rate fixed each year by or for each public body upon the "redevelopment project valuation" (as defined in the Act) of the Redevelopment Project Area shall be paid into the funds of each such public body in the same proportion as all other taxes collected by or for the bodies; and

(b) That portion of the ad valorem tax on real property in the Redevelopment Project Area in excess of such amount (the "Incremental Ad Valorem Tax"), if any, shall be allocated to, is pledged to, and, when collected, paid into a special fund of the Agency (designated in the Resolution as the "Bond Fund") to pay the principal of, the interest on, and any premium due in connection with the Indebtedness. When such Indebtedness, including interest and premium due have been paid, the Agency shall so notify the County Assessor and County Treasurer and all ad valorem taxes upon real property in such Phase shall be paid into the funds of the respective public bodies.

Section 3.02 Issuance of Indebtedness

The Agency shall authorize the issuance of the Indebtedness in the form and stated principal amount and bearing interest and being subject to such terms and conditions as are specified in the Resolution and this Redevelopment Contract; provided, at all times the maximum amount of the Indebtedness shall be limited to the lesser of (i) the stated face amount of the Indebtedness, or (ii) the sum of all Project Costs incurred by the Redeveloper as set forth on Exhibit D. No Indebtedness will be issued until Redeveloper has; (i) acquired fee title to the Redevelopment Project Property; (ii) become obligated for construction of the additions and improvements forming a part of the Project as described in the Plan; and (iii) delivered to the City Clerk, the funds and penal bond as provided in Sections 4.05 and 4.06.

Prior to July 15, 2016, or as soon thereafter as the Redeveloper has complied with the terms of this Redevelopment Contract, the Agency shall issue one Tax Increment Development Revenue Bond, in one taxable series, in a maximum principal amount of One Million Four Hundred Thousand and no/100 Dollars (\$1,400,000.00), in substantially the form shown on the attached Exhibit C ("TIF Bond"), for net funds available to be purchased by Redeveloper ("TIF Bond Purchaser"), in a written form acceptable to Agency's attorney, and receive Bond proceeds from the TIF Bond Purchaser in said amount. At the option of the Agency, the Agency shall make

a grant to Redeveloper in such amount, and such grant shall offset TIF Bond Purchaser's obligation to purchase the TIF Bond. Subject to the terms of this Agreement and the Resolution, the Agency's Treasurer on behalf of the Agency shall have the Agency to determine the timing of issuing the Indebtedness and all the other necessary details of the Indebtedness.

The Redeveloper agrees to purchase the Indebtedness at a price equal to the principal amount thereof, in a private placement satisfactory to the Agency as to its terms and participants (including any pledgee thereof). Neither the Agency nor the City shall have any obligation to provide for the sale of the Indebtedness. It is the sole responsibility of the Redeveloper to effect the sale of the Indebtedness by purchasing the Indebtedness in accordance with the terms of this Redevelopment Contract and the Resolution. Redeveloper acknowledges that it is its understanding and the Agency's understanding that interest on the Indebtedness will be includable in gross income for federal income tax purposes and subject to Nebraska State income taxation.

Section 3.03 Pledge of Revenues.

Under the terms of the Resolution, the Agency pledges 100% of the available annual TIF Revenues derived from the Redevelopment Project Property as security for and to provide payment of the Indebtedness as the same fall due (including payment of any mandatory redemption amounts set for the Indebtedness in accordance with the terms of the Resolution).

Section 3.04 Purchase and Pledge of Indebtedness/Grant of Net Proceeds of Indebtedness.

The Redeveloper has agreed to purchase the Indebtedness from the Agency for a price equal to the principal amount thereof, payable as provided in Section 3.02 and this Section 3.04. The Redevelopment Plan provides for the Redeveloper to receive a grant under this Redevelopment Contract. In accordance with the terms of the Redevelopment Plan the Redeveloper is to receive a grant sufficient to pay the costs of site acquisition, demolition and rehabilitation expenditures, all improvements related to Project public infrastructure costs, site preparation costs, utility extensions and costs of the Agency for legal and plan preparation including those items described on Exhibit D (the "Project Costs"), in the aggregate maximum amount not to exceed \$1,400,000.00. Notwithstanding the foregoing, the aggregate amount of the Indebtedness and the grant shall not exceed the amount of Project Costs as certified pursuant to Section 4.02 of this Redevelopment Contract. Such grant shall be made to the Redeveloper upon certification of Project Costs as set forth herein and in the Resolution, and payment purchase of the Indebtedness as provided in Section 3.02, unless Redeveloper elects to offset the payment of the purchase of the Indebtedness with the grant proceeds as provided herein and in the Resolution. The Agency shall have no obligation to provide grant funds from any source other than as set forth in the Resolution and this Redevelopment Contract.

Section 3.05 Creation of Funds.

In the Resolution, the Agency has provided for the creation of the following funds and accounts which funds shall be held by the Agency separate and apart from all other funds and moneys of the Agency and the City:

(a) a special trust fund called the “Holiday Inn & Suites Redevelopment Project Bond Fund” (the “Bond Fund”). All of the TIF Revenues shall be deposited into the Bond Fund. The TIF Revenues accumulated in the Bond Fund shall be used and applied on the Business Day prior to each Interest Payment Date (i) to make any payments to the City or the Agency as may be required under the Redevelopment Contract and (ii) to pay principal of or interest on the Bond to the extent of any money then remaining the Bond Fund on such Interest Payment Date. Money in the Bond Fund shall be used solely for the purposes described herein and in the Resolution. All Revenues received through and including December 31, 2031 shall be used solely for the payments required herein and by the Resolution; and

(b) a special trust fund called the “Holiday Inn & Suites Redevelopment Project Fund” (the “Project Fund”) The Agency shall disburse any money on deposit in the Project Fund from time to time to pay or as reimbursement for payment made for the Project Costs in each case within 5 Business Days after completion of the steps set forth herein and in the Resolution. If a sufficient amount to pay a properly completed Disbursement Request (as defined in Section 4.02) is not in the Project Fund at the time of the receipt by the Agency of such request, the Agency shall notify the owner of the Bond and such owner may deposit an amount sufficient to pay such request with the Agency for such payment. As set forth in the Resolution, if the Redeveloper is the owner of the Bond and the Redeveloper so elects, the Agency shall make a grant to Redeveloper in the amount of an approved Disbursement Request; in such event, the approved Disbursement Request amount shall offset funding of the Bond.

ARTICLE IV

OBLIGATIONS OF REDEVELOPER

Section 4.01 Construction of Project; Bond; Insurance.

(a) Redeveloper will acquire the Project, demolish and rehabilitate structures on the site, prepare the site for redevelopment, install all required utilities and improvements in the public right-of-way in accordance with the plans and specifications provided to the Agency. Redeveloper will coordinate with the City for the City’s design and construction required for the installation of all public infrastructure improvements and right-of-way improvements. The Redeveloper shall provide and pay for infrastructure installation.

Redeveloper shall pay for the costs of site acquisition, site preparation, demolition and rehabilitation, utility extension, public infrastructure and costs of the Agency as set forth on Exhibit D, from the grant provided in Section 3.04 hereof. Redeveloper shall be solely responsible for obtaining all permits and approvals necessary to acquire, construct and equip the

Project. Until construction of the Project has been completed, Redeveloper shall make reports in such detail and at such times as may be reasonably requested by the Agency as to the actual progress of Redeveloper with respect to construction of the Project. Such reports shall include actual expenditures incurred as described on Exhibit D.

(b) Any general contractor chosen by the Redeveloper shall be required to obtain and keep in force at all times until completion of construction, policies of insurance including coverage for contractors' general liability and completed operations and a penal bond as required by the Act or as is otherwise required by law. The City, the Agency and the Redeveloper shall be named as additional insureds. Any contractor chosen by the Redeveloper or the Redeveloper itself, as owner, shall be required to purchase and maintain property insurance upon the Project to the full insurable value thereof. This insurance shall insure against the perils of fire and extended coverage and shall include "All Risk" insurance for physical loss or damage. The contractor with respect to any specific contract or the Redeveloper shall also carry insurance on all stored materials. The contractor or the Redeveloper, as the case may be, shall furnish the Agency and the City with a Certificate of Insurance evidencing policies as required above. Such certificates shall state that the insurance companies shall give the Agency prior written notice in the event of cancellation of or material change in any of any of the policies.

(c) Notwithstanding any provision herein to the contrary, in the event Redeveloper has not acquired fee simple title to the Redevelopment Project Area on or before December 1, 2016, this Redevelopment Contract shall be null and void and of no force or effect effective as of the date of execution hereof, and neither party shall have any liability or obligation to the other party with respect hereto.

(d) The Redeveloper shall provide a payment and performance bond from a bond company doing business in the state of Nebraska in the total amount of all Redevelopment Project Costs or such other amount as shall be approved by the Agency. The City and Agency shall be named as beneficiaries under such bond.

Section 4.02 Cost Certification & Disbursement of Bond Proceeds.

Proceeds of the Bond may be advanced and disbursed in the manner set forth below:

(a) There shall be submitted to the Agency a grant disbursement request (the "Disbursement Request"), executed by the City Manager and an authorized representative of the Redeveloper, (i) certifying that a portion of the Project has been substantially completed and (ii) certifying the actual costs incurred by the Redeveloper in the completion of such portion of the Project.

(b) If the costs requested for reimbursement under the Disbursement Request are currently reimbursable under Exhibit D of this Redevelopment Contract and the Community Redevelopment Law, the Agency shall evidence such allocation in writing and inform the owner of the Bond of any amounts allocated to the Bond.

(c) Upon notification from the Agency as described in Section 4.02(b), deposits to the accounts in the Project Fund may be made from time to time from funds received by the Agency from the owner of the Bond (if other than the Redeveloper) in the amounts necessary to pay amounts requested in properly completed, signed and approved written Disbursement Requests as described herein. Such amounts shall be proceeds of the Bond and the Treasurer of the Agency shall inform the Registrar (as defined in the Bond Resolution) in writing of the date and amount of such deposits. At the option of the Redeveloper, if the Redeveloper is the owner of the Bond, the Agency shall make a grant to Redeveloper in the amount of the approved Disbursement Request; in such event, the approved Disbursement Request amount shall offset funding of the Bond. The Registrar shall keep and maintain a record of the amounts deposited into the Project Fund from Bond proceeds pursuant to the terms of this Resolution as "Principal Amount Advanced" and shall enter the aggregate principal amount then Outstanding as the "Cumulative Outstanding Principal Amount" on its records maintained for the Bond. The aggregate amount deposited into the Project Fund from proceeds of the Bond shall not exceed \$1,400,000.00.

Section 4.03 No Discrimination.

Redeveloper agrees and covenants for itself its successors and assigns that it will not discriminate against any person or group of persons on account of race, sex, color, religion, national origin, ancestry, disability, marital status or receipt of public assistance in connection with the Project. Redeveloper, for itself and its successors and assigns, agrees that during the construction of the Project, Redeveloper will not discriminate against any employee or applicant for employment because of race, religion, sex, color, national origin, ancestry, disability, marital status or receipt of public assistance. Redeveloper will comply with all applicable federal, state and local laws related to the Project.

Section 4.04 Assignment or Conveyance.

This Redevelopment Contract shall not be assigned by the Redeveloper without the written consent of the Agency. Such consent shall not be unreasonably withheld. Redeveloper agrees that it shall not convey any Lot or any portion thereof or any structures thereon to any person or entity that would be exempt from payment of real estate taxes, and that it will not make application for any structure, or any portion thereof, to be taxed separately from the underlying land of any Lot.

Section 4.05 Payment of Agency Costs.

Redeveloper shall pay to the Agency the following sums upon execution hereof:

- a. \$17,000 for legal expenses of Agency.

Section 4.06 Payment Bond and Letter of Credit.

Redeveloper shall provide, upon the execution hereof, a Penal Bond and Surety for the benefit of Project sub-contractors in a form and from an institution approved by special counsel to the Agency. Said Payment Bond and Surety shall be in the amount of \$7,000,000.

ARTICLE V
FINANCING REDEVELOPMENT PROJECT; ENCUMBRANCES

Section 5.01 Financing

Redeveloper shall pay all costs related to the redevelopment of the Redevelopment Project Area and the Redevelopment Project Property which are in excess of the amounts paid from the proceeds of the grant provided from the proceeds of the Indebtedness and granted to Redeveloper. Redeveloper shall timely pay all costs, expenses, fees, charges and other amounts associated with the Project.

ARTICLE VI
DEFAULT, REMEDIES; INDEMNIFICATION

Section 6.01 General Remedies of Agency and Redeveloper.

Subject to the further provisions of this Article VI, in the event of any failure to perform or breach of this Redevelopment Contract or any of its terms or conditions, by any party hereto or any successor to such party, such party, or successor, shall, upon written notice from the other, proceed immediately to commence such actions as may be reasonably designed to cure or remedy such failure to perform or breach which cure or remedy shall be accomplished within a reasonable time by the diligent pursuit of corrective action. In case such action is not taken, or diligently pursued, or the failure to perform or breach shall not be cured or remedied within a reasonable time, this Redevelopment Contract shall be in default and the aggrieved party may institute such proceedings as may be necessary or desirable to enforce its rights under this Redevelopment Contract, including, but not limited to, proceedings to compel specific performance by the party failing to perform or in breach of its obligations. The Redeveloper hereby acknowledges and agrees that the Agency shall have completed its required performances and satisfied all of its obligations under this Redevelopment Contract upon the issuance of the Indebtedness and the subsequent payment of grant amounts to the Redeveloper as set forth in Article III hereof and by complying with the obligations of all Redevelopment Contract Amendments.

Section 6.02 Additional Remedies of Agency

In the event that (each such event an "event of default"):

(a) the Redeveloper, or its successor in interest, shall fail to commence the construction of the improvements included in the Project Costs on or before July 1, 2016, or shall abandon construction work related to the Project Costs, once commenced, for any period of 180 days, excepting delays caused by inclement weather,

(b) the Redeveloper, shall fail to pay real estate taxes or assessments on the Redevelopment Project Property owned by the Redeveloper or any part thereof when due; and

(c) there is a violation of any other provision of this Redevelopment Contract, and such failure or action by the Redeveloper has not been cured within 90 days following written notice from Agency, then the Redeveloper shall be in default of this Redevelopment Contract.

In the event of such failure to perform, breach or default occurs and is not cured in the period herein provided, the parties agree that the damages caused to the Agency would be difficult to determine with certainty and that a reasonable estimation of the amount of damages that could be incurred is the amount of the grant to Redeveloper pursuant to Section 3.04 of this Redevelopment Contract, less any reductions in the principal amount of the Indebtedness, plus interest on such amounts as provided herein (the "**Liquidated Damages Amount**"). Upon the occurrence of an event of default, the Liquidated Damages Amount shall be paid by Redeveloper to Agency within 30 days of demand from Agency given to the Redeveloper.

Interest shall accrue on the Liquidated Damages Amount at the rate of three percent (3%) per annum and interest shall commence from the date that the Agency gives notice to the Redeveloper demanding payment.

Payment of the Liquidated Damages Amount shall not relieve Redeveloper of its obligation to pay real estate taxes or assessments with respect to the Redevelopment Project Property and the Project.

Redeveloper, on or before contracting for work included within the Project Costs, shall furnish to the Agency copies of labor and materials payment bonds and performance bonds for each contract entered into by Redeveloper related to Project Costs. Each such bond shall show the Agency and the City as well as the Redeveloper as beneficiary of any such bond, as and to the extent commercially obtainable (as determined in the discretion of the Agency). In addition, the Redeveloper shall provide a penal bond with good and sufficient surety to be approved by the Agency, conditioned that the Redeveloper shall at all times promptly make payments of all amounts lawfully due to all persons supplying or furnishing to any contractor or his or her subcontractors (for each contract entered into by Redeveloper related to Project Costs) with labor or materials performed or used in the prosecution of the work provided for in such contract, and will indemnify and save harmless the Agency to the extent of any payments in connection with the carrying out of such contracts which the Agency may be required to make under the law.

Section 6.03 Remedies in the Event of Other Redeveloper Defaults.

In the event the Redeveloper fails to perform any other provisions of this Redevelopment Contract (other than those specific provisions contained in Section 6.02), the Redeveloper shall be in default. In such an instance, the Agency may seek to enforce the terms of this Redevelopment Contract or exercise any other remedies that may be provided in this Redevelopment Contract or by applicable law; provided, however, that any defaults covered by

this Section shall not give rise to a right or rescission on termination of this Redevelopment Contract, and shall not be covered by the Liquidated Damages Amount.

Section 6.04 Forced Delay Beyond Party's Control.

For the purposes of any of the provisions of this Redevelopment Contract, neither the Agency nor the Redeveloper, as the case may be, nor any successor in interest, shall be considered in breach of or default in its obligations with respect to the conveyance or preparation of the Redevelopment Area or any part thereof for redevelopment, or the beginning and completion of construction of the Project, or progress in respect thereto, in the event of forced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not restricted to, acts of God, or of the public enemy, acts of the Government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather or delays in subcontractors due to such causes; it being the purpose and intent of this provision that in the event of the occurrence of any such forced delay, the time or times for performance of the obligations of the Agency or of the Redeveloper with respect to construction of the Project, as the case may be, shall be extended for the period of the forced delay: Provided, that the party seeking the benefit of the provisions of this section shall, within thirty (30) days after the beginning of any such forced delay, have first notified the other party thereto in writing, and of the cause or causes thereof and requested an extension for the period of the forced delay.

Section 6.05 Limitations of Liability; Indemnification.

Notwithstanding anything in this Article VI or this Redevelopment Contract to the contrary, neither the City, the Agency, nor their respective elected officials, officers, directors, appointed officials, employees, attorneys, agents or their governing bodies shall have any pecuniary obligation or monetary liability under this Redevelopment Contract. The sole obligation of the Agency under this Redevelopment Contract shall be the issuance of the Indebtedness and granting of a portion of the proceeds thereof to Redeveloper, and full compliance with the terms specifically set forth Article III hereof and payment of TIF Revenues pledged pursuant to the Resolution. The Redeveloper releases the City and Agency from, agrees that neither the City nor Agency shall be liable for, and agrees to indemnify and hold the City and Agency harmless from any liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project.

The Redeveloper will indemnify and hold each of the City and Agency and their respective elected officials, directors, officers, appointed officials, attorneys, agents, employees and members of their governing bodies free and harmless from any loss, claim, damage, demand, tax, penalty, liability, disbursement, expense, excluding litigation expenses, attorneys' fees and expenses, or court costs arising out of any damage or injury, actual or claimed, of whatsoever kind or character, to property (including loss of use thereof) or persons, occurring or allegedly occurring in, on or about that portion of the Project owned by the Redeveloper, during the term of this Redevelopment Contract or arising out of any action or inaction of Redeveloper, related to activities of the Redeveloper or its agents during the construction of the public infrastructure or public right of ways in the Project.

ARTICLE VII

MISCELLANEOUS

Section 7.01 Notice Recording.

This Redevelopment Contract or a notice memorandum of this Redevelopment Contract may be recorded in the office of the Register of Deeds of Red Willow County, Nebraska.

Section 7.02 Governing Law.

This Redevelopment Contract shall be governed by the laws of the State of Nebraska, including but not limited to the Act.

Section 7.03 Binding Effect: Amendment, Assignment.

This Redevelopment Contract shall be binding on the parties hereto and their respective successors and assigns. The Redevelopment Contract shall not be amended except by a writing signed by the party to be bound. The Redeveloper may assign its rights and obligations to a controlled entity which shall be bound by all the terms hereof.

Section 7.04 Effective Date and Implementation of Redevelopment Contract.

This Agreement is in full force and effect from and after the date of execution hereof by both the Redeveloper and the Agency.

Section 7.05 Notices to Parties.

Notices to Parties shall be mailed by U. S. Mail to the following addresses:
Redeveloper:

Agency and City:
City Manager
McCook Community Development Agency
5th & C Street
McCook, NE 69001

Section 7.06 Condition Precedent to Agency Obligation.

Agency shall not be obligated under the terms and conditions of this Redevelopment Contract until such time as Redeveloper has fully complied with Sections 4.05 and 4.06 hereof.

IN WITNESS WHEREOF, City and Redeveloper have signed this Redevelopment Contract as of the date and year first above written.

ATTEST:

COMMUNITY DEVELOPMENT
AGENCY OF THE CITY OF
MCCOOK, NEBRASKA

Secretary

By: _____
Chairman

McCook Lodging, LLC

By: _____
Manager

STATE OF NEBRASKA)
) SS
COUNTY OF RED WILLOW)

The foregoing instrument was acknowledged before me this _____ day of 2016, by _____ and _____, Chairman and Secretary, respectively, of the Community Development Agency of the City of McCook, Nebraska, on behalf of the Agency.

Notary Public

STATE OF NEBRASKA)
) SS
COUNTY OF RED WILLOW)

The foregoing instrument was acknowledged before me this _____ day of _____, 2016, by _____, manager of McCook Lodging, LLC, on behalf of the limited liability company.

Notary Public

EXHIBIT A
DESCRIPTION OF REDEVELOPMENT AREA

Insert legal description from survey.

EXHIBIT B
REDEVELOPMENT PLAN

[Attach copy of Redevelopment Plan]

EXHIBIT C

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF RED WILLOW

COMMUNITY DEVELOPMENT AGENCY
OF THE CITY OF MCCOOK, NEBRASKA

TAX INCREMENT DEVELOPMENT REVENUE BOND
(Holiday Inn & Suites REDEVELOPMENT PROJECT), SERIES 2016

No. R-1

Up to \$1,400,000.00
(subject to reduction as described herein)

<u>Date of Original Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>
	December 31, 2031	5.0%

REGISTERED OWNER: McCook Lodging, LLC

PRINCIPAL AMOUNT: SEE SCHEDULE 1 ATTACHED HERETO

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THE BOND SET FORTH ON THE FOLLOWING PAGES, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

IN WITNESS WHEREOF, THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MCCOOK, NEBRASKA has caused this Bond to be signed by the manual signature of the Chairman of the Agency, countersigned by the manual signature of the Secretary of the Agency, and the City's corporate seal imprinted hereon.

COMMUNITY DEVELOPMENT AGENCY
OF THE CITY OF MCCOOK, NEBRASKA

[S E A L]

By: _____ (manual signature)
Chairman

By: _____ (manual signature)
Secretary

The **COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MCCOOK, NEBRASKA** (the “**Agency**”) acknowledges itself indebted to, and for value received hereby promises to pay, but solely from certain specified tax revenues and other funds hereinafter specified, to the Registered Owner named above, or registered assigns, on the Date of Maturity stated above (or earlier as hereinafter referred to), the Principal Amount on Schedule 1 attached hereto upon presentation and surrender hereof at the office of the registrar and paying agent herefor, the Treasurer of the City of McCook, Nebraska (the “**Registrar**”), and in like manner to pay interest on the Cumulative Outstanding Principal Amount reflected in **Schedule 1** at the Rate of Interest stated above, calculated on the basis of a 360-day year consisting of twelve, 30-day months, from the Date of Original Issue stated above, or the most recent interest payment date to which interest has been paid or duly provided for, as specified below, to maturity or earlier redemption, payable semiannually on June 1 and December 1 of each year until payment in full of such Principal Amount, beginning June 1, 2018, by check or draft mailed to the Registered Owner hereof as shown on the Bond registration books maintained by the Registrar on the 15th day of the month preceding the month in which the applicable interest payment date occurs, at such Owner’s address as it appears on such Bond registration books. The principal of this Bond and the interest hereon are payable in any coin or currency which on the respective dates of payment thereof is legal tender for the payment of debts due the United States of America.

This Bond is issued by the Agency under the Agency of and in full compliance with the Constitution and statutes of the State of Nebraska, including particularly Article VIII, Section 12 of the Nebraska Constitution, Sections 18-2101 to 18-2153, inclusive, Reissue Revised Statutes of Nebraska, as amended, and under and pursuant to Resolution No. _____ duly passed and adopted by the Agency on _____ 2016, as from time to time amended and supplemented (the “**Resolution**”).

THE PRINCIPAL AMOUNT OF THIS BOND IS SET FORTH IN SCHEDULE 1 ATTACHED HERETO. THE MAXIMUM PRINCIPAL AMOUNT OF THIS BOND IS \$1,400,000.00.

This Bond is a special limited obligation of the Agency payable as to principal and interest solely from and is secured solely by the Revenue (as defined in the Resolution) and certain other money, funds and securities pledged under the Resolution, all on the terms and conditions set forth in the Resolution. The Revenue represents that portion of ad valorem taxes levied by public bodies of the State of Nebraska, including the City, on real property in the Project Area (as defined in this Resolution) which is in excess of that portion of such ad valorem taxes produced by the levy at the rate fixed each year by or for each such public body upon the valuation of the Project Area as of a certain date and as has been certified by the County Assessor of Red Willow County, Nebraska to the City in accordance with law.

Reference is hereby made to the Resolution for the provisions, among others, with respect to the collection and disposition of certain tax and other revenues, the special funds charged with and pledged to the payment of the principal of and interest on this Bond, the nature and extent of the security thereby created, the terms and conditions under which this Bond has been issued, the

rights and remedies of the Registered Owner of this Bond, and the rights, duties, immunities and obligations of the City and the Agency. By the acceptance of this Bond, the Registered Owner assents to all of the provisions of the Resolution.

The principal of and interest hereon shall not be payable from the general funds of the City nor the Agency nor shall this Bond constitute a legal or equitable pledge, charge, lien, security interest or encumbrance upon any of the property or upon any of the income, receipts, or money and securities of the City or the Agency or of any other party other than those specifically pledged under the Resolution. This Bond is not a debt of the City or the Agency within the meaning of any constitutional, statutory or charter limitation upon the creation of general obligation indebtedness of the City or the Agency, and does not impose any general liability upon the City or the Agency and neither the City nor the Agency shall be liable for the payment hereof out of any funds of the City or the Agency other than the Revenues and other funds pledged under the Resolution, which Revenues and other funds have been and hereby are pledged to the punctual payment of the principal of and interest on this Bond in accordance with the provisions of this Resolution.

The Registered Owner may from time to time enter the respective amounts advanced pursuant to the terms of the Resolution under the column headed "Principal Amount Advanced" on **Schedule 1** hereto (the "**Table**") and may enter the aggregate principal amount of this Bond then outstanding under the column headed "Cumulative Outstanding Principal Amount" on the Table. On each date upon which a portion of the Cumulative Outstanding Principal Amount is paid to the Registered Owner pursuant to the redemption provisions of the Resolution, the Registered Owner may enter the principal amount paid on this Bond under the column headed "Principal Amount Redeemed" on the Table and may enter the then outstanding principal amount of this Bond under the column headed "Cumulative Outstanding Principal Amount" on the Table. Notwithstanding the foregoing, the records maintained by the Trustee as to the principal amount issued and principal amounts paid on this Bond shall be the official records of the Cumulative Outstanding Principal Amount of this Bond for all purposes.

Reference is hereby made to the Resolution, a copy of which is on file in the office of the City Clerk, and to all of the provisions of which each Owner of this Bond by its acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for this Bond; the Revenue and other money and securities pledged to the payment of the principal of and interest on this Bond; the nature and extent and manner of enforcement of the pledge; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Owner of this Bond; the rights, duties and obligations of the Agency and the Registrar thereunder; the terms and provisions upon which the liens, pledges, charges, trusts and covenants made therein may be discharged at or prior to the maturity or redemption of this Bond, and this Bond thereafter no longer be secured by the Resolution or be deemed to be outstanding thereunder, if money or certain specified securities shall have been deposited with the Registrar sufficient and held in trust solely for the payment hereof; and for the other terms and provisions thereof.

This Bond is subject to redemption prior to maturity, at the option of the Agency, in whole or in part at any time at a redemption price equal to 100% of the principal amount being redeemed, plus accrued interest on such principal amount to the date fixed for redemption. Reference is

hereby made to the Resolution for a description of the redemption procedures and the notice requirements pertaining thereto.

In the event this Bond is called for prior redemption, notice of such redemption shall be given by first-class mail to the Registered Owner hereof at its address as shown on the registration books maintained by the Registrar not less than 10 days prior to the date fixed for redemption, unless waived by the Registered Owner hereof. If this Bond, or any portion thereof, shall have been duly called for redemption and notice of such redemption duly given as provided, then upon such redemption date the portion of this Bond so redeemed shall become due and payable and if money for the payment of the portion of the Bond so redeemed and the accrued interest thereon to the date fixed for redemption shall be held for the purpose of such payment by the Registrar, interest shall cease to accrue and become payable hereon from and after the redemption date.

This Bond is transferable by the Registered Owner hereof in person or by its attorney or legal representative duly authorized in writing at the principal office of the Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond of the same series and maturity and for the same principal amount will be issued to the transferee in exchange therefor. The Agency and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal of and interest due hereon and for all other purposes.

This Bond is being issued as fully a registered Bond without coupons. This Bond is subject to exchange as provided in the Resolution.

It is hereby certified, recited and declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this Bond have happened, do exist and have been performed in regular and due time, form and manner; that this Bond does not exceed any constitutional, statutory or charter limitation on indebtedness; and that provision has been made for the payment of the principal of and interest on this Bond as provided in this Resolution.

[The remainder of this page intentionally left blank]

(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Print or Type Name, Address and Social Security Number
or other Taxpayer Identification Number of Transferee

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ agent to transfer the within Bond on the Bond register kept by the Registrar for the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular.

Signature Guaranteed By:

Name of Eligible Guarantor Institution as defined by SEC Rule 17 Ad-15 (17 CFR 240.17 Ad-15)

By: _____
Title: _____

[The remainder of this page intentionally left blank]

Exhibit D
Project Costs

Redevelopment Project Costs

Site Acquisition	\$210,000
Site Preparation	\$201,000
Legal	\$ 17,000
Planning & Architecture	\$785,000
ROW & Utility	\$187,000
NOT TO EXCEED	\$1,400,000.00

March 11, 2016

TO: McCook Nebraska City Council Members and City Officials

RE: Second Proposed Hotel Development

Dear Members and Officials:

We are writing you this letter to express our concerns for the health of the lodging industry and the property tax base that the current hotels in McCook represent. At this time there are five hotels with collectively 243 rooms (88,695 rentable rooms per year). With an additional 54 rooms being added by the Cobblestone Hotel to the market (19,710 annually) there will be 108,405 rentable rooms per year in the City of McCook, an increase of 22%. Another 75 rooms (estimated for this analysis) from the second proposed hotel development will add 27,375 more rooms per year (now totaling 135,780 annually) or a 53% increase in lodging capacity for the City of McCook. This will create an unsustainable situation and will eventually result in the loss of between 60-90 hotel rooms that currently pay property taxes in our community.

The five current hotel properties in McCook pay a combined \$99,329.34 in property taxes each year (not including personal property taxes). \$99,329.34 is not an insignificant sum in our opinion (See Exhibit A). Each hotel room in our community pays on average \$408.76 annually in property taxes. A loss of 60-90 hotel rooms equates to between \$24,525.56 and \$36,788.40 annually in lost property tax revenue for the City of McCook. As we know, because of Tax Increment Financing the new hotel developments will not pay any additional property taxes for a period of 15 years. For two new hotels to have this advantage over the current taxpayers seems inherently inequitable.

For the calendar year 2015 the five hotels in McCook generated \$3,594,608.50 in total revenue with an average occupancy rate of 56% and an average daily rate of \$72.50. (See Exhibit B). By today's standards the average traveler for either business or leisure would consider hotel rooms in McCook a bargain.

We have determined that the McCook hotel market is 80% business travelers (including construction workers) using 42,930 rooms per year, 10% leisure travelers (those coming here to play golf, hunt, fish, attend athletic events or simply traveling through) using 5,366 rooms per year. The remaining 10% are the one time travelers who come to McCook for an event such as a wedding or a funeral.

The following is an analysis of the current, soon to be and potential effects of the second proposed hotel development on the lodging industry in McCook.

1. Currently a 56% occupancy rate equates to 135 sold rooms per night and 108 vacant.

243	Available rooms	
<u>-135</u>	Average rooms sold daily	56% Occupied
108	Unsold rooms	44% Vacant

This situation provides each hotel a chance to be sustainable.

2. With the addition of the Cobblestone Hotel. 54 rooms, 19710 annually.

297	Available rooms	
<u>-135</u>	Average rooms sold daily	45% Occupied
162	Unsold rooms	55% Vacant

This situation will essentially create a less than break even scenario and each hotel will have to respond accordingly.

3. The proposed second hotel development will add 75 more rooms, 27,375 annually and the result will be:

372	Available rooms daily	
<u>-135</u>	Average rooms sold daily	36.3% Occupied
237	Unsold rooms	63.7% Vacant

This situation will be unsustainable and the current lodging industry in McCook will be forced to reduce their inventories. The end result will be the loss of 60-90 rooms in order to reach at least some level of managed sustainability. Every hotel room lost reduces the amount of property taxes collected by the City of McCook.

More hotel rooms will not equal more hotel stays. Without any additional market drivers such as new industries, increased construction, or leisure opportunities, there is no reason to believe that McCook will have additional travelers. To base projections of increased occupancy or the need for additional hotel rooms in a market place on information from travel websites is a false premise. Travel websites such as Orbitz, Travelocity, Hotels.com, Trivago and others operate as on-line travel agents. In any particular market they negotiate with individual hotels. If the hotel agrees to participate they will allocate them a certain commissionable percentage of their inventory to that specific site. When and if those rooms are sold the site will indicate ROOMS NOT AVAILABLE. This is intentional. If a hotel chooses not to participate the site will also show ROOMS NOT AVAILABLE. This is also intentional. The phrase ROOMS NOT AVAILABLE implies to the viewer the hotel is sold out and redirects them to participating hotels with remaining inventory. These are not accurate indicators of occupancy in any market.

It is of the utmost importance we realize that at this time McCook has now experienced 14 straight Months of declining occupancies. In 2015 occupancy was down 13% and is down 10% so far in 2016 (See Exhibit C). The market place for lodging in McCook will also be affected by the other new

Cobblestone Hotels built in Cambridge of 31 rooms (11,315 annually) and in Oberlin KS, 31 rooms (11,315 annually). The presence of the new Cobblestone Hotel in Cambridge is responsible for at least 10% of the occupancy decline we have already seen. In 2015 Furnas County increased their lodging tax receipts from \$10,333.28 to \$24,650.65, a 238% increase. Collected at 4% this increase represents an additional \$357,934.25 in lodging receipts (See Exhibit C). It is safe to say the majority of those room nights would have been sold here in McCook. The new Cobblestone Hotel in Oberlin opened March 4, 2016 and will only add to the decline.

Historically there are four events per year in which we can expect the entire town to be sold out. These four events are Mother's Day/Graduation Weekend, Heritage Days, the McCook Farm and Ranch Expo and the Lady Rebels Softball Tournament. These four events only represent a total of 8 nights per year, but the Cobblestone Hotel will alleviate that concern.

From 2008 until 2015, the McCook lodging market has benefited from a continuous construction environment. We saw the McCook Community Hospital undergo a major three-phase renovation not including the Anderson Center for Radiation and Oncology. There was also the Armory building, the Public Works/City Offices building, new jail, a major new grain handling facility west of Culbertson, the Delores and Pete Graff Events Center and the renovations of the dorm rooms and new cafeteria for the McCook Community College. We also benefited from the oil exploration and drilling boom. The oil field work was a big market driver although it only lasted a brief a time.

There are no projects of any kind similar to any of these slated for our area in the foreseeable future. It is also important to note that McCook and the surrounding areas are primarily agriculture based economies, as we are all aware. The Sunday Feb 28, 2016 edition of the Lincoln Journal Star reported that due to a three year decline in crop prices, farm income in Nebraska is expected to be at its lowest level in more than a decade. It can also be reported that Valmont Corporation has suspended the majority of their corporate travel for the 1st quarter of 2016. These are two more indicators that will directly have a negative impact on our community and the health of the lodging industry in McCook.

The new Cobblestone Hotel in McCook combined with new Cobblestone Hotels in Cambridge and Oberlin (totaling 42,340 additional annual room nights) will already create additional pressure on the lodging market in McCook. We can expect a continued drop in occupancies, but at least the hotels in McCook that currently pay \$99,329.34 in property taxes (and collected \$134,157.28 [2015] in lodging taxes that benefit our community) will have a chance to survive and continue contributing to the economic welfare of our community. The addition of a second new hotel (27,375 room nights annually) will most certainly erode the current situation and will unwittingly result in a loss of hotel rooms and thus a loss of property tax revenues for the City of McCook.

We understand a community's need for economic development, but economic development should not come at the expense of, and jeopardize the health of, an already contributing industry. I strongly urge you to reconsider the proposed second hotel development and decline the Tax Increment Financing option.

If you have any questions, concerns or comments please feel free to reach out to us at any time.

Respectfully submitted,

Dr. Chandrakant Shah,	Chief Motel
Perry J. Strombeck,	Horse Creek Inn
Jack Patel,	Days Inn
Raju Bal,	Economy Inn
Ron Tompkins,	Cedar Inn

Exhibit A

2015 Property Taxes Paid

Source: Red Willow County Assessor's Office

Chief Motel	\$35,096.34	
Horse Creek Inn	\$28,516.60	
Days Inn	\$23,213.54	
Economy Inn	\$8,900.78	
Cedar Inn	\$3,602.08	
	<hr/>	
	\$99,329.34	Total Property Taxes Paid
	\$99,329.34	Total Property Taxes Paid
	÷ 243	Hotel rooms
	<hr/>	
	\$408.76	Average property taxes paid per room per year.

Exhibit B

Source: Nebraska Department of Revenue

Lodging Tax Collected 2015 @ 4% \$134,157.28 Red Willow County

\$134,157.28	
÷	0.04
\$3,353,932.00	Total Taxable Lodging Receipts 2015
	Total Tax Exempt Lodging Receipts 2015 (IE. State, Federal, Military)
\$240,676.50	
\$3,594,608.50	Total Lodging Tax Receipts 2015

2015 McCook Hotel Room Inventory

	#of rooms	% of total rooms		
Chief Motel	94		\$60-\$100 Range	
Horse Creek Inn	50	75%	\$80 Average rate	
Days Inn	40			\$72.50
Economy Inn	38	25%	\$40-\$60 Range	Weighted average rate
Cedar Motel	21		\$50 Average rate	
	243	Rooms		
	x 365	Days		
	88,695	Annual room nights		

\$3,594,608.50	Total Lodging Receipts 2015
÷	\$72.50
49,580	Average rate
	Rooms Sold

49,580	Annual rooms sold
÷	88,695
56%	Inventory
	Rooms sold

or

135 of 243 rooms sold on average in McCook each night

Exhibit C

Red Willow County Lodging Tax Collections 2006-2015

	2006	2007	2008	2009	2010	2011	2012	2013*	2014	2015
January	1,953.03	2,435.35	3,652.06	3,333.20	3,785.91	3,894.73	4,436.19	8,149.35	10,415.74	4,364.75
February	2,809.94	2,451.62	3,288.09	2,312.54	3,943.09	3,923.81	4,766.74	7,558.66	9,735.94	11,508.55
March	3,482.80	2,980.00	3,627.60	3,188.58	4,402.33	4,769.00	5,014.00	9,071.29	11,321.61	9,790.39
April	3,080.84	4,007.03	3,637.21	4,702.53	4,592.22	5,778.64	5,236.54	12,454.66	13,438.74	11,489.21
May	4,074.84	4,787.45	4,269.10	3,972.47	6,179.23	5,910.04	6,313.07	13,657.16	17,291.13	9,836.11
June	4,500.42	5,181.87	5,725.30	5,964.82	6,342.39	5,813.10	7,500.00	9,587.32	16,016.03	14,292.75
July	4,526.05	5,233.62	5,076.82	5,305.95	7,048.20	7,486.08	7,292.84	15,908.77	15,064.10	13,536.73
August	4,260.41	5,193.42	5,446.45	6,302.76	5,263.18	7,551.03	7,119.66	14,967.83	12,530.71	10,918.79
September	4,035.14	5,512.18	4,880.06	5,194.20	7,044.01	6,730.85	6,769.48	8,126.18	13,234.46	14,245.77
October	3,307.53	5,184.24	3,324.56	5,074.51	5,660.12	3,246.75	6,237.14	11,429.67	13,519.09	11,218.44
November	3,131.88	5,264.33	4,301.81	4,334.49	6,053.94	8,755.58	4,125.53	10,806.15	11,081.31	11,695.05
December	3,264.04	3,702.11	4,684.25	3,266.77	4,356.77	4,351.72	6,880.20	11,710.43	7,808.27	11,260.74
	42,426.92	51,933.22	51,913.31	52,952.82	64,671.39	68,211.33	71,691.39	133,427.47	151,457.13	134,157.28
Increase/Decrease		22%	0.01%	2%	22%	5%	5%	7%	13%	13%

Source: Nebraska Department of Revenue

* In January 2013 a 2% Improvement Fund Tax was implemented increasing the lodging tax collections from 2% to 4%.

Nebraska Lodging Tax History

Percentage of Increase / Decrease

	2006	2007	2008*	2009	2010	2011	2012	2013	2014	2015
Furnas / Beaver City	3,645.06	3,687.14	4,818.52	7,995.07	7,937.32	8,314.84	8,389.89	13,068.88	10,333.28	24,650.65
%+-		1%	20%	30%	0.07%	5%	0.09%	56%	26%	238%
Lodging Tax Rate	2%	2%	7/01 4%	4%	4%	4%	4%	4%	4%	4%

* In July 2008 a 2% Improvement Fund Tax was implemented increasing the lodging tax collections from 2% to 4%.

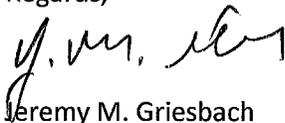
Dear McCook City Council Members and City Staff,

I know that I have previously emailed the below letter to each of you, however, I wanted to make sure that everyone received it so I am mailing this hard copy to each of you also.

McCook Hotel Group is concerned about the potential that another new hotel may be constructed in the area with large TIF assistance, as should be the City. The City has done a thorough analysis of the use of TIF for the Cobblestone project, but perhaps is not taking into account the impact another lodging facility would have on the original economic feasibility of the project (mainly the incremental taxation). If any project were to develop in the near future with a similar value to the Cobblestone project, then almost all of the "excess value" associated with the Cobblestone project will be generated away. The incremental effect on excess value to both McCook Hotel Group and the City would become very small - so small that it is unlikely the TIF would have been considered an option had an additional hotel TIF originally been a part of the redevelopment plan.

The additional tax revenues generated by the Cobblestone project are essential to honoring the terms of indebtedness, which is not possible if the project is economically ill-fated as a result of unnecessary market saturation caused by the city's willingness to grant TIF for another hotel. This is an avoidable situation, and one that the City should take very seriously given the TIF obligations it has committed to. More properties generating less revenue equates to an overall decrease in excess value that cannot be recovered. This is a situation that was not considered by McCook Hotel Group when determining the feasibility of this project. It is imperative that both McCook Hotel Group and the City be in a position to adequately fund the indebtedness, which does not appear practicable in light of the decrease in valuation another lodging facility would cause. Please feel free to contact me with questions.

Regards,



Jeremy M. Griesbach

President of Development

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Hotel Service Network

COMPREHENSIVE MARKET STUDY

**McCOOK, NEBRASKA
MAY, 2014**

Prepared Exclusively For:

McCook Economic Development Corporation

Prepared By:

Hospitality Marketers International, Inc.

**Gregory R. Hanis, ISHC
President**

**Michael R. Hool, CPA, ISHC
President, SHR
An HMI Network Representative**

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EXHIBITS

- Exhibit 1 – Geographic Relationship of the Subject Market to the Central United States

- Exhibit 2 – Geographic Relationship of the Subject Market to the States of Nebraska, Colorado, Kansas, Missouri and South Dakota

- Exhibit 3 – Geographic Relationship of the Subject Market to Southwest Nebraska, Eastern Colorado and Northwest Kansas Including the Location of the Primary Competitive Hotels

- Exhibit 4 – Location of the Two Potential Subject Sites in Relation to the Greater McCook area as well as the Members of the Primary Competitive Set

- Exhibit 5 – Economic Radii Analyzed in this Report



Exhibit 1 – Geographic Relationship of the Subject Market to the Central United States

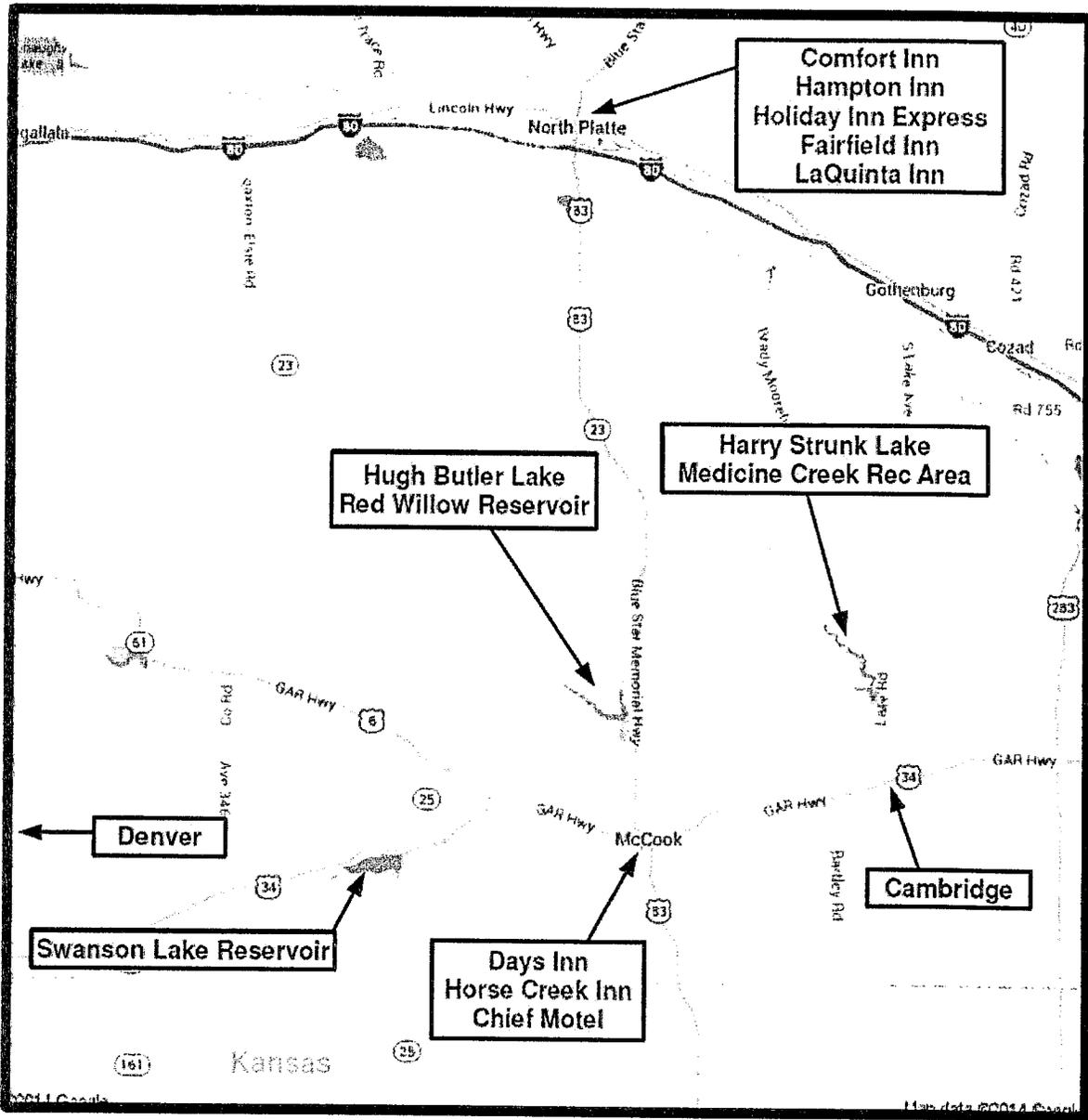


Exhibit 3 – Geographic Relationship of the Subject Market to Southwest Nebraska, Eastern Colorado and Northwest Kansas Including the Location of the Primary Competitive Hotels

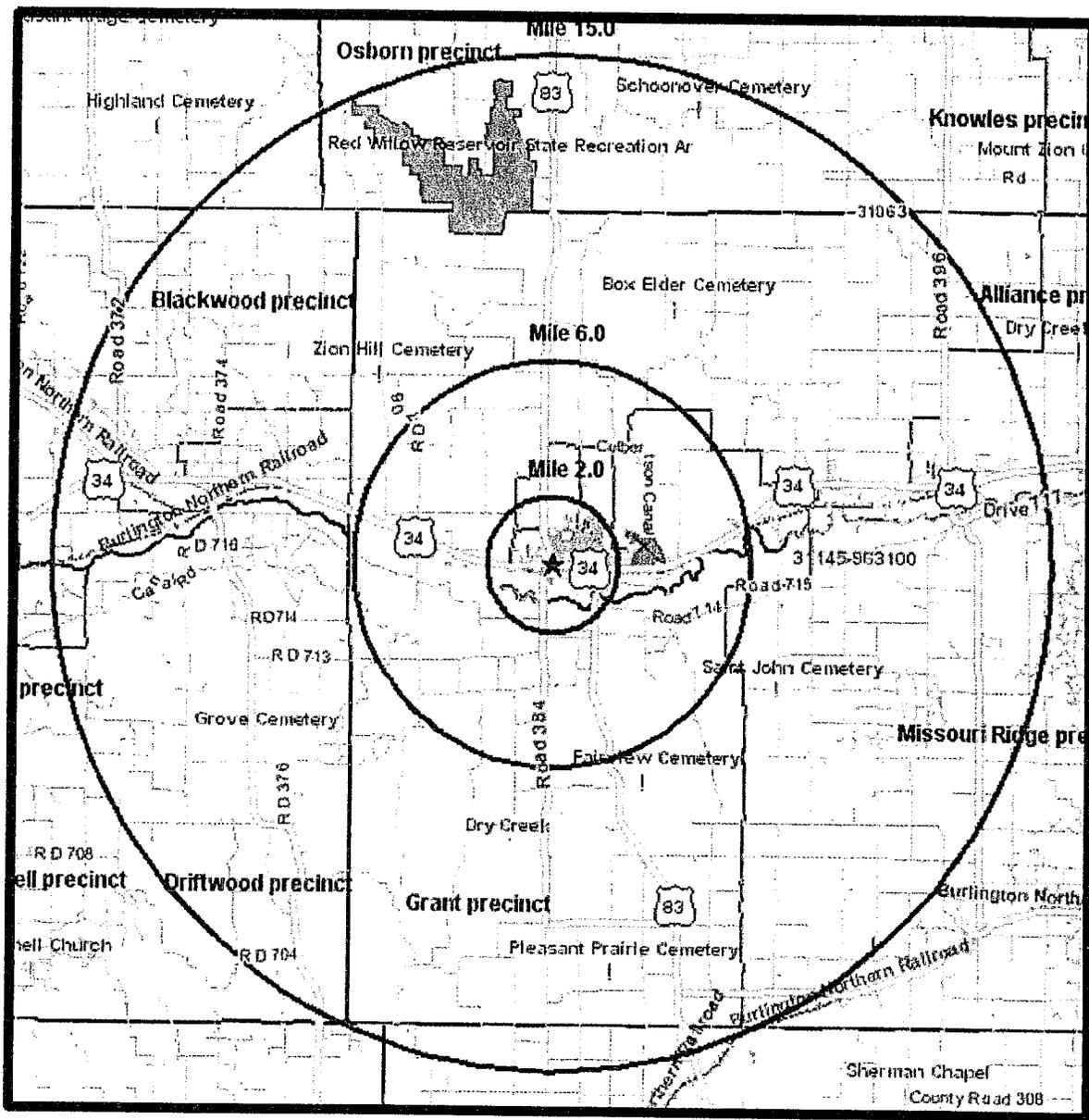


Exhibit 5 – Economic Radii Analyzed in this Report

INTRODUCTION/OBJECTIVE

Hospitality Marketers International, Inc., (HMI) has been engaged to provide this Comprehensive Hotel Market Study for the potential development of a 54-room, mid-scale, limited-service style hotel in the greater McCook, Nebraska market area. HMI has been engaged by Mr. Rex Nelson, Executive Director, McCook Economic Development Corporation to perform this market research. This report is the exclusive property of the McCook Economic Development Corporation.

The proposed hotel could be located on one of two sites in close proximity to U.S. Route 83 north of where it intersects with U.S. Route 34 in the City of McCook, Nebraska. The two sites will be discussed in greater detail in the Site Analysis Section of this report and are identified in Exhibit 4 of this report.

The research included in this report will support the Conclusions recommended regarding the style and size of the proposed hotel. This Market Study provides information concerning the greater McCook market, including Red Willow County, Nebraska, and the market factors that would affect the possible development of this proposed limited-service style hotel.

The focus of this report is on developing a limited-service style hotel in the subject market. Discussions with the McCook Economic Development Corporation officials indicated that developing a limited-service style hotel including a Cobblestone Inn or a Holiday Inn Express has been discussed. However, this report provides information regarding the subject market's ability to support a proposed limited-service style hotel as well as recommendations for its price category, franchise branding, and the suggested number of rooms.

HMI conducted comprehensive field research to determine the relationship between the subject market and the proposed hotel's Lodging Supply competitors and Lodging Demand generators. Economic indicators were reviewed to determine the stability and future growth of the general subject market area.

Multiple years of Occupancy, Average Daily Room Rate, and Sales Revenue projections for the proposed hotel were based upon a detailed review of the field research data. Facility recommendations as to product type, size, brand affiliation (if any), and amenities were based upon the Lodging Demand research for the proposed hotel. The research that was conducted included a macro- and micro-market analysis of the greater McCook market as well as Red Willow County to determine the viability of this market to support the proposed hotel.

This market study report should be acceptable for internal as well as external investment and lending purposes. If, at any time, there are questions regarding this research, or if this report needs to provide specific information regarding this hotel development, HMI will be available to address the required information.

Mr. Rex Nelson, Executive Director of the McCook Economic Development Corporation has engaged HMI to perform this Comprehensive Hotel Market Study. This report is the property of the McCook Economic Development Corporation and any distribution, use or any other application of the Comprehensive Hotel Market Study must have the prior approval of Mr. Rex Nelson with the McCook Economic Development Corporation.

GENERAL MARKET DESCRIPTION

The subject market for this proposed limited-service style hotel is the greater McCook, Nebraska area. This is located in Red Willow County in the southwest corner of Nebraska approximately fifteen miles north of the Nebraska-Kansas state line. Listed below is a description of this subject market area.

GEOGRAPHIC LOCATION

- The City of McCook is situated in Red Willow County in southwest Nebraska at the intersection of US Routes 6/34 and 83. US Routes 6/34 traverse Nebraska from east to west while US Route 83 traverses this market from north to south connecting South Dakota to Kansas. See Exhibit 3 of this report for further details regarding the subject market's location.
- The City of Mc Cook is situated approximately twenty miles west of Cambridge, Nebraska on US Route 34 and approximately eighty miles south of North Platte, Nebraska and I-80. I-80 traverses Nebraska east/west and provides access to the entire United States. It travels to the east and west coasts and intersects other primary interstate highways. See Exhibits 2 and 3 of this report for further details regarding the subject market's location.
- The City of McCook is located approximately halfway between Denver, Colorado and Omaha, Nebraska.
- The closest primary airports with regularly scheduled passenger service are situated in either Lincoln, Omaha, or in Denver Colorado, 230 – 290 miles from McCook depending on the destination. Limited-service is provided through McCook, Kearney, and Grand Island. See Exhibits 2 and 3 of this report for further details regarding the subject market's location.

GENERAL MARKET CHARACTERISTICS

- The City of McCook, with a population of 7,698 in the 2010 Census, is the largest city in Red Willow County, with a population of 11,055.
- McCook is the county seat for Red Willow County as well as being a regional hub for shopping and health/medical needs for southwest Nebraska and northwest Kansas. The county's original economic base was agricultural (farming and ranching) that has now expanded into retail, healthcare and other areas.
- The City of McCook is situated 288 miles west of Omaha and 229 miles west of Lincoln, the state capital, and 264 miles east of Denver. It was established in 1882 as the result of an agreement between the Burlington & Quincy Railroad Company and the Lincoln Land Company. They formed a railroad center halfway between Denver, Colorado and Omaha, Nebraska.
- This area was originally settled by German and Russian immigrants as an agricultural community that it still is today. There is a seasonal influx of transient Hispanic workers on a regular basis.

- The subject market area has been evolving over the past few years. In the fall of 2010, an \$8 million National Guard/Army Reserve Center was completed in McCook as well as a \$35 million expansion to Community Hospital in McCook. Also, discussions with local officials indicated that there have been oil/gas seismic crews working west and south of McCook in Hitchcock County for the past year. This appears to be leading to the next phase of oil and gas drilling/exploration with drilling crews now coming to the area.
- The Burlington Northern Santa Fe (BNSF) Railroad runs through the area parallel to US Routes 6/34. BNSF operates a 24-hour switch yard and track maintenance facility in McCook. McCook is the turnaround point for crews since it is roughly midway between Denver, Colorado and Lincoln, Nebraska.
- There is a wide variety of indoor and outdoor activities that occur in the McCook market because of the new MCC Events Center on the campus of McCook Community College and the Kiplinger Arena on the Red Willow County Fairgrounds. Additionally, there is fishing and camping at one of the three nearby lakes as well as hunting and bird watching.
- The 2010 Census indicated that the population in McCook was 7,681 and that its racial mix was 97.9% Caucasian, 1.1% African American, and 1.0% other races. Other minorities include American Indian and Asian.

EXHIBITS

The following exhibits describe the geographic location of the subject market and subject site.

- Exhibit 1 of this report shows the geographic relationship between the subject market and the Central United States.
- Exhibit 2 of this report shows the geographic relationship between the subject market and the greater Nebraska market as well as the neighboring states of Kansas, Colorado, Wyoming, and Missouri.
- Exhibit 3 of this report shows the geographic relationship between the subject market area and southwest Nebraska, eastern Colorado, and northwest Kansas, the market area for the proposed and the location of the primary competitive set of hotels, which will be defined later in this report, in this market area.
- Exhibit 4 of this report shows the location of the two potential subject sites in relation to the greater McCook area as well as the members of the primary competitive set in McCook.
- Exhibit 5 shows the economic radii analyzed in this report.

SITE ANALYSIS

This section of the report highlights the geographic location of the two sites being considered for the proposed limited-service hotel. These sites are situated either along U.S. 83 or are in close proximity to it (less than half a mile north of the intersection of U.S. 83 and U.S. 6/34 in McCook.) Recent discussions indicated that the site on the west side of US Route 83 just north of the Runza Restaurant is not available for sale/development at this time and will therefore not be considered in this report. In this discussion, in no particular order of preference, the site areas will be identified as:

- Site 1 is a vacant, treed lot one block east of U.S. 83, south of J Street and on the east side of 14th Street.
- Site 2 is a vacant lot less than a quarter mile west of U.S. 83 on the north side of J Street and west of a ravine that is immediately west of U.S. 83. It is situated on the north or opposite side of J Street from the Jehovah Witness Facility at 2010 West J Street.

See Exhibit 4 of this report for the exact location of these sites in relation to the greater McCook market area.

GENERAL SITE OVERVIEW

Site 1 is a vacant, undeveloped lot that slopes upward south to north. It has trees on it that would require removal. The Days Inn and the Pizza Hut/KFC combination restaurant are situated between US Route 83 and this subject site. This subject site appears to be at a level similar to US Route 83. The Sports Bar & Grill is located on J Street immediately north of this subject site while there is a residential area to the east of this subject site.

Site 2 is vacant land on the north side of West J Street, less than a quarter-mile west of US Route 83. It is situated west of a single family home and is across J Street from the Jehovah Witness Facility and a residential area. It is raised above the level of US Route 83.

LAND PREPARATION

Site 1 has multiple mature trees located on it which will most like require removal. Also, since the site appears to slope upward south to north, some grading prep work will most likely be required. There did not appear to be any existing buildings on the site that would require removal. Also, due to the existing commercial and residential development in this general area it appears that all utilities, including municipal water, sewer, fire hydrants, storm sewers, sanitary sewers, gas, electric, telephone and internet, already exist at this site or in very close proximity. Discussions indicated that this site is zoned commercial. There are no specific architectural or building code requirements in the greater McCook market which includes this site.

Site 2 did not appear to have any shrubs or trees that would require removal. This site may require some grading. There did not appear to be any existing buildings on it that would require demolition. Discussions with local officials indicated that this site is currently zoned agriculture and just outside the city limits. However, the city would consider annexing it. Due to the proximity of utilities just across J Street, it appears that all utilities including municipal water, sewer, fire hydrants, storm sewers, sanitary sewers, gas, and electric are at this site or in very close proximity. Since discussions with local officials indicated that this site is currently zoned agriculture, this will need to be changed. There are no specific architectural or building code requirements in the greater McCook market area which includes this site.

VISIBILITY

Site 1 with its location approximately one-half block east of US Route 83 will have *Limited Visibility* to traffic on US Route 83, a main access route into McCook from I-80. Additionally, there is a two-story Days Inn on US Route 83 between the subject site and this route. The height of the proposed hotel and taller signage should improve its *Visibility* to travelers, both Social/Leisure and Corporate/Commercial, in the subject market area.

Site 2 being higher than the level of US Route 83 should provide a hotel located on this site with *Very Good Visibility* to travelers on US Route 83. This presumes that any future development that might occur along the west side of US Route 83 north of J Street (for one block) is limited to only one story. There is a ravine immediately west of US Route 83 in this area limiting the potential for future development there. This site is less than quarters of a mile west of US Route 83, so if the proposed hotel has two or more stories it should have *Very Good Visibility* from US Route 83.

ACCESSIBILITY

Both Sites 1 and 2 are located in close proximity of US Route 83, one of the primary traffic access routes into McCook. The other primary route is US Route 6/34 which intersects less than 1 mile south of the general location area of the two subject sites, providing easy access. However, from US Route 83, travelers to Site 2 will have easy *Accessibility* by heading west on J Street. Depending on how access to Site 1 is set up, either off of J Street or off of US Route 83, there will not be easy *Accessibility* to arriving travelers unless a direct access road off of US Route 83 is established.

SUPPORT SERVICES

Considering the size of McCook, there are *Very Good Support Services* in the greater subject market area that will serve either of the site areas. Since the two sites are situated on opposite sides of US Route 83, there appears to be Very Good to Excellent Support Services for each site. On US Route 83 there are several fast food restaurants, including Mc Donald's, Arby's, Wendy's, Pizza Hut and KFC; and there is a Walmart on US Route 6/34 just west of where it intersects with US Route 83. The downtown area of McCook offers a wide variety of local restaurants and smaller retail stores.

ENVIRONMENTAL ELEMENTS

There does not appear to be any potential Environmental Elements at either site that would restrict development. However, the prior use of both site areas was unavailable. This resulted in the rating "Needing Investigation", for an average rating of 2.5 for both sites. A brief review of this area did not indicate any other natural issues regarding water drainage, seepage or flood plain concerns, soil integrity or toxic issues, etc.

These environmental elements are not within the scope of this hotel market study. It is recommended that the developer have a professional, independent environmental review completed along with a soil integrity test and any other testing that may be required.

COMPETITIVE POSITION

The *Competitive Position* of the proposed hotel if it is situated at either of the two sites in McCook is very similar since nothing is very far away in McCook. Also both sites are relatively close to the same area along US Route 83. Two hotels in McCook are located in this same area along US Route 83. Therefore, either of the proposed sites should be in a *Very Good Competitive Position*.

The following chart summarizes the two general subject site areas where the proposed hotel might be located.

SUBJECT SITE EVALUATION		
CATEGORY	SITE 1 RATING	SITE 2 RATING
Visibility	Good	Good
Accessibility	Good	Very Good
Land Prep	Good	Very Good
Environmental	Investigate	Investigate
Major Utilities	Excellent	Good
Zoning	Excellent	Good
Architectural Controls	Excellent	Excellent
Area Support Services	Excellent	Excellent
Competitive Position	Very Good	Very Good
Overall	Very Good	Good
<i>Source: HMI</i>		

A review of the above chart indicates that Site 1 is rated Very Good and Site 2 is rated Good. On a five point scale, Site 1 earned a rating of 3.55 and Site 2 earned a rating of 3.4. Sections in the chart requiring further investigation by the developer are given a 2.5 out of 5 rating until additional specific information is known. More information regarding these areas could raise these ratings toward Excellent or Very Good.

ECONOMIC OVERVIEW

This section of the report provides a composite analysis of the economic environment in which the proposed midscale to upper midscale, limited-service hotel would operate. It presents an overview of the economic stability of the subject market. This economic analysis does not conclusively determine how successful the proposed hotel will be in the greater McCook market area, however, it offers valuable insight into the economic stability and growth potential of the subject market. It will also directly affect the *Conclusions* formulated later in this report.

The economic health of the subject market can be important to the success of the proposed hotel. PKF Hospitality estimates that 80% of a hotel's operating performance is strongly influenced by the local market conditions. (*Hotel Management - July 15, 2013 - PKF "Budgeting for a Local Affair, So Understand Your Market" Article*). Therefore, this section highlights several key components of the McCook market and the economic factors that drive this market.

The proposed midscale to upper midscale, limited-service hotel will draw Lodging Demand primarily from the greater McCook market area. It will include portions of neighboring Red Willow, Frontier, and Hitchcock Counties in Nebraska as well as Decatur and Rawlins Counties in Kansas. This resulted in a review of certain data based on two, six and fifteen mile radii as well as, in certain circumstances, all of Red Willow County. This section will assist in understanding the economic stability of this market.

- Historically, information provided indicates that the core of the economy in this subject market area had a diversified base in agriculture, manufacturing, railroad, and oil/energy.
- There is evidence of some diversification in the workforce in the greater Red Willow County market with five different industry sectors comprising 58.9% of the workforce ranging from 8.4% to 16.2%. There has been a slight shift in its industry employment base and the ranking of its major employment sectors between 2006 and 2011.
- The subject market's economy appears to be stable, recovering steadily from the US recession of 2008 – 2010. There has been a slight improvement in unemployment through calendar year 2014 when compared to the same period last year.
- The subject market's economic base reflects mixed signals depending on the area considered. The workforce in Red Willow County grew 3.1% from 2006 – 2011 and is experiencing very positive unemployment results, ranging from 2.6% - 4.5%. However, when reviewing data within the fifteen-mile radius of McCook and the subject site areas, this area appears to be experiencing slight decreases in population and household size, and modest annual increases in per capita income.

- The economic components found in the subject market are listed below.
 - The major economic factor driving this market area is agriculture and related fields. These include beef, corn, wheat and soybeans as well as the manufacturing of certain critical agricultural items.
 - Corporate/Commercial and Social/Leisure transportation in the subject market is sufficient: While one primary interstate highway traverses the subject market area east/west, approximately 80 miles north of McCook, this area is primarily served by US routes and Nebraska state routes, in addition to commercial freight rail service.
 - Major industries include the railroad, healthcare, manufacturing (irrigation pivots, rubber hose, compounds, and agriculture fertilizers) ,and retail.
 - There are several larger facilities in the City of McCook that are capable of hosting large gatherings; all are in major need of renovation. Additionally, there is the Red Willow County Fairgrounds in McCook with the Kiplinger Arena. It hosts numerous competitions annually drawing fans and participants from the region.
 - The subject market provides a number of outdoor activities, including golf (state renowned), hunting, boating, and fishing (three regional lakes).
 - More of this economic impact will be described in the Lodging Demand Section of this report along with details about these economic generators and additional Lodging Demand sources.

GENERAL DEMOGRAPHIC and ECONOMIC CHARACTERISTICS

The following charts highlight the *General Demographics* used to evaluate the economic stability of the subject market. They include key *Population demographics* and *Household Income* characteristics of the subject market area. Radii of two, six and fifteen miles from the subject site were analyzed. The two-mile radius provides information about the immediate McCook area while the larger six- and fifteen-mile radii include a greater portion of Red Willow County as well as portions of eastern Hitchcock County and southwestern Frontier County. See Exhibit 5 of this report for additional details regarding these radii. The information in the following charts was obtained from the Nielsen/Claritas Household Trend 2014 Report

Two-Mile Radius

The following chart lists the major economic demographics of the immediate subject market within a two-mile radius of the subject site, primarily in McCook.

GENERAL MARKET DEMOGRAPHICS							
McCook, Nebraska							
RADIUS: 2 Mile							
	2000 CENSUS	2014 ESTIMATE	PERCENT CHANGE	ANNUAL PERCENT CHANGE	2019 PROJECTION	PERCENT CHANGE	ANNUAL PERCENT CHANGE
POPULATION	7,880	7,777	-1.3%	-0.1%	7,812	0.5%	0.1%
HOUSEHOLDS	3,301	3,307	0.2%	0.0%	3,349	1.3%	0.3%
AVERAGE HOUSEHOLD SIZE	2.39	2.35			2.33		
AVERAGE HOUSEHOLD INCOME	\$39,043	\$55,337	41.7%	3.0%	\$47,230	-14.7%	-2.9%
MEDIAN HOUSEHOLD INCOME	\$32,686	\$43,908	34.3%	2.5%	\$37,762	-14.0%	-2.8%
AVERAGE PER CAPITA INCOME	\$16,355	\$23,531	43.9%	3.1%	\$20,247	-14.0%	-2.8%

Source: Claritas

- The subject market *Population* in this two-mile radius decreased from 2000 to estimated 2014. This decrease averaged an annual rate of (0.1%). The Population is expected to increase slightly through 2019 with a projected increase of 0.1% per year. This is not uncommon for rural markets.
- The number of *Households* basically remained flat with a very slight increase from 2000 to the estimate in 2014 of just 6 units during this period. The number of Households is projected to increase slightly better through 2019 at an improved annual average rate of 0.3%, which is greater than the projected rate of increase in population.
- The average *Family Size* is estimated at 2.35 people in 2014, down slightly from the 2000 Census number of 2.39 people. This size is projected to decrease slightly to a projected 2.33 people in 2019. This decrease in family size could be an indication of an aging population in this market area.
- The *Per Capita Income* was estimated to have increased at an average annual rate of 3.0% from 2000 through 2014. This rate of growth is slightly higher than the growth rates for the *Average Household Income* and the *Median Household Income* for the same period at 2.5% and 3.0% respectively for the same period.

- The estimated 2019 *Per Capita Income* is estimated to decrease at an average annual rate of (2.8%). This compares to the estimated decrease of *Average and Median Household Incomes* of (2.9%) and (2.8%), respectively. This could possibly be due to the aging population resulting in the increasing number of residents on fixed incomes.

Six-Mile Radius

The following chart lists the major economic demographics of the subject market within a six-mile radius, including a portion of Red Willow County surrounding McCook.

GENERAL MARKET DEMOGRAPHICS							
McCook, Nebraska							
RADIUS: 6 Miles							
	2000 CENSUS	2014 ESTIMATE	PERCENT CHANGE	ANNUAL PERCENT CHANGE	2019 PROJECTION	PERCENT CHANGE	ANNUAL PERCENT CHANGE
POPULATION	9,146	8,961	-2.0%	-0.1%	8,993	0.4%	0.1%
HOUSEHOLDS	3,794	3,802	0.2%	0.0%	3,847	1.2%	0.2%
AVERAGE HOUSEHOLD SIZE	2.41	2.36			2.34		
AVERAGE HOUSEHOLD INCOME	\$39,323	\$56,457	43.6%	3.1%	\$48,344	-14.4%	-2.9%
MEDIAN HOUSEHOLD INCOME	\$33,076	\$44,944	35.9%	2.6%	\$38,810	-13.6%	-2.7%
AVERAGE PER CAPITA INCOME	\$16,312	\$23,954	46.8%	3.3%	\$20,680	-13.7%	-2.7%

Source: Claritas

- The subject market in this six-mile radius of the subject site had a decrease in *Population* from 2000 to estimated 2014. This decrease averaged an annual rate of (0.1%). The *Population* is projected to increase slightly through 2019 at an average annual rate of 0.1%. Once again, this is a modest reversal from the historical trend in that it is not reflecting a decrease.
- The number of *Households* increased from 2000 to the estimate in 2014 by just eight units. This is opposite from the decrease in the *Population* for the same period and indicates a decreasing family size in this market area. The actual number of *Households* is projected to increase through 2019 at an annual average rate of 0.2%. This indicates that the historic trend of decreasing family size is expected to continue during this period.
- The average *Family Size* is estimated at 2.36 people in 2014, down slightly from the 2000 Census of 2.41 people. The projected average *Family Size* is projected to decrease through 2019 at 2.34 people, as previously discussed.

- The *Per Capita Income* was estimated to have increased at an average annual rate of 3.3% from 2000 through 2014. This rate of growth is slightly higher than the 3.1% growth rate of the *Average Household Income* for the same period and is modestly greater than the 2.6% growth rate of the *Median Household Income* for the same period.
- During the five-year period from 2013 – 2019, the *Per Capita Income* is estimated to decrease at an average annual rate of (2.7%). This compares to an estimated rate of decrease in *Average and Median Household Incomes* of (2.9%) and (2.7%), respectively.

Fifteen-Mile Radius

The following chart lists the major economic demographics of the subject site. This includes more of Red Willow County such as the community of Indianola, and small portions of eastern Hitchcock County, including Culbertson and southwestern Frontier County.

GENERAL MARKET DEMOGRAPHICS McCook, Nebraska							
RADIUS: 15 Miles							
	2000 CENSUS	2014 ESTIMATE	PERCENT CHANGE	ANNUAL PERCENT CHANGE	2019 PROJECTION	PERCENT CHANGE	ANNUAL PERCENT CHANGE
POPULATION	11,658	11,234	-3.6%	-0.3%	11,253	0.2%	0.0%
HOUSEHOLDS	4,799	4,791	-0.2%	0.0%	4,842	1.1%	0.2%
AVERAGE HOUSEHOLD SIZE	2.43	2.34			2.32		
AVERAGE HOUSEHOLD INCOME	\$39,193	\$58,090	48.2%	3.4%	\$49,865	-14.2%	-2.8%
MEDIAN HOUSEHOLD INCOME	\$32,938	\$46,630	41.6%	3.0%	\$40,064	-14.1%	-2.8%
AVERAGE PER CAPITA INCOME	\$16,134	\$24,774	53.6%	3.8%	\$21,456	-13.4%	-2.7%

Source: Claritas

- The subject market within this fifteen-mile radius decreased in *Population* from 2000 to estimated 2014. This decrease averaged an annual rate of (0.3%). This Population is projected to increase slightly through 2019 by nineteen people. This is a slight improvement from the historic pattern.
- The number of *Households* decreased from 2000 to the estimate in 2014 by eight units. This is expected to be reversed through 2019 with an average increase of 0.2% annually. Once again, this is a slight improvement from the historic pattern.

- The average *Family Size* is estimated at 2.34 people in 2014, down modestly from the 2000 Census number of 2.43 people. This trend in decreasing size is estimated to continue, but at a smaller rate to a projected 2.32 in 2019.
- The *Per Capita Income* was estimated to have increased at an average annual rate of 3.8% from 2000 through 2014. This rate of growth is slightly greater than the growth rate of *Average Household Income* and *Median Household Income* for the same period of 3.4% and 3.0% respectively, for the same period.
- During the five-year period from 2014 – 2019, *Per Capita Income* is estimated to decrease at an average annual rate of (2.7%). This compares to the estimated decrease of *Average and Median Household Incomes* of (2.8%) for both of these categories.

Population and Number of Households - Overall Observations

The *Population* of the entire subject market area, including all three radii, experienced similar slight average annual decreases of (0.1%) – (0.3%) from 2000-2014. From 2013–2019, projections indicated a slight 0.1% increase in the smaller two radii with the larger fifteen-mile radii showing a projected negligible increase over this period. These are all slight improvements from the historic patterns, no matter the radius. Combining the results of projected changes in Population and Number of Households indicated a projected decrease in Household size in all three radii.

Household and Per Capita Income - Overall Observations

The *Average and Median Household Incomes* and *Per Capita Incomes* were in a relatively narrow range of 2.5% to 3.8% for all three radii. These three income categories reflected similar levels of decrease over the next five years through 2019 and ranged from (2.7%) to (2.9%).

WORKFORCE CHARACTERISTICS

Workforce Characteristic data was available for both the City of McCook and Red Willow County. Since the McCook workforce comprises 80.4% of the Red Willow County workforce and since the proposed hotel will serve the entire county, Red Willow County Workforce Characteristics will be reviewed. Data is provided in the following chart highlighting the distribution of the labor force within the subject Red Willow County market area. This will assist in analyzing the diversity of this market's employment base. The top three employment industries are highlighted in bold and yellow. The additional industries in bold blue make up the top five industries in this market area. The three industries showing the highest employment gains and losses from 2006 to 2011 are highlighted in bold blue and bold red in the far right column.

EMPLOYMENT BY INDUSTRY Red Willow County, Nebraska					
TYPE OF EMPLOYMENT	NUMBER OF PERSONS 2006	PERCENT OF PERSONS 2006	NUMBER OF PERSONS 2011	PERCENT OF PERSONS 2011	PERCENT 2006 - 2011
Agriculture, Forestry, Fishing & Hunting	101	2.0%	93	1.8%	-7.9%
Mining, Quarrying, & Oil and Gas Extraction	56	1.1%	73	1.4%	30.4%
Utilities	56	1.1%	57	1.1%	1.8%
Construction	160	3.2%	196	3.8%	22.5%
Manufacturing	572	11.4%	525	10.1%	-8.2%
Wholesale Trade	462	9.2%	433	8.4%	-6.3%
Retail Trade	740	14.7%	763	14.7%	3.1%
Transportation and Warehousing	86	1.7%	119	2.3%	38.4%
Information	88	1.8%	81	1.6%	-8.0%
Finance and Insurance	218	4.3%	199	3.8%	-8.7%
Real Estate, Rental & Leasing	84	1.7%	25	0.5%	-70.2%
Services	2,403	47.8%	2,618	50.5%	8.9%
- Professional, Scientific & Technical Services	127	2.5%	111	2.1%	-12.6%
- Management of Companies and Enterprises	40	0.8%	26	0.5%	-35.0%
- Administrative and Support and Waste Management and Remediation Services	116	2.3%	127	2.5%	9.5%
- Educational Services	150	3.0%	156	3.0%	-3.1%
- Health and Social Assistance	708	14.1%	810	16.2%	18.6%
- Arts, Entertainment & Recreation	28	0.6%	23	0.4%	-17.9%
- Accommodation & Food Services	161	3.2%	171	3.3%	7.6%
- Other Services	153	3.0%	168	3.2%	9.8%
- Public Administration	322	6.4%	393	7.6%	22.0%
TOTAL	5,026	100.0%	5,182	100.0%	3.1%

Source: U.S. Census

The top three industries in 2011 (Health and Social Assistance, Retail Trade and Manufacturing) generated 41.0% of the total employment base. In 2006, the top three industries generated 40.2% of the employment base. Therefore, when comparing 2011 to 2006 for these three industries, there is a slight increase in the employment generated by these industries. This slightly reduces the diversity of the subject market. Ideally, the top three industries should represent less than 50% of the employment to show good diversity. In this market, the top three industries do not reach the 50% threshold. This indicates potentially good diversity and that the subject market does not necessarily rely on these three industries to support its economy.

The subject market's top three employment industries in 2011 are Health and Social Assistance (16.2%), Retail Trade (14.7%) and Manufacturing (10.1%). In 2006, the top three industries were Health and Social Services (14.1%), Retail Trade (14.7%) and Manufacturing (10.1%). This indicates very little change from 2006 to 2011 when comparing the top three industry groups.

The fourth and fifth major industries in 2011 were Accommodation & Food Services (9.5%) and Educational Services (8.4%), respectively. In 2006, they were the same two sectors at 9.1% and 9.0%, respectively. Adding these two to the top three industries equals 58.9% in 2011 vs. 58.3% in 2006. At 58.9% for the top five industry groups, this is well below the 65% - 70% range which indicates even greater diversity in the market for industry and employment distribution.

From 2006 to 2011, this market showed growth in 10 employment categories. They are highlighted in blue. The leading industries gaining employment are in bold blue. There were ten industries that lost employment. These are highlighted in red. No industry remained the same. Overall, the subject market has shown an increase of 3.1% (0.62% per year) in employment from 2006 to 2011.

It should be noted that 2006 to 2011 encompassed the recent national recession. The ability of this subject market to grow its employment base during this time period is an indication of the modest strength in this market's economy. During this time, Unemployment Rates remained very good in a relatively narrow range of 2.6% - 4.5%, well below the national average. This will be reviewed in greater detail in the following section.

The highest percentage of increase, at 38.4%, occurred in the Transportation sector, although it had the eight smallest total numbers of employees in 2011. Mining, Quarrying & Oil and Gas Extraction had the second largest increase at 30.4% while being the fifth smallest employment sector. Then nine different sectors experienced increases over the five-year period ranging from 1.8% - 22.5%. Three of these sectors experienced growth of greater than 18.0%. These significant increases in five different industry sectors demonstrate this market's diversity. The largest decrease occurred in the sector with the second fewest employees, Real Estate, Rentals/Leasing, decreasing from 84 to 25.

UNEMPLOYMENT RATES

Adequate comparative data was not available for the City of McCook. Therefore the chart below presents a comparison of the *Unemployment Rates* for Red Willow County, a combination of Frontier, Hays, Hitchcock and Red Willow Counties since it is believed that the proposed hotel will potentially draw employees and lodging demand from at least portions of these counties and from the State of Nebraska:

HISTORICAL UNEMPLOYMENT RATES			
YEAR	RED WILLOW COUNTY	COMBINED COUNTIES*	STATE OF NEBRASKA
2014-YTD (Feb)	3.1%	3.6%	4.1%
2013-YTD (Feb)	3.5%	4.2%	4.6%
2013	3.2%	3.5%	3.9%
2012	3.3%	3.5%	4.0%
2011	3.6%	3.4%	4.5%
2010	3.8%	2.8%	4.7%
2009	4.5%	2.7%	4.7%
2008	2.8%	3.1%	3.3%
2007	2.5%	4.3%	3.0%
2006	2.6%	4.1%	3.0%
2005	3.5%	3.8%	3.9%
2004	3.5%	3.3%	3.9%

* Combined Counties include Frontier, Hayes, Hitchcock, and Red Willow

Source: U.S. Bureau of Labor Statistics, city-data.com

The 2013 year-end *Unemployment Rate* for Red Willow County was 3.2%, slightly less than the rate of 3.5% for the combined four counties and modestly less than the rate for the State of Nebraska (3.9%). 2014 YTD data covers the first two months of the year. 2014 is lower slightly lower in all three comparisons to the same period for the previous year, indicating that the 2014 year-end unemployment results will potentially be lower/better than the 2013 year end *Unemployment Rate*. The Red Willow County market appears to annually experience a lower rate of unemployment than the state and the combined county numbers, except for 2009 and 2010 in the height of the recent recession.

Over the past ten years, *Unemployment Rates* have averaged 3.3% in Red Willow County, slightly lower than the rates for the combined counties and the State of Nebraska at 3.4% and 3.9%, respectively.

All of these numbers are significantly below the US averages, especially in recent years. Also, they are currently performing on average below the maximized employment rate considered by economists to be between 4% and 5%.

LABOR SUPPLY and WAGES

At this time, no Labor Supply problems were reported in any employment area in the subject market. With Unemployment running slightly below average, the availability of labor supply should still be adequate. This will include the Service sector and other related industries.

Local officials did not indicate any wage pressures at this time and the current, as well as historic Unemployment Rates in the subject market area do not indicate any competitive wage pressure in the near future. Due to the relatively low unemployment numbers, it is recommended that the developer review this because it could potentially create a need for slightly higher wages to attract quality staff. This would then result in potential pressure on hotel performance through higher labor costs.

TRANSPORTATION

The *Transportation* opportunities for this part of the southwest Nebraska market area, while being somewhat limited, are adequate. One primary interstate, I-80, traverses the entire United States from New York City to San Francisco. It is located approximately 80 miles north of the City of McCook and provides access to Cheyenne, Wyoming and Denver, Colorado via I-75 to the west and Kearny, Grand Island, Lincoln and Omaha, Nebraska to the east.

The other major traffic routes passing through the market area include US Routes 6/34 which run through the City of McCook east/west connecting to Fort Morgan Colorado and then Denver. To the east, US Routes 6/34 connect to Cambridge, Holdrege, Minden, Grand Island and Lincoln, Nebraska. The McCook market is connected to I-80 via US Route 83 which runs north/south from North Platte, Nebraska on I-80 (80 miles north) south to McCook, into Kansas intersecting US Route 36, south to Colby, Kansas and I-70 which travels east to Topeka, Kansas City and west to Denver.

Freight rail service is provided by the Burlington Northern Santa Fe (BNSF) railroad that traverses east/west through this subject market on the south side of US Routes 6/34. McCook has traditionally been considered the midway point between Denver and Omaha.

Highway Traffic

The following chart highlights traffic counts in the area of the subject sites. See Exhibits 3, and 4 of this report for the proposed sites' geographic relationship to these traffic arteries.

TRAFFIC COUNTS McCook, Nebraska			
LOCATION	YEAR	COUNT	CHANGE
On Highway 83 - North of McCook - North of J Street - South of McCook - South of J Street	2012	2,055	-15.6%
	2010	2,435	10.7%
	2008	2,200	-13.4%
	2006	2,540	--
	2011	5,615	7.7%
	2009	5,215	12.9%
	2007	4,620	-9.3%
	2005	5,095	
	2012	3,095	9.4%
	2010	2,830	16.2%
	2008	2,435	-16.5%
	2006	2,915	--
On Highway 34 - West of McCook - East of McCook	2011	8,180	14.7%
	2009	7,130	-3.1%
	2007	7,355	-0.3%
	2005	7,375	
	2012	4,920	0.6%
	2010	4,890	12.70%
	2008	4,340	-5.20%
	2006	4,580	--
	2012	4,105	1.50%
	2010	4,045	9.30%
	2008	3,700	-1.10%
	2006	3,740	--

Source: NE Department of Transportation

US Routes 83 and 6/34 provide the primary access into the City of McCook. US Route 83 provides direct access from I-80, eighty miles north at North Platte as well as to parts of northwest Kansas. US Routes 6/34 provide the most direct access from the west, including Denver and from points east including Grand Island, Lincoln and Omaha. The focus on J Street in the chart above is due to both subject site areas being in relatively close proximity to the intersection of J Street with US Route 83 (see Exhibit 4 of this report). No clear reason was readily available for the decrease in traffic on US Route 83 north of McCook. All other traffic counts since 2010 reflect increases.

Discussions with local officials indicated that the top entrance/access route to McCook were believed to be 1) US Route 34 from the east, 2) US Route 34 from the west, 3) US Route 83 from the south, and 4) US Route 83 from the north. This is confirmed by a review of the 2012 traffic counts in the above chart.

Air Service

The McCook Regional Airport was reported to historically have limited scheduled passenger service to Denver via Great Lakes Airlines. However, this service was currently reported to be on hold. Grand Island, 160 miles east, also provides limited scheduled passenger air service via American Eagle Airlines. However, the best selection of passenger air service is available in either Lincoln (250 miles) or Omaha (280 miles) to the east or in Denver (260 miles) to the west, with multiple airline and flight time choices.

Rail Service

The Amtrak California Zephyr was reported to have one daily stop in McCook very early in the morning. It provides travel east and west to Denver or Lincoln. The reported travel times to these destinations were approximately 3.5 hours.

ECONOMIC CONCLUSIONS

The Population data for McCook and portions of Red Willow, Hitchcock, and Frontier Counties indicated that the historic trend of declining Population is projected to cease and in fact reverse itself in the more immediate McCook area as well as in the more rural areas in the next five years. Household and per capita incomes reflected modest increases historically with slight decreases projected for the same five-year period. The distribution of existing employment in the Red Willow County market area is led by Health and Social Assistance with 16.2% of the work force closely followed by Retail Trade at 14.7%. This reflects a reasonable amount of diversity with seven different sectors each contributing from 7.6% to 16.2% to the labor force. Labor Supply in the subject market was reported to be available with the relatively lower levels of Unemployment in Red Willow County: 3.2% in 2013 and a 3.3% ten-year historic average.

LODGING DEMAND

This section of the report identifies Lodging Demand sources for the proposed hotel. Exhibit 3 of this report shows the primary market area that will be serviced by the proposed hotel on a year-round basis. This research supports the recommendations provided in the *Conclusions* for the development of a mid-scale, limited-service style hotel.

MARKET SEGMENTATION

The first category to be identified in describing the Lodging Demand Potential for the subject market area is the *Market Segmentation* that exists in the area. The following chart highlights the Market Segmentation projections for the proposed hotel. This estimate of Market Segmentation supports the recommendations for development of a mid-scale, limited-service hotel provided in the *Conclusions* section of this report.

MARKET SEGMENTATION					
	SUBJECT MARKET PROBABLE PERCENT OF MARKET	RANGE	PROPOSED PROPERTY PROBABLE MARKET	MARKET PENET.	RANGE
Individual Travel Markets	70.0%	66.5%-72.5%	70.0%	100.0%	66.5%-72.5%
Corporate/Commercial	35.0%	32%-37%	35.0%	100.0%	32%-37%
Social/Leisure	35.0%	35%-37%	35.0%	100.0%	35%-37%
Group Markets	30.0%	26.5%-32.5%	30.0%	100.0%	26.5%-32.5%
Business Related	10.0%	7%-13%	10.0%	100.0%	7%-13%
Social/Leisure Related	20.0%	18%-22%	20.0%	100.0%	18%-22%
TOTAL	100.0%		100.0%		
Source: HMI					

The *Market Segmentation* for the overall McCook market area includes parts of Red Willow, Frontier, Hays, and Hitchcock Counties in Nebraska as well as potentially Decatur County, Kansas. This *Market Segmentation* is estimated to be split 45% Corporate/Commercial and 55% Social/Leisure. The subject site for the proposed hotel in McCook provides it with a central location to portions of each of these counties. This makes it proximate to other communities including Culbertson and Indianola. It is also central to three popular camping/boating areas: Swanson Reservoir State Recreation Area, Hugh Butler Lake/Red Willow Reservoir and Medicine Creek Recreation Area. These areas may generate Lodging Demand for the proposed hotel. Thus, the *Market Segmentation* for the proposed hotel (shown in the chart above) is anticipated to be similar to the Market Segmentation of the overall McCook market which includes parts of four counties. This will be the newest hotel in the greater McCook market area with existing hotels currently averaging almost thirty years old. The next closest quality midscale or upper midscale hotel is approximately eighty miles away in either North Platte or Lexington.

- The proposed limited-service style hotel will generate an estimated 45.0% of its Lodging Demand from the Corporate/Commercial market segment, similar to what the greater market area is anticipated to generate. This is comprised of 35% Individual demand and 10% Group demand. The relatively low amount of Group Corporate/Commercial Demand in the subject market area is due to the present lack of a quality meeting/conference venue and quality hotel rooms in the McCook market area. This will be discussed later in this report.
- The proposed hotel will generate an estimated 55.0% of its Lodging Demand from the Social/Leisure market segment. This is similar to the overall subject market area. It is due to certain demand generators in this market as well as the relatively rural nature of this market.

MARKET SEGMENTATION PROFILES

To further define the Market Segmentation of the area, preliminary profiles for each Market Segment were defined. The following outline provides *Market Segmentation Profiles* that correspond with the proposed property's projected Market Segmentation. Again, these Market Segmentation Profiles will support the development of a limited-service style hotel that is recommended in the *Conclusions* section of this report. More specific and extensive Lodging Demand research would need to be conducted in the form of a Comprehensive Lodging Demand Analysis to further quantify the volume of Lodging Demand Potential that could be expected. The ratings in the chart below indicate the likelihood of Lodging Demand originating from the various market segments, but in no way indicates the volume of Lodging Demand that will be generated by these segments.

MARKET SEGMENTATION PROFILES		
	Demand Potential	
	Transient = T Extended= E Group= G	Subject Property Potential
Social/Leisure Markets		
Visiting Friends & Relatives	T, E	Excellent
Area Sites & General Tourism		
Prairie Chicken Dance Tours	T, G	Very Good
Frank Lloyd Wright's Sutton House	T	Good
Area Events		
Kiplinger Arena - multiple events throughout the year	T, G	Excellent
Red Willow County Fair	T, G	Good
Area Recreation- (Boating, Hiking, Biking, Hunting, Fishing, etc.)		
3 large lakes/wildlife management & recreation areas within 30 miles	T	Very Good
US Highway 83 and 6/34 Travelers	T, G	Good
Social, Military, Educational, Religious & Fraternal(SMERF) Groups		
Weddings	G	Excellent
Reunions	G	Very Good
Funerals	T, G	Good
General	G	Good
Motor coach Tours	G	Good
Amateur Youth Sports (High School and College)	T, G	Very Good
Rodeos, Golf, Baseball, Basketball		
	Potential	Very Good
Corporate/Commercial Markets		
Agriculture	T	Good
Mining, Quarrying, Gas & Oil Extraction	T, E, G	Very Good
Utilities	T, E	Good
Construction	T, G, E	Very Good
Manufacturing	T	Excellent
Wholesale Trade	T	Good
Retail Trade	T	Very Good
Transportation and Warehousing - Railroad	T, G, E	Excellent
Information	N/A	N/A
Finance, Insurance and Real Estate	T	Good
Real Estate, Rental & Leasing	T	Fair
Services		
Professional, Scientific & Technical	N/A	N/A
Management of Companies and Enterprises	T	Good
Administrative, Support, Waste Management and Remediation	N/A	N/A
Educational	T	Good
Health and Social Assistance	T, E	Very Good
Arts, Entertainment & Recreation	G	Good
Accommodation & Food Services	T	Good
Other	N/A	N/A
Public Administration	T	Good
	Potential	Very Good
	Overall Potential	Very Good

Source: HMI

As indicated above, the subject market appears to have some diversification in Lodging Demand generated by both the Corporate/Commercial and Social/Leisure Market Segments. The chart also indicates the extensive number of Lodging Demand sources identified during the research phase of this report that are believed to be currently generating good or better Lodging Demand. These Lodging Demand sources relate to the overall subject market. The proposed hotel will have the potential to develop Lodging Demand from all of these sources. Some will be more productive than others for the proposed hotel.

Overall Market Characteristics

In the above chart, both the Social/Leisure and the Corporate/Commercial segments were identified with Very Good and Good ratings respectively. Overall, the subject market's Lodging Demand is rated Very Good.

- In regard to the ratings, the Social/Leisure market segment has an above average Very Good rating. It is rated at 3.93 to an average 2.5 or a strong Very Good, yielding 157.2%.
- The Corporate/Commercial market segment is rated at Very Good. It is rated 3.5 to an average rating of 2.5, yielding 140.0%.
- Overall, this subject market is rated Very Good. This rating is 3.72 to the average Good rating of 2.5, yielding 148.8%.

The Lodging Demand for the proposed limited-service hotel recommended in the *Conclusions* section of this report will be generated by multiple sources. These sources are discussed below.

Social/Leisure Profiles

- a) On an Individual traveler basis, the Very Good and Excellent categories in the previous Market Segmentation chart are discussed below in further detail.
 - 1) Visitors/tourists are drawn to the greater McCook, Nebraska market for the following:
 - (a) The McCook market area encompasses parts of several counties including all of Red Willow County, southwest Frontier County, southeast Hayes County, eastern Hitchcock Frontier County (all in Nebraska) and northern Decatur and Rawlins Counties in northwest Kansas. These counties offer a broad variety of attractions depending on the time of year.

- (b) Area attractions that contribute to drawing tourists/vacationers to the subject market area include;
- (i) Three state recreation areas: the Swanson Reservoir Recreation Area, the Red Willow Reservoir State Wildlife Management Area, and the Medicine Creek State Recreation Area, all within thirty miles of McCook. They provide abundant outdoor water recreation areas for fishing and hunting (upland birds, water fowl and deer) as well as hiking, camping and boating.
 - (ii) Heritage Hills Golf Course was reported to have previously been included by Golf Digest as among the "Top 75 Public golf Courses in America". It is part of a "Play the West" golf package that attracts golfers from eastern Nebraska.
 - (iii) An apparent growing regional/national draw is the ability to watch (from blinds) the mating dance of the Prairie Chicken. Tours are available in late March through the end of April.
 - (iv) In the fall (October – December), the area is known for its hunting of pheasant, turkey and deer.
- (c) The Kipling Arena, southwest Nebraska's largest heated indoor area, was developed by benefactor Tom Kiplinger in 2003 on the Red Willow County Fairgrounds. Since then, it has been improved with additions. It was reported to have hosted over thirty events in 2013 occurring in every month of that year. Events included the Nebraska State High School Rodeo, derbies, horse shows, barrel races and McCook Farm and Ranch Expo. The events held there attract participants and fans state wide from Nebraska, the region, and in some cases the nation, many with horse trailers.
- (d) Community Hospital in McCook has had two new additions of approximately 25,000 square-feet each over the last three years since 2011. This is a regional medical facility. Discussions indicated that its facilities attract family members and friends visiting patients.

- (e) The McCook Community College (MCC) Events Center opened in late 2012. MCC competes in several sports including basketball, volleyball, softball, baseball and golf which equates to a reported 75 – 80 home games. This MCC Center also hosts numerous district high school tournaments and other youth athletic tournaments, all of which typically occur on weekends

- (f) Festivals and events taking place in the subject market include:
 - i. The Red Willow County Fair-held for five days in July.

 - ii. The Heritage Days Celebration-reported to be McCook’s largest celebration-held the last full weekend in September.

- (g) Visiting families and friends of local residents return for weddings, reunions, other special occasions, and local events such as SMERF (Social, Military Religious & Fraternal) type group events. These were reported to occur on a regular basis. Discussions with local officials indicated that there are several event centers, including the Republican River Valley Event Center, Memorial Auditorium, and the Community Building on the Red Willow County Fairgrounds. However, the existing facilities, especially the first two, all are in need of significant updating. Discussions with one primary caterer in McCook indicated there were 114 events last year (including 60 weddings mostly from May – September) with an average of 175 – 225 attendees.

Corporate/Commercial Profiles

Corporate/Commercial Lodging Demand, having a slightly above average rating, will be led by various factors. Two categories were rated Excellent and four were rated Very Good in the previous chart. These segments include Manufacturing, Transportation, Mining - Gas & Oil Extraction, Construction, Retail Trade, Health Care. Examples include ongoing maintenance and construction in this market area, the oil and gas exploration/extraction occurring southwest of McCook, and the recruitment/relocation of staff at the major employers.

- All of these industry segments will bring individual business travelers to the subject market as suppliers, vendors, technicians, and corporate representatives. These Lodging Demand Sources or major employers in the subject market are included in the following chart.

MAJOR EMPLOYERS McCook, Nebraska		
COMPANY	SERVICE OR PRODUCT	TOTAL EMPLOYEES
Wal-Mart Supercenter	Retail and Grocery	287
Community Hospital	Health Care	284
Valmont Irrigation	Mfg. - Mechanized Irrigation Systems	272
McCook Public Schools	Education	210
Parker Industrial Hose Division	Mfg. - Rubber Hose & Components	187
Hillcrest Nursing Home	Nursing Home/Assisted Living	181
BNSF Railway Company	Rail Transportation	153
Kugler Oil Company	Manufacturing - Agri Fertilizers	139
City of McCook	Government	85
Work Ethic Camp	Correctional/Rehabilitation Facility	81
McCook Community College	Higher Education	59

Source: LocationOne

The previous chart demonstrates the apparent diversity in the subject market area from an employment standpoint. Manufacturing, Healthcare, Education, and Retail Trade individually range from 10.8% to 30.9% of the total workforce for a total of 80.5% of the total employees in the previous chart.

Discussions with local officials and employers indicated the following Lodging Demand needs:

- Transportation and Manufacturing were both rated *Excellent* in the previous chart:
 - Transportation is primarily Burlington Northern Railroad (BNSF) which operates a 24-hour switchyard in McCook. It was reported in discussions that BNSF was adding 3,000 jobs and that McCook is a “stopover/turnaround” point between Denver and Lincoln, Nebraska.
 - Manufacturing is the single largest sector in the previous chart with 30.9% of the employees, resulting in an *Excellent* rating. Discussions indicated that employers have had problems retaining potential employees looking to relocate due to the lack of adequate housing in the McCook market area.
- Four different industry sectors were rated as Very Good in the previous chart. These included Mining – Gas & Oil Extraction, Construction, Retail Trade, and Healthcare.
 - Discussion indicated that oil drilling/exploration has been occurring southwest of McCook and that there is at least one new well in Hitchcock County just west of McCook. It was also reported that seismic crews have been staying at local hotels and are transitioning to the next phase which is drilling crews. The wells in this area were reported to be the “traditional” style wells versus the use of fracking.
 - Local business people and officials indicated that the major construction projects that have taken place recently (i.e. at the hospital and others) have generated significant hotel lodging demand. Historically, lodging has been required by both the professionals on the project as well as the workers.
 - The somewhat isolated nature of the McCook market area, i.e. four hours from Denver or Omaha, indicated that those in Retail related fields such as vendors, support staff and technicians would be required to stay the night in the area.

- Community Hospital in McCook has had two new additions in the 25,000 square feet range, each over the last three years since 2011. It is a regional medical facility. Discussions indicated that the hospital generates lodging demand from a variety of areas including recruiting new doctors and nurses, consultants coming into work with hospital staff, and visiting doctors, which was reported to occur on a weekly basis. Also, it was reported that the hospital is currently utilizing apartments for nursing students. Combined with the reported shortage of housing in the McCook market area, this could indicate a potential need for extended stay lodging needs.
- McCook is the County Seat of Red Willow County. Professionals required to come to this market area, such as legal professionals and auditors for both the government and bank auditors, require quality lodging. As previously stated in this report, due to McCook's somewhat rural location in southwest Nebraska, this is typically not considered a same day in and out trip.
- During slower times when rates are being discounted, the proposed midscale to upper midscale hotel could be attractive to vendors and suppliers as well as certain technicians who call on subject market customers.
- There was a recently completed regional National Guard and Army Reserve facility adjacent to the airport. Training exercises will most likely generate some lodging demand since they are held for multiple days and they draw from units on a regional as well as local basis.

SEASONALITY OF LODGING DEMAND

Seasonality of Lodging Demand was reviewed for the subject market area. This seasonality analysis was based upon the competitive set hotels which included all of the economy, midscale and upper-midscale properties reporting to Smith Travel Research within a sixty-mile radius of McCook. This analysis indicates the subject market's potential to attract Lodging Demand during various seasons. It will help determine the strengths and weaknesses of the proposed hotel during its operational year.

The following chart shows the most current information related to the deviation of Lodging Demand, Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR) from total Lodging Demand for the competitive set identified for the proposed hotel in the McCook market area. This will be discussed in greater detail later in this report.

SEASONALITY OF LODGING DEMAND			
Deviation From Average Monthly Demand			
MONTH	DEMAND	ADR	REVPAR
January	65.4%	90.4%	58.3%
February	63.3%	90.6%	62.6%
March	85.3%	91.8%	77.8%
April	93.5%	92.1%	88.3%
May	114.1%	97.1%	<i>108.1%</i>
June	134.8%	109.3%	148.6%
July	140.9%	112.4%	154.6%
August	133.8%	109.5%	143.0%
September	119.8%	101.4%	122.5%
October	100.2%	97.1%	94.9%
November	81.8%	93.3%	77.0%
December	67.9%	93.4%	61.8%

ITALICS = RevPAR Exceeds at Least One Factor
BOLD = RevPAR Exceeds Both Factors

Source: Smith Travel Research and HMI

The greatest deviations from the average monthly Lodging Demand are 114.1% in May, 134.8% in June, 140.9% in July, 133.8% in August, 119.8% in September and 100.2% in October. This indicates that six months exceed the average monthly demand for the subject market area and are above average. The next largest deviations from the average monthly Lodging Demand occur in April and March at 93.5% and 85.3%, respectively.

The subject market's Seasonality of Lodging Demand patterns are strong. There is significant strength from May through October with it peaking in the middle of this six-month period.

- The strongest month is July with 11.74% of the annual Lodging Demand, followed by June with 11.2%, and August with 11.1%.
- The months of May through October have all attained above average monthly Lodging Demand over the past six years (2008 – 2013).
- The period of May through October is the strongest half of the year with 61.2% of the annual Lodging Demand. This is slightly higher than is typical of this Midwest region of the United States with a yield of 123.9%.
- The strongest quarter includes the months of June, July and August at 34.1% (also slightly higher than is typical for this area), of the average annual Lodging Demand. This creates a yield of 136.5% of the average annual quarterly Lodging Demand. The months of September, October and November are next with 25.2% of the average annual Lodging Demand. The period from May – October is the strongest half of the year.
- The strongest month is July with 11.7% of the average annual Lodging Demand for a yield of 140.9% of the average monthly Lodging Demand.
- The weakest period for Lodging Demand in this subject market is comprised of the months of December through February. This is based on average Lodging Demand at 11.7% of the average annual Lodging Demand and at 10.7% of the average annual revenue. This is a slightly below normal distribution in this region and is typical of the upper Midwest region of the United States.
- Overall, this is a fairly normal seasonal pattern for this part of the United States with only some minor deviations.

The previous chart also demonstrates the seasonal strength of this subject market since, in four months, the deviation of RevPAR exceeds the monthly deviation of both Lodging Demand and ADR. Also, one additional month, May, has a RevPAR deviation exceeding the average monthly deviation. This equates to a total of five months of the year that exceed the monthly average RevPAR deviation. This is another indication of the seasonal strength of the subject market, but it also indicates that this market has the potential for wide fluctuations in Occupancy based upon seasonality.

While showing some signs of flexibility ranging as low as 90.4% of the Average ADR during weaker months of Occupancy, ADR appears to be relatively consistent in all months. It displays only moderate consistency with six months ranging from 90.4% - 93.4% and the other six months between 97.1% and 112.4%.

There could be the potential to increase rates during May and October when Lodging Demand is above average, but ADR is below average. Also, the gap is large during the five-month period from May through September when rates could be increased to more closely match the strength of Lodging Demand.

The monthly seasonality peaks during July, closely followed by June and August with no severe peaks and valleys from May through September. The strength of these peak Lodging Demand months, combined with the weakness during the slower times, yields a 122.6% differential in Lodging Demand between July and February. This indicates the inability of the Corporate/Commercial and Social/Leisure markets to compensate for slow times.

The subject market operates within a broad range of Occupancy percentages. The highest average monthly Occupancy over the past six years was 82.8% in July, closely followed by June at 81.9%, and August at 78.7% (average high Occupancy of 81.13%). During the same six-year period, this market hit average low Occupancies of 38.9% in January, 39.9% in December, and 41.6% in February (average low Occupancy of 40.13%). This is a swing of 40.0% points from the average high Occupancy of 81.13% to the average low of 40.0%, or a 99.7% change. This indicates that the subject market area has a significant swing in Occupancy from summer to winter.

There is a smaller fluctuation in ADR, ranging from an average high of \$96.43 in July during the past six years to an average low of \$77.52 in January, for a swing of \$18.91, or 24.4%. This indicates that the competitive set appears to be attempting to maximize rates during peak periods of Occupancy. This is evidenced by the four highest top Occupancy months, (July, June, August and September, respectively), achieving the highest average ADR. July, August, June, and September achieve the first, second, third, and fourth highest average monthly ADR, respectively.

During the past six years, the monthly averages result in a RevPAR range from an average high of \$79.87 in July to an average low of \$30.12 in January, for a swing of \$49.75 or 165.2%. This indicates that the subject market area is attempting to maximize RevPAR and overall revenue performance. It also indicates that ADR and Occupancy may be driving the RevPAR maximization in this market because the high RevPAR occurs during July, the same month as the average highs in both Occupancy and ADR.

A review of the competitive set's performance for the twelve-month period of March, 2013 through February, 2014 indicated Occupancy has been highest midweek with average annual Occupancy on Tuesdays and Wednesdays at 65.4% and 66.6%, respectively. Weekends (Fridays and Saturdays) achieved 62.2% and 62.5%, respectively. Sundays had the lowest average Occupancy during this twelve-month period, at 43.8%. The daily breakdown of Occupancies over this period for the competitive set is presented in the following chart prepared by Smith Travel Research: An explanation of the color coding in the chart below is presented in the Unaccommodated Lodging Demand section presented later in this report.

Occupancy (%)								Total Month
Mar - 13	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Mar - 13	32.9	49.4	58.5	60.8	55.2	49.9	55.0	51.1
Apr - 13	40.9	58.8	65.6	62.2	58.7	64.9	60.4	59.0
May - 13	55.1	63.7	72.9	77.9	72.4	70.3	70.2	69.4
Jun - 13	58.8	70.5	82.5	89.3	82.9	92.5	91.0	80.8
Jul - 13	68.3	82.4	83.0	84.8	81.9	86.8	91.8	82.8
Aug - 13	59.4	75.5	76.6	81.4	79.6	81.1	80.2	76.6
Sep - 13	53.7	68.8	83.3	86.4	76.0	76.2	73.5	73.1
Oct - 13	41.6	60.6	69.0	69.0	62.8	51.1	54.4	59.2
Nov - 13	33.0	51.5	57.2	54.8	44.4	50.0	48.5	48.5
Dec - 13	29.9	40.7	39.9	40.2	43.0	46.3	44.8	40.3
Jan - 14	24.5	40.9	46.6	41.6	37.9	37.0	36.5	38.0
Feb - 14	28.2	40.9	50.7	49.5	40.8	46.0	38.1	42.0

Source: Smith Travel Research

Also, during the past twelve months, there was little difference between the average ADR's achieved midweek (Tuesdays, Wednesdays and Thursdays) at \$92.28 vs. the weekend average ADR (Fridays and Saturdays) at \$96.37. There is only a \$4.09 difference between midweek and weekend average ADR's. ADR hit a high monthly average of \$104.49 in July, 2013. There was an ADR rate range for the twelve-month period of March, 2013 through February, 2014 ranging from a low of \$83.36 in January, 2013 to a high of \$104.49 in July, 2013. A daily account of ADR's over this period is presented in the following chart prepared by Smith Travel Research

ADR								Total Month
Mar - 13	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Mar - 13	80.27	81.84	83.45	83.21	83.52	84.32	85.33	83.36
Apr - 13	81.93	83.78	84.72	84.48	82.72	85.27	85.28	84.16
May - 13	85.87	84.73	86.96	87.66	87.37	89.52	88.80	87.44
Jun - 13	99.42	98.71	97.87	99.25	102.35	114.73	111.76	104.16
Jul - 13	101.52	99.87	101.75	102.15	102.51	111.21	113.07	104.49
Aug - 13	101.38	101.88	102.14	101.83	102.67	107.04	106.93	103.72
Sep - 13	95.45	95.06	96.22	95.02	95.26	96.48	96.87	95.75
Oct - 13	89.60	90.69	91.83	91.91	90.17	90.55	89.38	90.77
Nov - 13	83.50	84.23	88.55	85.82	82.54	83.47	83.47	84.62
Dec - 13	88.15	86.65	88.51	88.29	88.58	93.25	93.27	89.53
Jan - 14	82.71	86.02	86.80	86.19	85.08	85.26	85.64	85.58
Feb - 14	80.69	83.18	85.37	85.92	84.49	85.31	84.39	84.45
Total Year	91.44	91.18	92.23	92.30	92.32	96.04	96.70	93.26

Source: Smith Travel Research

The above data shows that midweek (Tuesday – Thursday) ADR at \$92.28 is slightly lower than the average weekend (Friday and Saturday) ADR at \$96.37. This indicates that the Corporate/Commercial Lodging Demand, typically mid-week business, is generating lower ADR's to Social/Leisure Lodging Demand which typically occurs on weekends. This also indicates that the Corporate/Commercial segment appears to be more price sensitive than the Social/Leisure segment since the midweek average ADR is slightly less than the weekend average ADR.

This overall analysis indicates that the highest ADR days are similar to the highest Occupancy days. This means that the competitive set is attempting to maximize rates on the highest Occupancy days.

A review of the following chart indicates the subject market is attempting to maximize RevPAR since the highest RevPAR occurs on the highest Occupancy and highest ADR days.

RevPAR								Total Month
Sun	Mon	Tue	Wed	Thu	Fri	Sat		
Mar - 13	26.41	40.41	48.78	50.62	46.09	42.10	46.91	42.60
Apr - 13	33.47	49.23	55.60	52.54	48.53	55.23	51.53	49.65
May - 13	47.36	54.00	63.43	68.28	63.26	62.92	62.34	60.67
Jun - 13	58.43	70.54	80.70	88.62	84.84	106.15	101.74	84.14
Jul - 13	69.30	82.29	84.46	86.62	83.91	96.52	103.76	86.47
Aug - 13	60.23	76.91	78.20	82.87	81.77	86.83	85.74	79.50
Sep - 13	51.23	65.40	80.11	82.07	72.39	73.49	71.23	70.01
Oct - 13	37.24	54.98	63.34	63.39	56.63	46.29	48.59	53.71
Nov - 13	27.59	43.41	50.66	47.01	36.61	41.70	40.45	41.06
Dec - 13	26.39	35.28	35.34	35.53	38.08	43.15	41.79	36.10
Jan - 14	20.27	35.21	40.48	35.86	32.25	31.51	31.27	32.49
Feb - 14	22.72	33.98	43.27	42.55	34.47	39.27	32.13	35.48
Total Year	40.09	53.82	60.31	61.50	56.71	59.73	60.47	56.10

Source: Smith Travel Research

LODGING DEMAND POTENTIAL INDEX

The Lodging Demand Potential for the proposed hotel was also analyzed via the *Lodging Demand Potential Index*. This relates Lodging Demand Potential to the Market Segmentation previously projected for the proposed property and the industry distribution in the subject market area. This is a rating based on a scale of 0 to 5, with 5 indicating excellent Lodging Demand Potential and 2.5 indicating average Lodging Demand Potential. The following information shows the results of this analysis. More specific and extensive Lodging Demand research would need to be conducted to further quantify the volume of Lodging Demand Potential expected for the proposed hotel. The ratings in the chart below indicate the likelihood of Lodging Demand originating from the various market segments, but in no way indicates the volume of Lodging Demand that will be generated by these segments.

LODGING DEMAND POTENTIAL INDEX		
MARKET SEGMENTATION	PERCENT OF MARKET	LODGING DEMAND POTENTIAL INDEX
Individual Travel Markets		
- Corporate/Commercial Markets	35.0%	3.0
- Social/Leisure Markets	35.0%	4.2
Group Markets		
- Business Related	10.0%	2.0
- Social Leisure Related	20.0%	2.8
TOTAL	100.0%	3.3
INDUSTRY DISTRIBUTION	PERCENT OF MARKET	LODGING DEMAND POTENTIAL INDEX
Agriculture, Forestry, Fishing & Hunting	0.2%	2.5
Mining, Quarrying, & Oil and Gas Extraction	0.7%	3.5
Utilities	1.2%	3.0
Construction	3.2%	3.5
Manufacturing	6.8%	4.0
Wholesale Trade	8.6%	2.5
Retail Trade	13.1%	4.0
Transportation and Warehousing	2.1%	4.5
Information	1.8%	1.0
Finance, Insurance, and Real Estate	4.6%	2.5
Real Estate, Rental & Leasing	0.6%	2.5
Services	57.2%	
- Professional, Scientific & Technical Services	2.5%	1.0
- Management of Companies and Enterprises	0.6%	1.0
- Administrative and Support and Waste Management and Remediation Services	3.0%	1.0
- Educational Services	8.4%	3.0
- Health and Social Assistance	20.0%	3.5
- Arts, Entertainment & Recreation	0.5%	1.0
- Accommodation & Food Services	11.5%	2.5
- Other Services	4.0%	1.0
- Public Administration	6.8%	3.0
Total:	100.0%	3.0

Source: HMI, Inc.

It was estimated that the current overall Lodging Demand Potential is 3.3 or well above average at 2.5. The yield is 132.0% to average. The reason for this significantly above average rating is multi-faceted. The combined Individual Market Segments generate an average rating of 3.60. This is a yield of 144.0% to average. The combined Group Market Segments are generating an average rating of 2.53 with a yield of 101.40%.

The Social/Leisure segment is stronger overall and is generating a yield 147.6% while the Corporate/Commercial segment overall is generating a yield of 111.0%. The strength of the Social/Leisure segment is the many activities, facilities and events in the subject market area. The nearest nationally branded, quality, midscale to upper midscale hotels are located seventy miles north on I-80 in North Platte.

RATE SENSITIVITY FACTOR ANALYSIS

Similar to the Lodging Demand Potential Index, a preliminary *Rate Sensitivity* analysis was also performed. This ranks the Market Segmentation planned for the proposed hotel and the anticipated Rate Sensitivity within the Market Segments. It utilizes a 5-point scale, with 5 indicating extreme sensitivity and 2.5 being average. The following are the results of this analysis.

RATE SENSITIVITY FACTOR		
Market Segmentation	% of Market	Rate Sensitivity Factor
Individual Travel Markets		
- Corporate/Commercial	35.0%	2.8
- Social/Leisure	35.0%	2.4
Group Markets		
- Business Related	10.0%	2.8
- Social/Leisure Related	20.0%	2.4
TOTAL	100.0%	2.6
<i>Source: HMI</i>		

This review of Rate Sensitivity in the subject market area is based first on the assumption that the proposed limited-service hotel will primarily compete with midscale to upper mid-scale hotels and one very nice economy limited-service hotel in the subject market. These hotels comprise the competitive set discussed in detail in the subsequent *Lodging Supply* section of this report. In order to balance this market with average Rate Sensitivity, the Corporate/Commercial and Social/Leisure segments were analyzed to determine each of their Rate Sensitivity levels. The reported average low single rate (\$98.25) of the subject market's competitive hotels is 5.35% greater than this market's average ADR (\$93.26) for the twelve months ending in February, 2014. This is based on the primary competitive set utilized in this report. The weekday ADR (\$92.28) is 6.1% less than the average low single rate and the average weekend ADR (\$96.37%) is 1.9% less than the average low single rate. These modest variances in the average single rate of the competitive set indicate slightly above average Rate Sensitivity in the subject market at this time.

It is estimated that there will be slightly above average *Rate Sensitivity* from the Corporate/Commercial Market Segment and slightly below average *Rate Sensitivity* from the Social/Leisure Market Segment as indicated in the chart above. This is supported by the low average single rate for the primary competitive set that is slightly greater than the current twelve-month average ADR for the competitive set.

FEEDER MARKETS

Discussions indicated that the Social/Leisure *Feeder Markets* for the proposed hotel are believed to be primarily regional and national. The Social/Leisure demand will primarily be regionally driven from Nebraska and potentially the neighboring states of Colorado and Kansas. See Exhibits 2 and 3 of this report.

Feeder Markets for any of the Corporate/Commercial businesses will be a mix based on the Lodging Demand generators. The Corporate/Commercial Lodging Demand generators include suppliers/vendors, professional services, educational/medical, local government and all other Corporate/Commercial Lodging Demand. This demand will be regionally and nationally driven due to the economic base including manufacturing, transportation, healthcare and construction.

UNACCOMMODATED LODGING DEMAND

Unaccommodated Lodging Demand is described in two ways. The first is Lodging Demand that prefers to stay in the subject market but currently stays in other areas due to the lack of adequate accommodations, either due to condition or number of available rooms. The second definition is Lodging Demand staying in the subject market but actually desiring accommodations in other areas.

At the present time, there are five hotels, motels and motor inns (244 rooms with an average size of 48.8 rooms) in the immediate McCook market. The average size drops to 37.5 rooms if one drops the largest of these five hotels at 94 rooms. . Additionally, there are a total 57 hotels, motels and motor inns (3,201 rooms) within an 85-mile radius of the subject sites in McCook, Nebraska.

The competitive set is comprised of hotels ranging from economy to upper mid-scale, limited-service hotels. It consists of eight properties with 813 total rooms. These hotels were selected because they report to Smith Travel Research and they are located in either Mc Cook or North Platte, Nebraska. Hotels located in North Platte were selected because local officials/business people indicated that this is the primary location to stay overnight when rooms are not available in McCook. Also, they are similar in style and/or service to the proposed hotel. Only one member of this competitive set is located in McCook. The balance of the hotels are situated in North Platte, approximately 85 miles north on US Route 83. It could therefore be concluded that the first type of Unaccommodated Lodging Demand (preferring to stay in the market area but currently staying in other areas due to the lack of adequate accommodations) is occurring. This is based on the performance of the competitive set that will be discussed in greater detail later in this report as well as from discussions with business and civic leaders in the McCook market area. It should be noted that the proposed hotel is anticipated to compete with two midscale hotels in McCook (totaling 144 rooms) for certain lodging market segments. They do not report to Smith Travel Research and therefore are not included in the competitive set. However, they will be included in the primary competitive set that will be identified later in this report.

A review of the competitive set's performance in the most recent twelve-month period, March 2013 through February 2014, reveals that a total of 119.0 days (32.6%) from May-September (summer) achieved Occupancies of 70.0% or greater. This is typical for this part of the country. This is considered an Occupancy performance level at which newer and better hotels are reaching maximized Occupancy.

During this same period, there were an additional thirteen nights when Occupancies were at 67.5% to 69.9%. Assuming that the economic recovery continues from the recent recession, these nights have the potential of achieving 70.0% or better Occupancy. They represent another 3.5% of the year and would raise the total nights during this twelve-month period when Occupancy is being maximized to 36.1% or over a third of the entire year. The daily Occupancies for this period are presented in the following chart prepared by Smith Travel Research:

Occupancy (%)								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Mar - 13	32.9	49.4	58.5	60.8	55.2	49.9	55.0	51.1
Apr - 13	40.9	58.8	65.6	62.2	58.7	64.8	60.4	59.0
May - 13	55.1	63.7	72.9	77.9	72.4	70.3	70.2	69.4
Jun - 13	58.8	71.5	82.5	89.3	82.9	92.5	91.0	80.8
Jul - 13	68.3	82.4	83.0	84.8	81.9	86.8	91.8	82.8
Aug - 13	59.4	75.5	76.6	81.4	79.6	81.1	80.2	76.6
Sep - 13	53.7	68.4	83.3	86.4	76.0	76.2	79.5	73.1
Oct - 13	41.6	60.6	69.9	69.9	62.8	51.1	54.4	59.2
Nov - 13	33.0	51.5	57.2	54.8	44.4	50.0	48.5	48.5
Dec - 13	29.9	40.7	39.9	40.2	43.0	46.3	44.8	40.3
Jan - 14	24.5	40.9	46.6	41.6	37.9	37.0	36.5	38.0
Feb - 14	28.2	40.9	50.7	49.5	40.8	46.0	38.1	42.0
Total Year	43.8	59.0	65.4	66.6	61.4	62.2	62.5	60.2

Source: Smith Travel Research

The results highlighted in yellow in the chart above indicate days when the average annual Occupancy was at 75.0% or higher. The results highlighted in blue indicate Occupancies of 70.0% - 74.9%. These two categories indicate the potential for sold out days to occur. The results highlighted in green represent days that achieved average annual Occupancy of 67.5% - 69.9% and are potentially sold out with just a slight increase in Lodging Demand.

Discussions with local business and city officials in McCook indicated that the second type of Unaccommodated Lodging Demand may be occurring in McCook due to the lack of hotels rooms in the rural areas, especially south and west of McCook where the oil and gas exploration and extraction is taking place.

LODGING SUPPLY

This section of the report describes the competitive Lodging Supply that will affect the proposed hotel, particularly for hotel room demand. Two groups were reviewed: the Primary Competitive Set and the Competitive Set. Commentary on both sets are as follows.

COMPETITIVE SET

Smith Travel Research reports that there are fifty-seven hotels, motels, and motor inns totaling 3,201 rooms within an eighty-five mile radius of the McCook subject sites for the proposed hotel. Eight of these hotels (813 rooms) were deemed to be competitors of the proposed hotel. These comprise the competitive set. The competitive set of hotels were selected because of: their relative proximate location to McCook in southwest Nebraska; their relative ease of access to McCook versus the properties located in a closer radius but with more difficult access for travelers; their reporting to Smith Travel Research; their location in North Platte was identified by local business people as the location of alternative hotel rooms when none are available in McCook; and because they are similar in style and/or service to the proposed limited-service hotel.

PRIMARY COMPETITIVE SET

The *Primary Competitive Set* of hotels is comprised of certain members of the Competitive Set of hotels previously discussed, all of whom report to Smith Travel Research. Two additional midscale hotels in McCook were included even though they do not report to Smith Travel Research: the 94-room Chief Motel and the 50-room Horse Creek Inn. Additionally, two members of the Competitive Set of hotels were omitted-the Ramada and the Quality Inn and Suites, both in North Platte-because they were not believed to be primary competitors of the proposed midscale hotel due to their quality and/or facilities. Exhibit 4 of this report shows the geographic location of the *Primary Competitive Set* in relation to the proposed hotel and they are highlighted in the following chart.

PRIMARY COMPETITIVE HOTELS				
Number of Hotels:		8		
Number of Hotel Rooms:		682		
Chain Related:	Hotels:	6	% Overall Mark	75.0%
	Rooms:	538	% Overall Mark	78.9%
Non-Chain Related:	Hotels:	2	% Overall Mark	25.0%
	Rooms:	144	% Overall Mark	21.1%
PRODUCT DIFFERENTIATION ANALYSIS				
CATEGORY	NUMBER OF HOTELS	PERCENT OF MARKET	NUMBER OF ROOMS	PERCENT OF MARKET
Budget	0	0.0%	0	0.0%
Economy <i>McCook: (Days Inn - 40 rms.)</i>	1	12.5%	40	5.9%
Economy Suite	0	0.0%	0	0.0%
Mid-Scale (Limited-Service) <i>McCook: (Horse Creek Inn - 50 rms., Chief Motel - 94 rms.) North Platte: (LaQuinta Inn & Suites - 65 rms.)</i>	3	37.5%	209	30.6%
Mid-Scale (Full-Service)	0	0.0%	0	0.0%
Mid-Scale Extended Stay	0	0.0%	0	0.0%
Upper Mid-Scale (Limited-Service) <i>North Platte: (Holiday Inn Express & Suites - 152 rms., Fairfield Inn & Suites - 82 rms., Hampton Inn - 111 rms., Comfort Inn - 88 rms..)</i>	4	50.0%	433	63.5%
Upper Mid-Scale Suite (Limited-Service)	0	0.0%	0	0.0%
Upscale	0	0.0%	0	0.0%
TOTALS	8	100.0%	682	100.0%
Average Room Size:			85.3	
<i>Source: HMI</i>				

The average size of the hotels in the primary competitive set is 85.3 rooms. The current anticipated size of the proposed hotel is 54 rooms. This is significantly smaller than the average size of the competitive set by 35.3 rooms for a Fair Share Adjustment factor of 170.6%. The proposed hotel will be better able to achieve the projected Occupancy with fewer rooms than the average size of the members of the competitive set as previously discussed.

All but two members of the primary competitive set properties are nationally branded. A strong regional brand or national brand affiliation is recommended for the proposed hotel. This would assist in positioning it to be competitive within the subject market and would enable it to compete in the broader market.

A further review of the previous chart indicates that one member of the primary competitive set or 5.9% of the rooms is classified by STR as an economy hotel and four are classified as upper mid-scale hotels, (63.5% of the rooms.) Three members of the primary competitive set (30.6% of the rooms) are classified as mid-scale, limited-service style hotels, similar to the proposed hotel.

PROJECTED OCCUPANCY AND AVERAGE DAILY RATE

The following chart highlights advertised competitive hotel rates, anticipated Occupancy performance and the projected ADR rates of the competitive Set. The selection of the competitive set of hotels was previously discussed in this report..

COMPETITIVE HOTEL OCCUPANCY & RATES						
PROPERTY	Occ. Perform.	RATE ANALYSIS				PROJECTED ADR
		SINGLE	DOUBLE	WEEKEND	CORP.	
McCook, NE						
Days Inn	Above	\$110-\$124	\$110-\$124	\$110-\$124	Same	\$94.77
North Platte, NE						
Comfort Inn	Average	\$97-\$107	\$97-\$107	\$97-\$107	Same	\$93.84
Fairfield Inn & Suites	Above	\$109-\$119	\$109-\$119	\$109-\$119	Same	\$103.74
Hampton Inn	Average	\$99-\$119	\$99-\$119	\$99-\$119	Same	\$102.46
Holiday Inn Exp. & Suites	Above	\$103-\$130	\$103-\$130	\$98-\$125	Same	\$102.89
LaQuinta Inns & Suites	Average	\$105-\$122	\$105-\$122	\$109-\$114	Same	\$100.13
Quality Inn & Suites	Average	\$85-\$90	\$85-\$90	\$95-\$100	Same	\$83.25
Ramada	Below	\$68-\$85	\$68-\$85	\$68-\$85	Same	\$68.85
COMPETITIVE MARKET AVERAGE DAILY ROOM RATE (ADR):						\$93.26
<i>Source: HMI</i>						

The following chart highlights advertised competitive hotel rates, anticipated Occupancy performance and the projected ADR rates for the primary competitive set of hotels for the proposed hotel. As previously stated in this report, the change from the competitive set is due to 1) the deletion of the Quality Inn and Suites and the Ramada in North Platte due to their style and/or their age; and 2) the addition of the two midscale independent hotels in McCook that do not report to Smith Travel Research, the Horse Creek Inn and the Chief Motel.

PRIMARY COMPETITIVE SET HOTEL OCCUPANCY & RATES						
PROPERTY	Occ. Perform.	RATE ANALYSIS				PROJECTED ADR
		SINGLE	DOUBLE	WEEKEND	CORP.	
<u>McCook, NE</u>						
Chief Motel	Above	\$74-\$84	\$74-\$84	\$74-\$84	Same	\$75.05
Days Inn	Average	\$110-\$124	\$110-\$124	\$110-\$124	Same	\$94.77
Horse Creek Inn	Above	\$89-\$120	\$89-\$120	\$89-\$120	Same	\$91.96
<u>North Platte, NE</u>						
Comfort Inn	Below	\$97-\$107	\$97-\$107	\$97-\$107	Same	\$93.84
Fairfield Inn & Suites	Above	\$109-\$119	\$109-\$119	\$109-\$119	Same	\$103.74
Hampton Inn	Average	\$99-\$119	\$99-\$119	\$99-\$119	Same	\$102.46
Holiday Inn Exp. & Suites	Average	\$103-\$130	\$103-\$130	\$98-\$125	Same	\$102.94
LaQuinta Inns & Suites	Below	\$105-\$122	\$105-\$122	\$109-\$114	Same	\$100.13
COMPETITIVE MARKET AVERAGE DAILY ROOM RATE (ADR):						\$96.38
Source: HMI						

The chart above includes the primary competitive set previously discussed in this report. A review of the Occupancy performance of the primary competitive hotels in the subject market indicated that they are all performing at below average to above average.

A review of the above chart also indicates that there are three rate tiers within the primary competitive set.

- The first rate tier has the highest rates and includes the Holiday Inn Express & Suites, the Fairfield Inn & Suites, the Hampton Inn, and the LaQuinta Inn & Suites, all in North Platte. The projected average ADR's for these four hotels range from \$100.13 - \$103.74 yielding an average projected ADR of \$102.32. A projected average ADR of \$102.32 achieves a yield to the projected average ADR of \$96.38, or 106.2% of the primary competitive set.
- The second rate tier includes the Days Inn and the Horse Creek Inn in McCook and the Comfort Inn in North Platte. The projected ADR's for this tier range from \$91.96 to \$94.77 for an average ADR for the three properties of \$93.52. This second rate tier has a yield of 97.04% to the projected average ADR of the primary competitive set.
- The third rate tier includes just one hotel, the Chief Motel in McCook, with a projected average ADR of \$75.05 which has a 77.9% yield to the projected average ADR of the primary competitive set.

Historically, the competitive set achieved an average annual ADR growth rate of 2.9% from 2008 through 2013. Year-to-date through February, 2014, the ADR rate of growth has been 6.1%. Comparing this to the average growth rate in the prior three-year period, the 2014 annual ADR growth rate is projected at 4.92%. This will be utilized for 2014 projection purposes in this report. In 2015 and all future years, the six-year historical average annual growth rate of 3.36% will be applied as the annual ADR growth rate when projecting the primary competitive set's ADR.

Rate Positioning

The proposed limited-service style hotel in McCook will be the newest hotel (by fifteen plus years) in the immediate McCook market when it opens, currently estimated to be 2016. Therefore, it is suggested that the proposed midscale to upper midscale limited-service hotel be rate positioned as the rate leader in the middle rate tier. The current rate leader in this middle rate tier is the Days Inn at \$94.77 in today's dollars with a 98.3% yield to the average ADR for the entire primary competitive set of \$96.38. For projection purposes, it is recommended that the proposed hotel be rate positioned to achieve a yield to the primary competitive set in the range of 98.5% - 100.0% or 99.25% by the time it stabilizes in its third year of operation. This will be reduced by 5% in both years two and one to allow for any discounting which may occur. This is typical when promoting a new hotel as it opens and will result in yields of 89.6% in year one and 94.3% in year two. This will position the new hotel at a slightly higher rate than the Days Inn in McCook which is situated within blocks of the two proposed subject site areas previously discussed in this report.

This rate positioning for the proposed hotel should result in ADR's in the \$92- \$95 range when it opens in 2016. In 2017 and 2018, the second and third year of operation, the resulting rates should be in the ranges of \$101 - \$105 and \$109 - \$113, respectively.

COMPETITIVE FACTOR ANALYSIS

A *Competitive Factor Analysis* was also performed for the primary competitive set hotels. This analysis is based upon a scale of 0 to 5, with 5 indicating strong competitive factors and 2.5 being average. The following chart highlights the analysis of the primary hotels in the categories of *Rate, Facility, Brand, Location* and *Market Segmentation*. It also indicates the overall competitive factor for each property and for the subject market. This section of the report provides an overview of the competitive position that each hotel occupies within the subject market.

The following chart shows the competitive factor analysis of the *Primary Competitive Set*.

COMPETITIVE FACTOR ANALYSIS - PRIMARY COMPETITIVE SET									
PROPERTY NAME	AGE (Yrs.)	# OF ROOMS	AAA RATING	RATE	FACILITY	BRAND	LOCAT.	MKT. SEG.	COMP. FACTOR
<u>McCook, NE</u>									
Chief Motel	64.0	94	N/A	3.2	2.0	2.0	4.2	3.0	2.9
Days Inn	14.3	40	N/A	2.5	3.0	2.5	4.5	2.5	3.0
Horse Creek Inn	18.5	50	N/A	2.6	2.5	2.0	4.5	3.5	3.0
<u>North Platte, NE</u>									
Comfort Inn	22.8	88	2	2.6	2.5	3.5	2.0	2.5	2.6
Fairfield Inn & Suites	4.0	82	3	2.3	4.0	4.5	2.0	2.5	3.1
Hampton Inn	13.5	110	3	2.4	4.0	4.5	2.0	2.5	3.1
Holiday Inn Exp. & Suites	17.4	152	3	2.3	4.0	4.5	2.0	2.5	3.1
LaQuinta Inns & Suites	10.0	65	3	2.4	4.0	3.0	2.0	2.5	2.8
COMBINED RATING	20.6		2.8	2.5	3.3	3.3	2.9	2.7	2.9
<i>Source: HMI</i>									

In the chart above, this market is indicating an overall slightly above average competitive factor for all categories.

- The average *Age* of the primary competitive hotels is 20.6 years with a range from 4.0 years to 64.0 years. Omitting the Chief Motel with an age of 64 years, the average age is 14.4 years. This indicates that all but one of these hotels will need their second or third major renovation by the time the proposed midscale, limited-service hotel opens in 2015. Typically, full renovations are required every five to seven years to maintain guest satisfaction and to assure guests return. This would give the proposed hotel a distinct advantage. Only the Fairfield Inn & Suites will be looking at its first renovation period, 5 to 7 years. This stage involves mainly soft goods replacement.
- The Days Inn and the Horse Creek Inn in McCook and the Hampton Inn and the LaQuinta Inn & Suites in North Platte will be in need of or be emerging from their second major renovation period, 12 to 17 years. This stage involves replacement of soft goods, hard goods, exterior work, mechanical, and other major capital improvements.
- The Chief Motel in McCook, the Comfort Inn, and the Holiday Inn Express & Suites in North Platte will be beyond their third major renovation period and will generally require ongoing renovation to remain competitive.
- The above chart indicates that the Chief Motel in McCook will be the most competitive with the proposed hotel *Rate* wise, closely followed by the Horse Creek Inn and the Comfort Inn. This is because they have the lowest projected ADR's of the primary competitive set as indicated in the previous chart.

- There is good *Brand* representation in the primary competitive set of hotels. National hotel brands include: Choice Hotels International through Comfort Inn, Wyndham Hotels through Days Inn, Intercontinental Hotels (IHG) through Holiday Inn Express & Suites, Hilton Hotels through the Hampton Inn, and Marriott Hotels International through the Fairfield Inn & Suites. Two hotels in McCook, the Horse Creek Inn and the Chief Motel, are independent properties.
- The *Facilities* of the primary competitive hotels are somewhat similar but also vary. They are all either economy, midscale or upper scale hotels and all are limited-service in style. They all provide a free breakfast buffet, some more extensive than others. Those rated by AAA have either two or three-diamond ratings.
- Regarding the *Location* of the primary competitive set relative to the subject site, five hotels with 72.9% of the rooms are located in North Platte, Nebraska along I-80. They rely primarily on interstate traffic and secondarily on visitors to communities not situated along the interstate. These properties received a rating in the chart above of 2.0. The three members of the primary competitive set located in McCook were rated at either 4.5 or 4.2. Two properties, the Days Inn and the Horse Creek Inn, received the 4.5 rating due to their location along US Route 83. They are in very close proximity to the subject site areas north of the intersection with US Route 34. The Chief Hotel is situated on US Route 83/34 slightly farther from the other two hotels. See Exhibit 4 of this report for details.
- The Holiday Inn Express & Suites, the Fairfield Inn & Suites, and the Hampton Inn received the highest overall *Competitive Factor* rating of 3.1, primarily due to their strength of brand and their facilities. They were closely followed by the Days inn and the Horse Creek Inn with a rating of 3.0, due to their location near the subject site areas.

COMPETITIVE SET LODGING PERFORMANCE

The following section highlights the Competitive Set's Lodging Performance in the subject market, (excluding the two independent hotels since they do not report to Smith Travel Research as previously discussed.) This lodging performance of the primary competitive set is based upon data from 2008 through February, 2014. The Competitive Lodging Performance of Lodging Demand Growth, Lodging Supply Growth, Occupancy, Average Daily Room Rate, and Revenue Per Available Room (RevPAR) will be analyzed.

Lodging Demand Growth

The following chart highlights *Lodging Demand Growth* that has occurred in the subject market area.

COMPETITIVE LODGING PERFORMANCE								
Lodging Demand Growth								
	2008	2009	2010	2011	2012	2013	YTD 2013	YTD 2014
Primary Competitive Lodging Demand - Percentage Change	N/A	3.4%	10.5%	0.9%	0.7%	-0.6%	1.7%	-2.5%
2008-2013 - Annualized Growth Rate: 3.0%								
Source: Smith Travel Research & HMI								

Lodging Demand Growth was fairly well-sustained during the recent national recession which began in mid-2008. There was only one year with slightly negative growth: (0.5%) in 2013. There was an 11.4% increase in the Lodging Supply in May, 2010 with the opening of the 82-room Fairfield Inn & Suites in North Platte. Lodging Demand growth appears to have dropped significantly in each of the three subsequent years. While the historic absorption rate is 16.4 months, this trend in the chart above is an indication that it could take two plus years to absorb additional Lodging Supply, especially along I-80.

Again, the subject market has fared very well. The annual average Lodging Demand Growth rate over the five-year period from 2008 – 2013 was 3.0%. Year-to-date through February, 2014, Lodging Demand Growth was down (2.5%). Comparing this performance to the average of the prior three-year period indicates a potential increase in 2014 of 0.50%. This percentage will be utilized in this report for the 2014 growth rate. For this report commencing in 2015 and for all future years, the projected average Lodging Demand growth rate of 2.67% for 2008 – 2014 will be applied.

Lodging Supply Growth

The following chart reflects the *Lodging Supply Growth* that occurred in the subject market.

COMPETITIVE LODGING PERFORMANCE								
Lodging Supply Growth								
	2008	2009	2010	2011	2012	2013	YTD 2013	YTD 2014
Primary Competitive Lodging Supply - Percentage Change	N/A	0.0%	7.7%	3.4%	0.0%	0.0%	0.0%	10.0%
2008-2013 - Annualized Growth Rate:								2.2%
Source: Smith Travel Research & HMI								

The STR listing of competitive set hotels indicated that *Lodging Supply Growth* occurred in May, 2010 with the opening of the 82-room Fairfield Inn & Suites in North Platte. Local officials did not indicate the potential for any hotels in McCook other than the proposed hotel in the near future. Therefore no additions other than the proposed hotel were included in the projections for this report.

The historic Absorption Rate of Lodging Supply by Lodging Demand Growth for this subject market has been approximately 16.4 months. Due to the relatively low Lodging Demand Growth rates since 2010 (-0.6% in 2013 to 0.9% in 2011) this absorption rate could possibly decrease slightly (i.e. become slightly longer). This projected absorption rate is within the normal three-year stabilization period for a new hotel entering the market.

Occupancy

The following chart depicts the Competitive Lodging Performance of the subject market's *Occupancy*.

COMPETITIVE LODGING PERFORMANCE								
Occupancy								
	2008	2009	2010	2011	2012	2013	YTD 2013	YTD 2014
Primary Competitive Hotels	58.2%	60.2%	61.8%	60.2%	60.7%	60.3%	40.9%	39.9%
Source: Smith Travel Research & HMI								

Occupancy data shows that the primary competitive set was at its highest annual rate of 61.1% in 2010 and at its lowest rate of 58.2% in 2008. Occupancy for the six-year period from 2008 through 2013 reflected mixed results. The decreasing Occupancy in 2011 was most likely due to additional Lodging Supply entering the subject market in 2010 however there was no clear reason for the decrease in Occupancy in 2013.

Results through the first two months of 2014 indicate that Occupancy has decreased slightly and was also reflected in the Lodging Demand results discussed previously. Since Lodging Demand has shown that it can recover and is projected to continue to do so, Occupancy is projected to recover by year's end at the same rate as Lodging Demand. This is 0.5% for calendar year 2014 to a projected Occupancy for calendar 2014 of 60.6% for the Competitive Set.

Average Daily Room Rates

The following chart highlights the historical trend of *Average Daily Room Rates* in the market.

COMPETITIVE LODGING PERFORMANCE Average Daily Room Rates								
	2008	2009	2010	2011	2012	2013	YTD 2013	YTD 2014
Primary Competitive Average Daily Room Rates	\$80.93	\$81.44	\$82.58	\$85.21	\$90.44	\$92.70	\$80.11	\$85.02
Percentage Change	N/A	0.6%	1.5%	3.1%	6.1%	2.5%	0.3%	6.1%
2008-2013 - Annualized Growth Rate:								2.8%
<i>Source: Smith Travel Research & HMI</i>								

Average Daily Rate (ADR) over the six years reviewed experienced a steady trend of continued growth in every year included in the above chart. Growth rates in ADR over the six years ranged from 0.6% to 6.1% with a five-year average of 2.8%. Year-to-date through February, the rate of growth has been 6.1%.

Comparing this to the prior three-year average ADR growth rate experienced from 2011 - 2013, the projected 2014 annual ADR growth rate is projected at 4.92%. This rate will be applied for projection purposes in this report for 2014. Including this projected rate of growth for 2014, the average ADR rate of growth from 2008 – 2014 is projected to be 3.36%. This will be applied for projection purposes in this report for all future years commencing in 2015.

As previously discussed, it is suggested that the proposed midscale to upper mid-scale limited-service hotel be rate positioned as the rate leader in the middle rate tier by its third full year of operation. The current rate leader in this middle rate tier is the Days Inn at \$94.77 with a 98.3% yield to the average ADR for the entire primary competitive set of \$96.38. For projection purposes, it is recommended that the proposed hotel be rate positioned to achieve a yield to the primary competitive set in the range of 98.5% - 100.0% or 99.25% by the time it stabilizes in its third year of operation. This will be reduced to 5% in years one and two to allow for any discounting which may occur. This is typical when promoting a new hotel when it opens and will result in yields of 89.6% in year one and 94.3% in year two. This will rate position the proposed new hotel with a slightly higher rate than the Days Inn situated within blocks of the two proposed site areas previously discussed in this report.

Revenue Per Available Room (RevPAR)

The following chart depicts the *Revenue Per Available Room (RevPAR)* historical performance in the market.

COMPETITIVE LODGING PERFORMANCE								
Revenue Per Available Room								
	2008	2009	2010	2011	2012	2013	YTD 2013	YTD 2014
Primary Competitive Revenue Per Available Room (RevPAR)	\$37.09	\$35.77	\$34.44	\$35.21	\$34.50	\$38.29	\$31.08	\$32.75
Percentage Change	N/A	4.0%	4.2%	0.5%	6.9%	1.9%	2.1%	3.4%
2008-2013 - Annualized Growth Rate: 3.50%								
Source: Smith Travel Research & HMI								

Revenue Per Available Room (RevPAR) trends showed that the competitive set experienced positive RevPAR growth during the six-year period from 2008 - 2013. The 2014 year-to-date growth rate of 3.4 indicates that this positive growth experienced over the prior six years will continue into 2014 with a projected growth rate of 5.43% in calendar year 2014, yielding a projected 2014 RevPAR of \$58.96.

ISSUES, RISKS AND OPPORTUNITES

The following section of the report deals with topics that should be addressed when undertaking a hotel development project such as the one studied in this report. Many of these topics are common to hotel development and are addressed here as a matter of due diligence in evaluating the subject market and subject site for the proposed hotel. Also highlighted in this section are any concerns which have arisen during the research portion of this report that would directly affect the proposed hotel development. This may require additional research by the developer when pursuing the development of the proposed hotel.

COMPETITIVE PRICING PRESSURES

Regarding *Competitive Pricing Pressures*, the new mid-scale, limited-service hotel will need to be sensitive to the pricing strategies established in this southwest Nebraska market. As discussed previously in this report, the significant growth in Lodging Demand in this subject market is limiting the amount of potential Rate Sensitivity in the Corporate/Commercial market and the Social/Leisure market.

It is recommended that the proposed mid-scale, limited-service hotel have the capability of increasing rates during peak Lodging Demand periods and the ability to offer solid price/value with lower rates during slower Lodging Demand periods. A well-positioned, mid-scale hotel product is recommended for this market positioning.

As previously discussed, it is suggested that the proposed midscale to upper midscale limited-service hotel be rate positioned as the rate leader in the middle rate tier by its third full year of operation, 2018. The current rate leader in this middle rate tier is the Days Inn at \$94.77 with a 98.3% yield to the average ADR for the entire primary competitive set of \$96.38. Therefore, for projection purposes it is recommended that the proposed hotel be rate positioned to achieve a yield to the primary competitive set in the range of 98.5% - 100.0% or 99.25% by the time it stabilizes in its third year of operation. This will be reduced to 5% in years one and two to allow for any discounting that may occur. This is typical when promoting a new hotel when it opens and will result in yields of 89.6% in year one and 94.3% in year two. This will position the proposed hotel at a slightly higher rate than the Days Inn situated within blocks of the two proposed site areas previously discussed in this report.

This rate positioning for the proposed hotel should result in ADR's in the \$92- \$95 range when it opens in in 2016. In 2017 and 2018, the second and third year of operation, the resulting rates should range from \$101 - \$105 and \$109 - \$113, respectively.

Positioning the proposed hotel to compete as the rate leader in the middle rate tier should be achievable due to its planned amenities and its newness compared to the age of all but one member of the primary competitive set of hotels.

Modest growth in ADR is anticipated. The competitive set achieved a five-year average annual growth rate of 2.8% per Smith Travel Research. Comparing the results through the first two months of 2014 with the prior three year average, the projected 2014 rate of ADR growth is 4.92% which shall be applied in 2014. The six-year projected annual average ADR growth rate for 2008 through 2014 was calculated at 4.19%. This percentage will be utilized for projection purposes in this report for all years going forward from 2015.

GROWTH IN LODGING DEMAND

Lodging Demand Growth was fairly well-sustained during the recent national recession which began in mid-2008 with just one year of slightly negative growth: (0.5%) in 2013. There was an 11.4% increase in the Lodging Supply in May, 2010 with the opening of the 82-room Fairfield Inn & Suites in North Platte. Lodging Demand growth appears to have dropped significantly in each of the three subsequent years. This is an indication that it could take two to three years to absorb additions to the Lodging Supply, especially located along I-80.

Again, the subject market has fared very well. The annual average Lodging Demand Growth rate over the five-year period from 2008 – 2013 was 3.0%. Year-to-date through February, 2014, Lodging Demand Growth was down (2.5%). Comparing this performance to the average of the prior three-year period would indicate a potential increase in 2014 of 0.50%. This will be utilized in this report for the 2014 growth rate. For this report commencing in 2015 and for all years going forward, the projected average Lodging Demand growth rate of 2.67% for the period from 2008 – 2014 will be applied.

GROWTH IN LODGING SUPPLY

The STR listing of competitive set hotels indicated that *Lodging Supply Growth* occurred in May, 2010 with the opening of the 82-room Fairfield Inn & Suites in North Platte. Discussions with market area officials did not indicate the potential for any hotels in McCook other than the proposed hotel in the near. Therefore, no additions other than the proposed hotel were included in the projections for this report.

The historic Absorption Rate of Lodging Supply by Lodging Demand Growth for this subject market has been approximately 16.4 months. Due to the relatively low Lodging Demand Growth rates since 2010 (-0.6% in 2013 to 0.9% in 2011), this absorption rate could possibly decrease slightly (i.e. become slightly longer). This projected absorption rate is within the normal three-year stabilization period for a new hotel entering the market.

City officials did not indicate any other proposed hotel/lodging facility being planned for the McCook market.

PROPERTY TAXES

A detailed analysis of the *Property Tax* structure in the City of McCook and Red Willow County was not conducted within the scope of this report. The developer should analyze the property tax structure within the City of McCook and Red Willow County prior to development of the proposed hotel.

POLITICAL CLIMATE

Discussions with city officials indicated that the *Political Climate* in the subject market area was reported to be supportive of developing the proposed hotel at its subject site areas in McCook.

ENVIRONMENTAL CONCERNS

No unusual *Environmental Concerns* were noted in the site areas for the proposed hotel. There are no existing buildings at the sites that would need to be demolished.

Since a detailed Environmental Impact Study was not within the scope of this report, at least an Environmental Level 1 study should be completed by the developer. Toxic waste issues were not directly addressed within the scope of this study. However, the developer should conduct necessary environmental impact testing to make sure that the proposed hotel is in compliance with local ordinances and environmental regulations. Additionally, this should include a review of previous use, soil integrity, water drainage, water seepage, flood plain, toxic waste issues, etc.

ZONING AND ARCHITECTURAL CONCERNS

City and county personnel indicated that zoning is either already in place or it will be in place to support this proposed hotel development. Discussions indicated that Site 2 is currently zoned agricultural and is actually outside of the city limits, meaning that it would need to be annexed. They also stated that there are no special architectural/design issues.

LABOR MARKET, SUPPLY AND WAGES

At this time, no Labor Supply problems were reported in any employment area. No wage pressures were indicated at this time. The reported current Unemployment Rate of 2.9% indicates a relatively low level of available labor in the subject market area. This is supported by the report that labor commutes in from neighboring Culbertson (10 miles west on US Route 34) to work in McCook. This suggests a potential labor supply problem and possible wage pressures in the near future. Due to the relatively low unemployment numbers, it is recommended that the developer monitor this because it could potentially create a need for slightly higher wages to attract quality staff. This would then result in potential pressure on the proposed hotel's performance because of higher labor costs.

An additional factor that is impacting available labor in the McCook market area is the reported lack of both rental housing and available single family homes in the McCook market area. This could indicate the possible need to include some "extended stay style" rooms in the design of the proposed hotel.

AREA OF FRANCHISE PROTECTION

City of McCook officials indicated that they have had preliminary talks with the Cobblestone Hotel team as the potential franchise for the proposed hotel as well as previous discussions with a Holiday Inn Express team. It is recommended that an *Area of Franchise Protection* be established to ensure that there is no encroachment by a similarly branded hotel in the subject market area. This includes at least a twenty mile radius around the subject site that would include McCook for five years or more until the proposed hotel stabilizes. This will require negotiating with the proposed franchise brand to ensure adequate protection. Areas of Franchise Protection should be established by the developer to cover the subject market identified in Exhibit 4 of this report.

CONCLUSIONS

The following *Conclusions* are based upon the analysis of the research performed for this market study which recommends development of a 54-room, mid-scale limited-service style hotel. A midscale to upper midscale limited-service style hotel such as a Cobblestone Inn or a Holiday Inn Express fits this description and will have the flexibility to attract both Corporate/Commercial and Social/Leisure Lodging Demand. These projections are based upon present operating performance of the subject market at the time of this report, and a timely completion of the proposed hotel project discussed herein, based upon this report's presentation. More details about the proposed hotel type and size are outlined in the *Property Recommendations* section of this report.

PROJECTED PROPERTY PERFORMANCE – 54 ROOMS

The following series of charts show the projected hotel's performance, specifically in Occupancy, Average Daily Rates and Projected Revenue, beginning in the first full year of operation which is assumed to be 2015.

Occupancy

The following chart shows the Projected Occupancy of the subject property.

PROJECTED OCCUPANCY							
YEAR	PROJECTED MARKET OCCUPANCY			PROJ. MKT. PENET.	PROJECTED HOTEL OCCUPANCY		
	Low	Probable	High		Low	Probable	High
2016	58.7%	61.8%	64.9%	104.4%	61.3%	64.5%	67.8%
2017	60.3%	63.5%	66.7%	109.9%	66.3%	69.7%	73.2%
2018	61.9%	65.2%	68.4%	115.7%	71.6%	75.4%	79.1%
*Projected performance is +/- 5 percentage points and will be affected by changes in Lodging Supply and Demand growth levels used to formulate these projections.							
Source: HMI							

At 54 rooms, the proposed property will have a 104.4% yield to the primary competitive set's projected Occupancy commencing in 2016, it's anticipated first full year of operation. This yield is based on utilizing 27.0% (the percent of the total rooms in the primary competitive set that are located in McCook vs. North Platte on I-80, 80 miles north of McCook on US Route 83) of the 58.0% points that exceed 100.0% in the 158.0% Fair Share Adjustment. This 158% Fair Share Adjustment is a result of the difference between the average size of the primary competitive set at 85.3 rooms versus the size of the proposed hotel at 54 rooms. This results in a yield of 115.7% applied in year three, which was then stepped down by 95% to arrive at the yields in years one and two in the chart above of 104.4% and 109.9%.

Estimates of Lodging Demand growth as previously discussed in this report are 0.50% in 2014 and 2.67% in all future years. This latter rate is the result of the new projected six - year average 2.67% Lodging Demand Growth Rate for 2008-2014 as previously discussed in this report.

It was felt that the proposed hotel will predominantly impact two hotel groups: first the hotels in the primary competitive set located in McCook, especially the mid-scale hotels; and secondarily, the hotels in North Platte along I-80, the primary interstate location where visitors to McCook most likely are staying when no rooms are available in McCook. This impact factor was calculated at 50.0%, because 27% of the rooms in the primary competitive set are located in McCook. This will allow for the estimate of the demand currently staying in the members of the Primary Competitive Set that are along I-80 but desiring a room in McCook. This 50.0% rate was used in these projections because the proposed property could potentially capture this business. Additional information regarding the proposed hotel's type and size is outlined in the *Property Recommendations* section of this report.

In this projected scenario, the proposed hotel is scheduled to open in 2016, with this being its first full year of operation. The opening schedule for the proposed subject hotel is discussed later in this section.

Average Daily Room Rate

The following chart highlights the *Projected Average Daily Room Rate* for the proposed property.

PROJECTED AVERAGE DAILY ROOM RATE			
YEAR Probable	PROJECTED MARKET ADR	PROJECTED MARKET YIELD	PROJECTED SUBJECT PROPERTY ADR*
High 2016	\$109.10 \$103.91	89.6%	\$97.73 \$93.07
Low	\$98.71		\$88.42
High 2017	\$112.77 \$107.40	94.3%	\$106.33 \$101.26
Low	\$102.03		\$96.20
High 2018	\$116.56 \$111.01	99.3%	\$115.68 \$110.17
Low	\$105.46		\$104.67
* Net ADR equals room revenue plus restaurant, lounge, meeting & conference revenue.			
** Projected performance is +/- 5 percentage points and will be affected by changes in Lodging Supply and Lodging Demand growth levels used to formulate these projections.			
Source: HMI			

Average Daily Rate (ADR) over the six years reviewed experienced a steady trend of continued growth in every year included in the data. Growth rates in ADR over the six years ranged from 0.6% to 6.1% with a five-year average of 2.8%. Year-to-date through February, the rate of growth has been 6.1%.

Comparing this to the prior three-year average ADR growth rate experienced from 2011 - 2013, the projected 2014 annual ADR growth rate is projected at 4.92%. This rate will be applied for projection purposes in this report for 2014. Including this projected rate of growth for 2014, the average ADR rate of growth from 2008 – 2014 is projected to be 3.36%.

As previously discussed, it is suggested that the proposed midscale to upper midscale style limited-service hotel be rate positioned as the rate leader in the middle rate tier by its third full year of operation. The current rate leader in this middle rate tier is the Days Inn at \$94.77 with a 98.3% yield to the average ADR of the entire primary competitive set of \$96.38. Therefore, for projection purposes it is recommended that the proposed hotel be rate positioned to achieve a yield to the primary competitive set in the range of 98.5% - 100.0% or 99.25% the time it stabilizes in its third year of operation. This will be reduced by 5% in years one and two to allow for any discounting that may occur. This is typical when promoting a new hotel when it opens and will result in yields of 89.6% in year one and 94.3% in year two. This will position the proposed hotel at a slightly higher rate than the Days Inn in McCook situated within blocks of the two subject site areas previously discussed in this report.

This rate positioning for the proposed hotel should result in ADR's in the \$92- \$95 range when it opens in in 2016. In 2017 and 2018, the second and third year of operation, the resulting rates should range from \$101 - \$105 and \$109 - \$113, respectively.

To attain these ADR projections, the proposed hotel must be properly rate positioned as established in this report. This includes facility, product, amenities and services offered as anticipated for a new hotel of this style. Also, the rates established for the proposed hotel must be competitive with the subject market's rate structure and competitive positioning.

Projected Room Revenue

The following chart depicts the *Projected Room Revenue* established in this report. The Probable Room Revenues are based upon the Occupancy and Average Daily Room Rates established in this report.

PROJECTED REVENUE			
YEAR	PROBABLE ROOM REVENUE	PROJECTED RevPAR	MARKET RevPAR YIELD
2016	\$1,183,810	\$60.06	93.5%
2017	\$1,391,973	\$70.62	103.6%
2018	\$1,636,740	\$83.04	114.8%
* Projected performance is +/- 5 percentage points and will be affected by changes in Projected Occupancy or Projected ADR.			
Source: HMI			

Given the projected Occupancy and ADR levels, the proposed hotel should achieve room revenue levels modestly higher than the primary competitive set by its third year of operations.

PROPERTY RECOMMENDATIONS

The following Property Recommendations were based upon the research conducted for this report.

Property Type

Based upon the projected Occupancy and Average Daily Room Rates in the subject market area and the product segmentation for both Lodging Demand and Supply segmentation, it appears that the proposed *Property Type* should be in the Mid-Scale, Limited-Service hotel product category. This would allow the proposed hotel to adjust rates to meet regional Lodging Demand markets during stronger demand periods. It would also allow the proposed hotel to adjust rates with regional hotels in weaker Lodging Demand periods. This will be critical in this type of market as well.

Property Size

Based upon the subject market's projected Occupancy and Average Daily Room Rates and on Lodging Demand and Supply segmentation, the proposed *Property Size* was calculated at 54 rooms. This is smaller than the average size of the primary competitive set identified in this report at 85.36 rooms for a Fair Share Adjustment of 158.0%. The projections in this report utilize a 115.7% Fair Share Adjustment to the projected Occupancy of the primary competitive set by the third year of the proposed hotel's operation. This is primarily due to the proposed hotel's anticipated competition with the members of the primary competitive set that are located right in McCook, whose rooms were 27.0% of the total hotel rooms in the primary competitive set. It is felt that based upon the research analyzed at this time, the development of a hotel of this size would be in line with the Lodging Demand research developed for this subject market. This size property should be well absorbed into this market.

Property Amenities

Recommended *Property Amenities* should be compatible with the product type and the brand affiliation selected for the proposed hotel. Also, consideration must be given to the Market Segmentation Profiles and demographics of the subject market. Product offerings should be in line with the national franchise selected for the proposed hotel.

Property amenities and services that may be required are as follows:

- An appropriate indoor swimming pool area would be appreciated by the Social/Leisure markets, especially when competing with other members of the primary competitive set. A well lit, attractively decorated pool area is suggested. This type of amenity would assist in servicing the Social/Leisure market including youth sports teams, family tourists, weddings and reunions traveling to this market area.
- Offering a whirlpool in the swimming pool area is suggested. Several whirlpool suites that could be marketed as "honeymoon suites" could also be considered to attract Social/Leisure travelers.
- Offering an exercise room/area is recommended.
- The sleeping rooms should provide the typical amenities currently required by mid-scale, limited-service hotel chains. A large work desk and wireless internet access in the guest rooms are expected by Corporate/Commercial guests in these price categories.
- If a Cobblestone Inn is developed, they offer a "Beer & Wine Bar" at some of its hotels. This would be an additional feature differentiating the proposed hotel from the other members of the primary competitive set in McCook. The possibility of offering items such as pizza at this venue might also be considered.

- The proposed midscale to upper midscale hotel will need to offer such in-house amenities as a complimentary breakfast as required by the specific brand that is chosen.
- Some oversized vehicle parking for larger trucks that pull horse trailers, motorcoach tours, and vacationers with recreational vehicles should be considered.

Sleeping Room Configuration

The recommended *Sleeping Room Configuration* should be compatible with the area's overall Market Segmentation for this proposed hotel. Since the proposed hotel is projected to have a greater number of Social/Leisure guests, double queen beds may be the preferred type. They provide greater flexibility for all market segments. King beds should be considered for some rooms (up to a third) for the Corporate/Commercial business travelers.

Local government and business officials expressed the need for additional housing for people relocating to the area or being in the city for more than just a night or two. There is an apparent shortage of "rental" housing in the McCook market area. This was discussed at several times previously in this report. It indicates the necessity for typically three to five extended-stay style rooms in the room mix. These should include the usual fixtures/amenities of an extended stay unit. These rooms will also accommodate traditional hotel guests when not being used by longer staying guests.

Brand Affiliation

Discussions with the City of McCook indicated that the several limited-service style hotel brands are being considered for the proposed hotel, including Cobblestone Inn and Holiday Inn Express. This is a strong regional and growing national brand. Since all but two members of the primary competitive set have a good national brand affiliation, it is strongly suggested that the proposed hotel be affiliated with at least a regional or national brand. Both Cobblestone Inns and Holiday Inn Express are strong, mid-scale to upper midscale, limited-service brands that seem appropriate for the proposed hotel.

Rate Strategy

The Room Rate Strategy for the proposed hotel should be compatible with the Average Daily Room Rate projections indicated in this report. Seasonality of Room Rates is also a consideration for this property. Given the Average Daily Room Rate research performed and the projections set forth in this report, it appears that the proposed hotel would be positioned to compete in the middle rate tier. Initially, for projection purposes in this report, it would appear that the proposed hotel will be positioned rate wise to achieve a yield to the primary competitive set of 95% to 99% by the time it stabilizes in its third year of operation.

Opening Date

The Opening Date for the proposed mid-scale, limited-service style hotel should be selected based upon the seasonality of the subject market. Ideally, opening this hotel in early spring would capture the maximum revenue prior to the softer season beginning in November.

DISCLAIMER

The decisions presented herein were based upon the information available and received at the time this report was compiled. Hospitality Marketers International, Inc., (HMI) has taken every possible precaution to evaluate this information for its completeness, accuracy and reliability. To the best of its knowledge, HMI feels the information and decisions presented herein are sound and reliable.

At the present time of this report, the United States and world economies are in the midst of a recovery from a major recessionary period that ran from 2008 - 2010. This recovery appears to be continuing according to current news reports with most economic indicators indicating growth since 2011.

Management

Research

Marketing

HMI is not responsible for effects that occur from future political, economic or social events that ultimately alter these projections. These events should be monitored accordingly and potentially the results of this report may require updating to respond to future events.

Gregory R. Hanis, ISHC
President

ghanis@hospitalitymarketers.com
262-490-5063

Member of



Also, it should be understood that normal economic and marketplace conditions change constantly. HMI assumes no responsibility for information that becomes outdated once this report is written; nor is it responsible for keeping this information current after May, 2014.

It should be understood that the results presented in this report are the professional opinion of HMI and are based upon the information available at this time. These opinions infer proper and professional management of the business operation. The opinions also infer that market conditions do not change the information received upon which those opinions have been based. HMI assumes no responsibility for changes in the marketplace.

Professionally Serving the United States & Canada for Over 32 Years with Offices in Milwaukee, Wisconsin and Fort Myers, Florida

Furthermore, it is presumed that those reading this report completely understand its contents and recommendations. If the reader is unclear of the understanding of the contents, clarification should be received from its writer, HMI.

5415 S. Majors Drive
New Berlin, WI 53146

Lastly, HMI assumes that those who receive this report act in accordance with its recommendations. Any deviation from these recommendations is solely the responsibility of those receiving this report.

10014 Majestic Avenue
Fort Myers, FL 33913

Further questions concerning this report should be directed to HMI.

800-657-0835
Fax: 239-245-8161

Sincerely,
HOSPITALITY MARKETERS INTERNATIONAL, INC.

hmi@hospitalitymarketers.com
www.hospitalitymarketers.com

Gregory R. Hanis

Gregory R. Hanis, ISHC
President

Michael R. Hool

Michael R. Hool, CPA, ISHC
President, SHR
An HMI Network Representative

**CITY MANAGER'S REPORT
MARCH 21, 2016 MCCOOK CITY COUNCIL MEETING**

ITEM NO. ___ Public Hearing - Consider Replat No. 1 of Block 2, Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska.
4A

ITEM NO. ___ Final approval of Replat No. 1 of Block 2, Patton Boyd Addition to the City of McCook, Red Willow County, Nebraska, contingent on approval of a Redevelopment Contract.
4B

BACKGROUND:

These agenda items are an effort to clean up the Patton-Boyd Addition to the City of McCook in anticipation of future development. In conjunction with the prior Item No. ___, it is clear to Staff that the Patton-Boyd Addition needs to be replatted to clean up some of the difficulties that could be created with the potential addition of a hotel in this subdivision area. One of the concerns is that, should a hotel be developed on the northern most lot of this subdivision, there would be a lot in the middle of the subdivision that could not be developed due to street frontage concerns. Another concern is that the description of the lots as they currently exist in the Patton-Boyd Addition were becoming overly burdensome due to prior splits and adjustments. If the Redevelopment Contract listed in the above item does not receive Council approval, this item will be pulled.

RECOMMENDATIONS:

ITEM NO. ___ Public Hearing - Consider Replat No. 1 of Block 2, Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska.

ITEM NO. ___ Final approval of Replat No. 1 of Block 2, Patton Boyd Addition to the City of McCook, Red Willow County, Nebraska, contingent on approval of a Redevelopment Contract.

APPROVALS:



Nathan A. Schneider, City Manager

March 9, 2016



Lea Ann Doak, City Clerk

March 9, 2016

EXHIBIT #1

PAGE(S) 1

NOTICE OF PUBLIC HEARING
FINAL PLAT APPROVAL

NOTICE IS HEREBY GIVEN that a public hearing will be held to consider the final plat on the following described property to be known as Patton-Boyd Addition, Replat No. 1 of Block 2.

A replat of Block Two (2), Patton-Boyd Addition, Lot One (1) is deleted, Lot Two A (2A) and Lot Two B (2B) are deleted; new lots created will be Lot One R (1R), Lot Two R (2R), and Lot Three R (3R), Block Two (2), Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska.

A PUBLIC HEARING ON THE ABOVE-DESCRIBED PRELIMINARY PLAT APPROVAL WILL BE HELD ON THE DATE, TIME, AND AT THE PLACE LISTED BELOW:

MARCH 14, 2016 - 5:15 P.M.
MCCOOK PLANNING COMMISSION
CITY COUNCIL CHAMBERS
505 WEST "C" STREET

MARCH 21, 2016 - 6:30 P.M.
MCCOOK CITY COUNCIL
CITY COUNCIL CHAMBERS
505 WEST "C" STREET

ANY AND ALL PERSONS desiring to comment on the above-described final plat may attend the public hearing and will be given an opportunity to be heard. For additional information regarding this notice please contact Barry Mooney, City of McCook Building Official, at 345-2022 ext. 232.

-s- Lea Ann Doak
City Clerk

Publish: March 4, 2016.
Post: March 4, 2016.
Mail: March 4, 2016.

EXHIBIT #2

PAGE(S) 1

Property Owners Notified:

QUALITY REAL ESTATE LLC
PO BOX 420
YUMA CO 80759-0420

TIMMERMAN/RYAN
804 WEST 14TH STREET
MCCOOK NE 69001

PACE/JESSE & KRISTINA BUDKE
805 WEST 14TH
MCCOOK NE 69001

TOP/NICOLAS R & KARA J
1405 WEST H STREET
MCCOOK NE 69001

MAPLEWOOD APARTMENTS L.L.C.
PO BOX 1185
NORTH PLATTE NE 69103-1185

PARKS/GARY L & SANDRA E
38415 RD 719
MCCOOK NE 69001-7502

MASHEK/SARA R
606 WEST 12TH STREET
MCCOOK NE 69001

HARDIN/BENJAMIN R & SUSAN D
602 WEST 12TH
MCCOOK NE 69001

ELLERTON/DALE & GLENDA
1402 WEST H
MCCOOK NE 69001

HAZEN/MATTHEW F & JENNIFER R
1304 WEST H
MCCOOK NE 69001

FELKER-OLSEN/NICOLE
216 PARK AVENUE
MCCOOK NE 69001

SMITH/RON L
PO BOX 446
MCCOOK NE 69001-0446

VONTZ/KRISTOPHER M
#12 12TH STREET COURT

MAHON/MELVIN E & JANET B
806 WEST 14TH
MCCOOK NE 69001-0000

CUELLAR/CHRISTOPHER M
1501 WEST H
MCCOOK NE 69001

CARFIELD/DARIN L
803 WEST 14TH
MCCOOK NE 69001-2957

KIRKUS/DOROTHY JEAN
1401 WEST H
MCCOOK NE 69001

MCCOOK HOUSING AUTHORITY
1307 WEST F STREET
MCCOOK NE 69001

ROSE/THOMAS C & DAWN R
LYTLE-ROSE
608 WEST 12TH STREET
MCCOOK NE 69001

KNOLL/SHAWN A & JOANNA R
604 WEST 12TH STREET
MCCOOK NE 69001

LYNE/STEPHEN G & KAREN L
1404 WEST H
MCCOOK NE 69001

RALSTON/NICHOLAS J & AFTON C
1308 WEST H STREET
MCCOOK NE 69001

WOODS/EDWARD D & SHARON J
12TH STREET COURT #7
MCCOOK NE 69001

URLING/BONNIE L
#9 12TH ST COURT
MCCOOK NE 69001

LAMBERT/DAVID E
#11 12TH STREET CT
MCCOOK NE 69001

MCCOOK NE 69001

EXHIBIT #3

PAGE(S) 2

STATE OF NE DEPT OF ROADS
P O BOX 94759
LINCOLN NE 68509-4759

B & S PROPERTIES LLC
PO BOX 994
MCCOOK NE 69001-0994

HCC LEASING LLC
PO BOX 364
MCCOOK NE 69001-0364

MCCOOK LODGING LLC
PO BOX 3847
OMAHA NE 68103-0847

HIGH PLAINS LAND MANAGEMENT
LLC
% JAMES ALLEN
PO BOX 788
MCCOOK NE 69001-0788

HORSE CREEK LLC
% PERRY STROMBECK
#1 BISON HOLIDAY DRIVE
MCCOOK NE 69001

DEDICATION
 McCook Lodging LLC and B&S Properties LLC, as it appears on the foregoing Plat and as described in the Surveyor's Certificate is with the free consent and in accordance with the desires of the undersigned owners and proprietors. The said owners hereby dedicate the streets, alleys, easements and other open areas to the Public use and benefit.

By: _____
 McCook Lodging LLC, Operating Partner: Kirti Trivedi

By: _____
 B&S Properties LLC, Owner: Samuel H. O'Toole

By: _____
 B&S Properties LLC, Owner: Bart J. Stromberger

ACKNOWLEDGMENT
 Personally appeared before me a Notary Public in and for the State of Nebraska, Kirti Trivedi, known to me to be the identical person whose name is affixed to the foregoing instrument and he acknowledges the same to be his voluntary act and deed.

Witness my hand and official Seal this _____ day of _____ 2016.

My commission expires _____
 Notary Public _____

ACKNOWLEDGMENT
 Personally appeared before me a Notary Public in and for the State of Nebraska, Samuel H. O'Toole, known to me to be the identical person whose name is affixed to the foregoing instrument and he acknowledges the same to be his voluntary act and deed.

Witness my hand and official Seal this _____ day of _____ 2016.

My commission expires _____
 Notary Public _____

ACKNOWLEDGMENT
 Personally appeared before me a Notary Public in and for the State of Nebraska, Bart J. Stromberger, known to me to be the identical person whose name is affixed to the foregoing instrument and he acknowledges the same to be his voluntary act and deed.

Witness my hand and official Seal this _____ day of _____ 2016.

My commission expires _____
 Notary Public _____

PLANNING COMMISSION APPROVAL
 This Plat was duly approved by the City of McCook, Red Willow County, Nebraska Planning Commission on this _____ day of _____ 2016.

Nate Schneider, Secretary Kurt Vosburg, Chairman

MUNICIPAL APPROVAL
 This Plat was duly approved by the City of McCook, Red Willow County, Nebraska on this _____ day of _____ 2016.

LeaAnn Dook, City Clerk Mike Gonzales, Mayor

RECORDING INFORMATION

State of Nebraska) County of Red Willow)

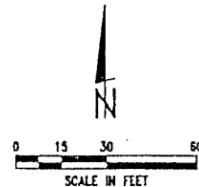
Instrument No. _____

DATE: _____

TIME: _____

Register of Deeds: Tami Teel

MA
 MILLER & ASSOCIATES
 CONSULTING ENGINEERS, P.C.
 109 E. 2ND ST., MCCOOK, NE 69001
 TEL. 308-345-3710, FAX 345-7370
 BOOK: 163M
 200-15-624-15
 NOVEMBER, 2015



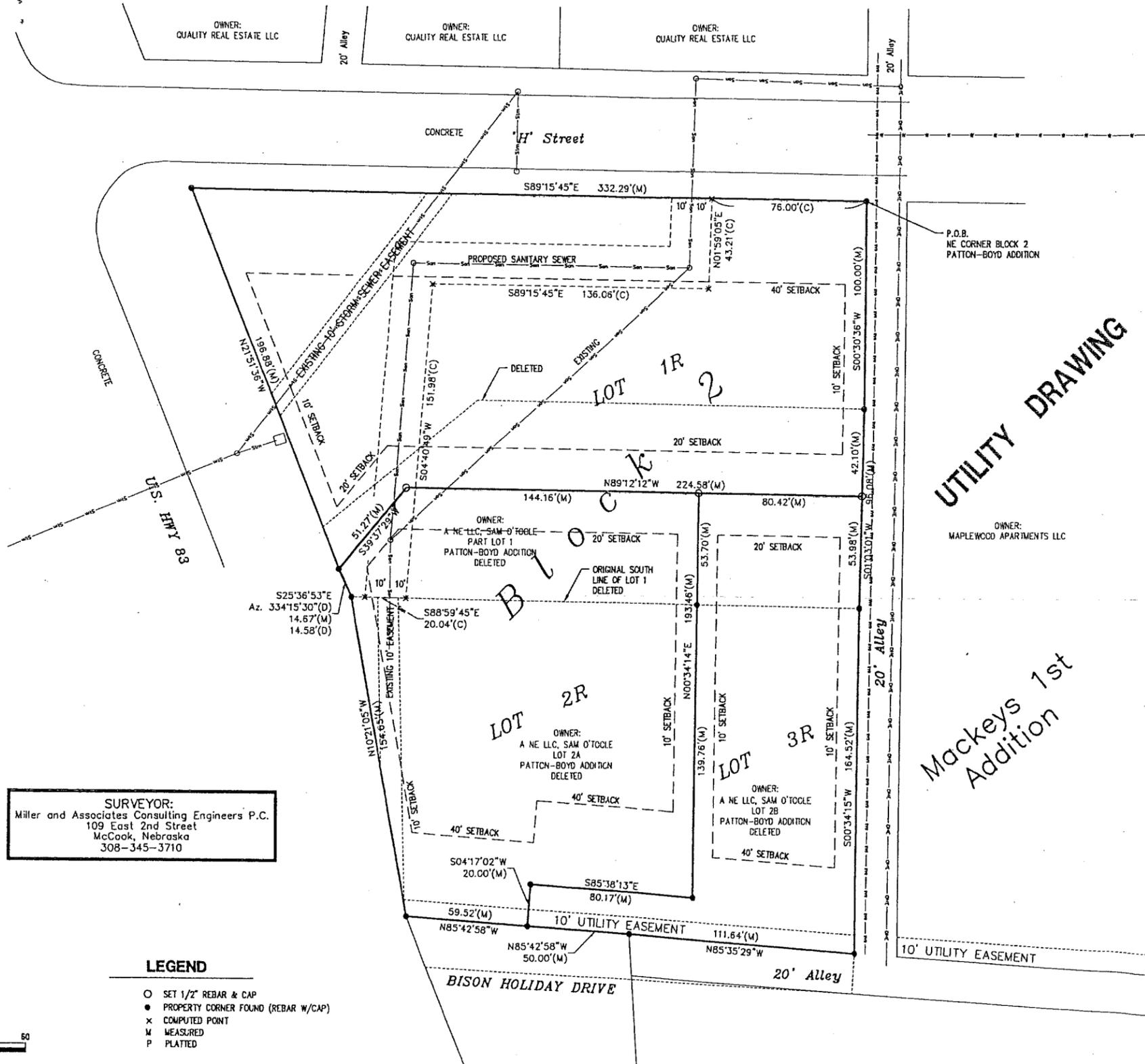
LEGEND

- SET 1/2" REBAR & CAP
- PROPERTY CORNER FOUND (REBAR W/CAP)
- x COMPUTED POINT
- M MEASURED
- P PLATTED

REPLAT No. 1 of BLOCK 2 PATTON-BOYD ADDITION TO THE CITY OF MCCOOK, RED WILLOW COUNTY, NEBRASKA

LOT 1 IS DELETED, LOT 2A AND LOT 2B ARE DELETED

NEW LOTS CREATED WILL BE LOT 1R, LOT 2R, LOT 3R BLOCK 2, PATTON-BOYD ADDITION TO THE CITY OF MCCOOK, RED WILLOW COUNTY NEBRASKA



UTILITY DRAWING

Mackeys 1st
 Addition

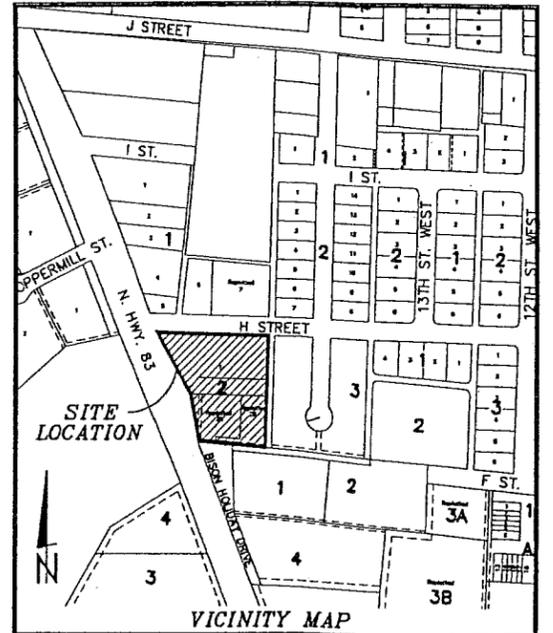
SURVEYORS CERTIFICATE

I hereby state that during the month of February, 2016 I surveyed a tract of land which is part of Block 2 Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska. This tract of land will now be referred to as REPLAT NO. 1, of BLOCK 2, PATTON-BOYD ADDITION to the City of McCook, Red Willow County Nebraska and is more particularly described as follows:

Beginning at the NE corner of Block 2, Patton-Boyd Addition, thence S00°30'36"W along the east line of Block 2 a distance of 100.00 feet; thence S01°03'01"W along the east line of Block 2 a distance of 96.08 feet; thence S00°34'15"W along the east line of Block 2 a distance of 164.52 feet to the SE corner of BLOCK 2; thence N85°35'29"W along the south line of BLOCK 2 a distance of 111.64 feet; thence N85°42'58"W along the south line of BLOCK 2 a distance of 109.52 feet to a point on the east right of way line of Highway 83; thence N10°21'05"W along said right of way line a distance of 154.65 feet; thence N25°36'53"W along said right of way line a distance of 14.67 feet; thence N21°51'36"W along said right of way line a distance of 196.88 feet to a point on the south right of way line of West "H" Street; thence S89°15'45"E along said right of way line a distance of 332.29 feet to the point of beginning;

Said tract containing 2.16 acres (94,122.24 Sq. Ft.), more or less, subject to any existing easements, right-of-ways or reservations of record.

GERHARD H. DICENTA, RLS 514



OWNERS

McCook Lodging LLC
 P.O. Box 3847
 McCook, Nebraska 69001
 Kirti Trivedi - Operating Partner

B&S Properties LLC
 705 North Hwy 83
 P.O. Box 994
 McCook, Nebraska 69001
 Samuel H. O'Toole
 Bart J. Stromberger

ZONED: HIGHWAY COMMERCIAL

FRONT YARD SETBACK - 40'
 SIDE YARD SETBACK - 10'
 REAR SETBACK - 20'

DEVELOPERS:

McCook Lodging LLC
 P.O. Box 3847, McCook, Nebraska 69001
 Kirti Trivedi - Operating Partner

B&S Properties LLC
 P.O. Box 994, 705 North Highway 83
 Samuel H. Toole, Bart J. Stromberger

**MCCOOK PLANNING COMMISSION
REGULAR MEETING**

MINUTES

**Monday - March 14, 2016
5:15 P.M. - City Council Chambers**

Present: Chair Vosburg; Vice Chair Dueland; Commissioners Garey-Vickers, Harpst, Lyons, Shipshock; City Manager Schneider; City Attorney Mustion; City Clerk Doak.

Absent: Commissioners Hilker, Stevens, Wolford, Siegfried.

Chair Vosburg announced that a copy of the Open Meetings Act was posted by the entrance to the Council Chambers and available for public review.

1. Approve the minutes of the February 8, 2016 regular meeting.

Upon a motion by Commissioner Garey-Vickers, seconded by Commissioner Dueland, the Commission voted to approve the minutes of the February 8, 2016 meeting. The motion passed upon the following roll call vote: YEA: Vosburg, Dueland, Garey-Vickers, Harpst, Lyons, Shipshock. NAY: None. ABSENT: Hilker, Stevens, Wolford, Siegfried.

2. Public Hearing - Consider Replat No. 1 of Block 2, Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska.

Upon a motion by Commissioner Vosburg, seconded by Commissioner Dueland, the Commission voted to recess as the Planning Commission and convene as a Hearing Board for the purpose of receiving public comment on Replat No. 1 of Block 2, Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska. The motion passed upon the following roll call vote: YEA: Vosburg, Dueland, Garey-Vickers, Harpst, Lyons, Shipshock. NAY: None. ABSENT: Hilker, Stevens, Wolford, Siegfried.

The City Attorney received into evidence Exhibit #1 - City Manager's Report prepared for the March 14, 2016 Planning Commission meeting (1 page); Exhibit #2 - Notice of Hearing published (1 page); Exhibit #3 - listing of property owners receiving advance notice of public hearing (2 pages); Exhibit #4 - map of Replat No. 1 of Block 2, Patton-Boyd Addition (2 pages).

City Manager Schneider reviewed the information presented in the City Manager's Report; "These items are an effort to clean up the Patton-Boyd Addition to the City of McCook in anticipation of future development. It has become clear that the Patton-Boyd Addition needs to be adjusted to clean up some of the difficulties that could be created with the addition of a hotel. Some of the concerns are that there would be one lot in the middle of this area that could not be developed due to street frontage concerns and that the description of the lots as they currently exist in the Patton-Boyd Addition were becoming overly burdensome due to prior splits and adjustments. This is final approval. There is now a contract in place between the owner of the properties affected by the Replat. If the developer to the north does not reach terms on a redevelopment contract with the City at the next council meeting, this item will be pulled from the Council agenda."

EXHIBIT #5

2PAGES

Developers Dr. Deepak Gangahar and Kriti Trivedi were present to address questions from the Commission.

No one else was present to comment.

Upon a motion by Commissioner Vosburg, seconded by Commissioner Lyons, the Commission voted to close the public hearing and reconvene as a Planning Commission. The motion passed upon the following roll call vote: YEA: Vosburg, Dueland, Garey-Vickers, Harpst, Lyons, Shipshock. NAY: None. ABSENT: Hilker, Stevens, Wolford, Siegfried.

3. Recommend final approval to the McCook City Council of Replat No. 1 of Block 2, Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska.

Upon a motion by Commissioner Shipshock, seconded by Commissioner Garey-Vickers, the Commission voted to recommend final approval to the McCook City Council of Replat No. 1 of Block 2, Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska. The motion passed upon the following roll call vote: YEA: Vosburg, Dueland, Garey-Vickers, Harpst, Lyons, Shipshock. NAY: None. ABSENT: Hilker, Stevens, Wolford, Siegfried.

City Manager Schneider stated that nothing is currently scheduled for an April Planning Commission meeting.

Commissioner Vosburg noted that election of officers should be included on the agenda of the next meeting.

▪ **Adjournment.**

With no further business, Chair Vosburg declared the Planning Commission meeting adjourned at 5:26 P.M.

Lea Ann Doak
Recording Secretary

**CITY MANAGER'S REPORT
MARCH 21, 2016 CITY COUNCIL MEETING**

ITEM: 4

RECOMMENDATION:

ITEM A Conduct a public hearing on the application of Smokers Outlet Inc., dba "Smokers Outlet 1", for the addition of a Catering (K) to the current Class "D" License #101003 under the Nebraska Liquor Control Commission located at 1111 West "B" Street, McCook, Nebraska.

ITEM B Recommend approval to the Nebraska Liquor Control Commission the application of Smokers Outlet Inc., dba "Smokers Outlet 1", for the addition of a Catering (K) to the current Class "D" License #101003 under the Nebraska Liquor Control Commission located at 1111 West "B" Street, McCook, Nebraska.

BACKGROUND:

Upon notice from the Liquor Control Commission, the City has 45 days to conduct a hearing concerning the requested license. The Council may choose not to make a recommendation of approval or denial to the Commission.

Per §53-133, the Liquor Control Commission shall set for hearing any application wherein:

- 1) There is a recommendation of denial from the local governing body.
- 2) A citizens protest; or
- 3) Statutory problems that the Commission discovers.

**FISCAL
IMPACT:** None.

RECOMMENDATION:

ITEM A Conduct a public hearing on the application of Smokers Outlet Inc., dba "Smokers Outlet 1", for the addition of a Catering (K) to the current Class "D" License #101003 under the Nebraska Liquor Control Commission located at 1111 West "B" Street, McCook, Nebraska.

ITEM B Recommend approval to the Nebraska Liquor Control Commission the application of Smokers Outlet Inc., dba "Smokers Outlet 1", for the addition of a Catering (K) to the current Class "D" License #101003 under the Nebraska Liquor Control Commission located at 1111 West "B" Street, McCook, Nebraska.

APPROVALS:



Lea Ann Doak, City Clerk-Treasurer

March 16, 2016

EXHIBIT #1



Nathan A. Schneider, City Manager

March 16, 2016

PAGE(S) 1

NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that Smoker's Outlets, Inc.; dba "Smoker's Outlet 1", has filed a Catering (K) application for the current Class "D" License #101003 under the Nebraska Liquor Control Commission located at 1111 West "B" Street, McCook, Nebraska.

All persons desiring to give evidence before the McCook City Council in support of or protest against the issuance of such license may do so at the time of this hearing to be held Monday, March 21, 2016 at 6:30 P.M., C.D.S.T.; in the City Council Chambers, 505 West "C" Street, McCook, Nebraska.

-s- Lea Ann Doak
City Clerk

Publish: March 11, 2016.

EXHIBIT #2

PAGE(S) 1

RECEIPT

2/18/2016

NEBRASKA LIQUOR CONTROL COMMISSION

From: Jackie B Matulka
Email: jackie.matulka@nebraska.gov
Phone: (402) 471 - 4881
Fax: (402) 471 - 2814
RE: CATERING APPLICATION
Email1: Clerk of McCook - idoak@cityofmccook.com
Email2: Clerk of McCook - lori@cityofmccook.com
Applicant: Smoker's Outlets Inc DBA Smoker's Outlet 1
License #: Class D 101003

Please sign and date stamp this receipt and return back to the NLCC office

EXHIBIT #3

PAGE(S) 5

2/24/16

Date of Receipt of Application

Lori Schmidt, Deputy City Clerk
Signature

TWO KEY DOCUMENTS

- 1) The receipt page will need to be signed, dated and returned back into the NLCC office either via regular mail, e-mail or fax (402) 471 – 2814. The receipt page will be entered into the NLCC database as the statutory time for this application.
- 2) The recommendation sheet is to be completed and returned back into the NLCC office either via regular mail, e-mail or fax (402) 471 – 2814. The recommendation sheet will be entered into the NLCC database accordingly with the information provided from the local governing body.

TWO KEY TIME FRAMES §53-134

- 1) A public notice shall be publicized one time not less than 7 days and no more than 14 days prior to the date of the hearing.
- 2) The local governing body has 45 days to conduct a hearing after the date of receipt of the notice from this Commission (see recommendation sheet for this date). The local governing body may choose **NOT** to make a recommendation of approval or denial to our Commission.

PER §53-133, THE LIQUOR CONTROL COMMISSION SHALL SET FOR HEARING ANY APPLICATION WHEREIN:

- a) There is a recommendation of denial from the local governing body,
- b) A citizens protest; or
- c) Statutory problems that the Commission discovers.

A LICENSEE MUST BE “PROPERLY” LICENSED IN ORDER TO PURCHASE ALCOHOL FROM WHOLESALERS

A LICENSE IS EFFECTIVE

- 1) Upon payment of the license fees to the local governing body all local clerks must collect proper license fees and occupation tax per ordinance, if any, before delivering the license to the applicant. A License Fee and Proration Chart are available for your use at www.lcc.ne.gov, click on “City and County Clerks Information”, in the middle of the home page.
- 2) The licensee has physical possession of the license
- 3) Effective date on the license

RECOMMENDATION OF THE NEBRASKA LIQUOR CONTROL COMMISSION

JBM

Date Mailed from Commission Office:

February 18, 2016

I, _____ Clerk of _____ (City, Village or County)

Nebraska, hereby report to the Nebraska Liquor Control Commission in accordance with Revised Statutes of Nebraska, Chapter 53, Section 134 (7) the recommendation of said city, village or county, as the case may be relative to the application for a license under the provisions of the Nebraska Liquor Control Act as applied for by:

Smoker's Outlets Inc DBA Smokers Outlet 1

1111 W "B" Street, McCook, NE 69001 (Red Willow County)

Catering Application for the current Class D 101003

45 days = April 4, 2016

- 1. Notice of local hearing was published in a legal newspaper in or of general circulation in city, village or county, one time not less than 7 and no more than 14 days before time of hearing.

Check one: Yes _____ No _____

The Statutes require that such hearing shall be held not more than 45 days after the date of receipt of this notice from the Commission.

- 2. Local hearing was held not more that 45 days after receipt of notice from the Nebraska Liquor Control Commission.

Check one: Yes _____ No _____

- 3. Date of hearing of Governing Body: _____

- 4. Type or write the Motion as voted upon by the Governing Body. If additional Motions are made by the Governing Body, then use an additional page and follow same format.

- 5. Motion was made by: _____ Seconded by: _____

- 6. Roll Call Vote: _____

- 7. Check one: The motion passed: _____ The motion failed: _____

- 8. If the motion is for recommendation of denial of the applicant, then list the reasons of the governing body upon which the motion was made.

(Attached additional page(s) if necessary)

SIGN HERE _____ DATE _____

(Clerks Signature)

**APPLICATION FOR CATERING (K)
TO LIQUOR LICENSE**

NEBRASKA LIQUOR CONTROL COMMISSION
301 CENTENNIAL MALL SOUTH
PO BOX 95046
LINCOLN, NE 68509-5046
PHONE: (402) 471-2571
FAX: (402) 471-2814
Website: www.lcc.nebraska.gov

101003

Office Use
RECEIVED
FEB 18 2016
NEBRASKA LIQUOR CONTROL COMMISSION

Include application fee of \$100 check made payable to the Nebraska Liquor Control Commission or you may pay online at www.ne.gov/go/NLCCpayport

- Copy of this application will be forwarded to your local governing body for recommendation per Neb. Rev. Stat. §53-134(7), after receipt of recommendation there is a 10 day holding period for any citizen protests
- Processing may take approx. 45-60 days from receipt of application by the Nebraska Liquor Control Commission
- The holder of a catering license may deliver, sell, or dispense alcoholic liquor, including beer, for consumption at premises designed in a special designed license (SDL) issued pursuant to section §53-124.11
- SDL must be applied for and received 10 working days prior to the day of each event
- A holder of a catering license shall not cater an event unless such licensee receives a SDL
- SDL application form 108 may be found at this link:
<http://www.lcc.nebraska.gov/LicensingForms/108%20SDL%206-2013a.pdf>
- Only twelve (12) SDLs will be issued at any specific location that could otherwise hold a liquor license Rules and Regulations Chapter 2-013.06
- Renewal fee is \$100 payable at time of underlying liquor license

SMOKERS Outlets Inc.
P.O. Box 485
McCook, NE 68901

PAYMENT TYPE _____ AMOUNT: _____ RECEIVED _____ RECEIPT# _____	OFFICE USE RECEIVED FEB 18 2016 NEBRASKA LIQUOR CONTROL COMMISSION	 1600002920
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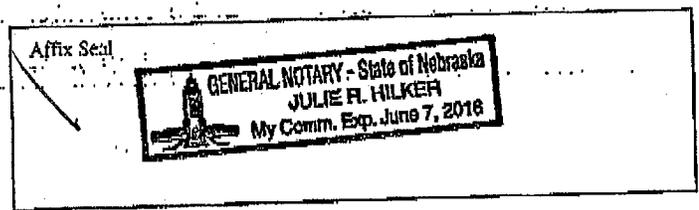
LIQUOR LICENSE # D 101003 CLASS TYPE D
LICENSEE NAME SMOKERS Outlets, INC.
TRADE NAME SMOKERS Outlet #1
PREMISE ADDRESS 1111 West B STREET
CITY McCook, NE 69001 Red Willow County
CONTACT PERSON John or Nick Notnagel
PHONE NUMBER OF CONTACT PERSON 308-340-2700
EMAIL ADDRESS OF CONTACT PERSON johnnotnagel@gabeo.com

John Notnagel
Signature of Licensee

State of Nebraska
County of Red Willow The foregoing instrument was acknowledged before me this

February 10th 2016 by John Notnagel
Date name of person acknowledged signing document

Julie R. Hilker
Notary Public Signature



CITY MANAGER'S REPORT
MARCH 21, 2016 CITY COUNCIL MEETING

ITEM: 4

RECOMMENDATION:

ITEM ~~E~~ Conduct a public hearing on the application of JBN Inc., dba "Hi Times Liquor Mart 1", for the addition of a Catering (K) to the current Class "D" License #100025 under the Nebraska Liquor Control Commission located at 502 East "B" Street, McCook, Nebraska.

ITEM ~~D~~ F Recommend approval to the Nebraska Liquor Control Commission the application of JBN Inc., dba "Hi Times Liquor Mart 1", for the addition of a Catering (K) to the current Class "D" License #100025 under the Nebraska Liquor Control Commission located at 502 East "B" Street, McCook, Nebraska.

BACKGROUND:

Upon notice from the Liquor Control Commission, the City has 45 days to conduct a hearing concerning the requested license. The Council may choose not to make a recommendation of approval or denial to the Commission.

Per §53-133, the Liquor Control Commission shall set for hearing any application wherein:

- 1) There is a recommendation of denial from the local governing body.
- 2) A citizens protest; or
- 3) Statutory problems that the Commission discovers.

FISCAL IMPACT: None.

RECOMMENDATION:

ITEM ~~E~~ Conduct a public hearing on the application of JBN Inc., dba "Hi Times Liquor Mart 1", for the addition of a Catering (K) to the current Class "D" License #100025 under the Nebraska Liquor Control Commission located at 502 East "B" Street, McCook, Nebraska.

ITEM ~~D~~ Recommend approval to the Nebraska Liquor Control Commission the application of JBN Inc., dba "Hi Times Liquor Mart 1", for the addition of a Catering (K) to the current Class "D" License #100025 under the Nebraska Liquor Control Commission located at 502 East "B" Street, McCook, Nebraska.

APPROVALS:



Lea Ann Doak, City Clerk-Treasurer

March 16, 2016



Nathan A. Schneider, City Manager

March 16, 2016

EXHIBIT #1

PAGE(S) 1

NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that JBN Inc.; dba "Hi Times Liquor Mart 1", has filed a Catering (K) application for the current Class "D" License #100025 under the Nebraska Liquor Control Commission located at 502 East "B" Street, McCook, Nebraska.

All persons desiring to give evidence before the McCook City Council in support of or protest against the issuance of such license may do so at the time of this hearing to be held Monday, March 21, 2016 at 6:30 P.M., C.D.S.T.; in the City Council Chambers, 505 West "C" Street, McCook, Nebraska.

-s- Lea Ann Doak
City Clerk

Publish: March 11, 2016.

EXHIBIT #2

PAGE(S) 1

RECEIPT

2/25/2016

NEBRASKA LIQUOR CONTROL COMMISSION

From: Jackie B Matulka
Email: jackie.matulka@nebraska.gov
Phone: (402) 471 - 4881
Fax: (402) 471 - 2814
RE: CATERING APPLICATION
Email1: Clerk of McCook - ldoak@cityofmccook.com
Email2: Clerk of McCook - lori@cityofmccook.com
Applicant: JBN Inc DBA Hi Times Liquor Mart 1
License #: Class D 100025

Please sign and date stamp this receipt and return back to the NLCC office

2/26/16 (evening of 2/25/16)

Date of Receipt of Application

Lea Ann Doak, City Clerk

Signature

EXHIBIT #3

PAGE(S) 7

TWO KEY DOCUMENTS

- 1) The receipt page will need to be signed, dated and returned back into the NLCC office either via regular mail, e-mail or fax (402) 471 – 2814. The receipt page will be entered into the NLCC database as the statutory time for this application.
- 2) The recommendation sheet is to be completed and returned back into the NLCC office either via regular mail, e-mail or fax (402) 471 – 2814. The recommendation sheet will be entered into the NLCC database accordingly with the information provided from the local governing body.

TWO KEY TIME FRAMES §53-134

- 1) A public notice shall be publicized one time not less than 7 days and no more than 14 days prior to the date of the hearing.
- 2) The local governing body has 45 days to conduct a hearing after the date of receipt of the notice from this Commission (see recommendation sheet for this date). The local governing body may choose **NOT** to make a recommendation of approval or denial to our Commission.

PER §53-133, THE LIQUOR CONTROL COMMISSION SHALL SET FOR HEARING ANY APPLICATION WHEREIN:

- a) There is a recommendation of denial from the local governing body,
- b) A citizens protest; or
- c) Statutory problems that the Commission discovers.

A LICENSEE MUST BE “PROPERLY” LICENSED IN ORDER TO PURCHASE ALCOHOL FROM WHOLESALERS

A LICENSE IS EFFECTIVE

- 1) Upon payment of the license fees to the local governing body all local clerks must collect proper license fees and occupation tax per ordinance, if any, before delivering the license to the applicant. A License Fee and Proration Chart are available for your use at www.lcc.ne.gov, click on “City and County Clerks Information”, in the middle of the home page.
- 2) The licensee has physical possession of the license
- 3) Effective date on the license

RECOMMENDATION OF THE NEBRASKA LIQUOR CONTROL COMMISSION

JBM

Date Mailed from Commission Office:

February 25, 2016

I, _____ Clerk of _____ (City, Village or County)

Nebraska, hereby report to the Nebraska Liquor Control Commission in accordance with Revised Statutes of Nebraska, Chapter 53, Section 134 (7) the recommendation of said city, village or county, as the case may be relative to the application for a license under the provisions of the Nebraska Liquor Control Act as applied for by:

JBN Inc DBA Hi Times Liquor Mart 1

502 E "B" Street, PO Box 217, McCook, NE 69001 (Red Willow County)

Catering Application for the current Class D 100025

45 days = April 11, 2016

1. Notice of local hearing was published in a legal newspaper in or of general circulation in city, village or county, one time not less than 7 and no more than 14 days before time of hearing.

Check one: Yes _____ No _____

The Statutes require that such hearing shall be held not more than 45 days after the date of receipt of this notice from the Commission.

2. Local hearing was held not more that 45 days after receipt of notice from the Nebraska Liquor Control Commission.

Check one: Yes _____ No _____

3. Date of hearing of Governing Body: _____

4. Type or write the Motion as voted upon by the Governing Body. If additional Motions are made by the Governing Body, then use an additional page and follow same format.

5. Motion was made by: _____ Seconded by: _____

6. Roll Call Vote: _____

7. Check one: The motion passed: _____ The motion failed: _____

8. If the motion is for recommendation of denial of the applicant, then list the reasons of the governing body upon which the motion was made.

(Attached additional page(s) if necessary)

SIGN HERE _____ DATE _____

(Clerks Signature)

**APPLICATION FOR CATERING (K)
TO LIQUOR LICENSE**

NEBRASKA LIQUOR CONTROL COMMISSION
301 CENTENNIAL MALL SOUTH
PO BOX 95046
LINCOLN, NE 68509-5046
PHONE: (402) 471-2571
FAX: (402) 471-2814
Website: www.lcc.nebraska.gov

100025

Office Use

Include application fee of \$100 check made payable to the Nebraska Liquor Control Commission or you may pay online at www.ne.gov/go/NLCCpayport

- Copy of this application will be forwarded to your local governing body for recommendation per Neb. Rev. Stat. §53-134(7), after receipt of recommendation there is a 10 day holding period for any citizen protests
- Processing may take approx. 45-60 days from receipt of application by the Nebraska Liquor Control Commission
- The holder of a catering license may deliver, sell, or dispense alcoholic liquor, including beer, for consumption at premises designed in a special designed license (SDL) issued pursuant to section §53-124.11
- SDL must be applied for and received 10 working days prior to the day of each event
- A holder of a catering license shall not cater an event unless such licensee receives a SDL
- SDL application form 108 may be found at this link:
<http://www.lcc.nebraska.gov/LicensingForms/108%20SDL%206-2013a.pdf>
- Only twelve (12) SDLs will be issued at any specific location that could otherwise hold a liquor license Rules and Regulations Chapter 2-013.06
- Renewal fee is \$100 payable at time of underlying liquor license

PAYMENT TYPE <i>Payport</i>	Office use only
AMOUNT <i>100</i>	
RECEIVED: <i>jbm</i>	
RECEIPT #	


1600003437

LIQUOR LICENSE # D 100025 CLASS TYPE D
LICENSEE NAME JBN INC
TRADE NAME Hi TIMES LIQUOR MART #1
PREMISE ADDRESS 502 EAST B STREET
CITY McCook, NE 69001 Red Willow County
CONTACT PERSON JOHN OR NICK NOTHNAGEL
PHONE NUMBER OF CONTACT PERSON 308-340-2700
EMAIL ADDRESS OF CONTACT PERSON johnnothnagel@yahoo.com

John Nothnagel
Signature of Licensee

Vice President of
Corporation

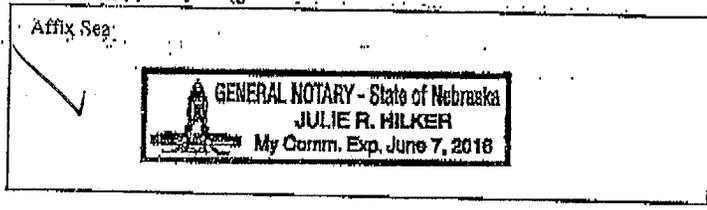
State of Nebraska
County of Red Willow

The foregoing instrument was acknowledged before me this

February 10th 2016
Date

by John Nothnagel
name of person acknowledged signing document

Julie R Hilker
Notary Public Signature



PAYPORT

NEBRASKA.GOV

YOUR RECEIPT

Nebraska Liquor Control Commission

P.O. Box 95046
Lincoln NE 68509-5046
(402)471-2571
mary.messman@nebraska.gov
Transaction Id: 8907458

Customer Name: John Nothnagel
Credit Card Number: **** * 4539

nebraska total amount charged \$102.49

Items	Location	Quantity	Order ID	Total Amount
Catering License		1	19457670	\$100.00
License#: D 100025				
Licensee Name: JBN INC				
Trade Name (dba): Hi Times LiquorMart 1				
Total remitted to the Nebraska Liquor Control Commission				\$100.00

JBN INC

Nick's DISTRIBUTION

"We are in business to save you money"

Established 2012

CALL OR EMAIL FOR FREE QUOTES ON ANYTHING YOU ALREADY PURCHASE

Cigarettes - Cigars - RYO Tobacco - Vapor Products - Candy - Paper and Foam Goods
Janitorial Supplies - Chemicals - Floor Care - Resturant Supplies - Trash Can Liners

Office Address:
801 East B Street
P.O Box 217
McCook, NE 69001

Telephone: 1-308-345-8827

Fax Number: 1-308-345-6886

Email: nicksdistribution@yahoo.com

Website: www.nicksdistribution.com

Fax Date: 2-12-16

To: NEBR. LIQUOR COMM.



ATTN: _____

Number of Pages Including Cover Page: 4

Comments:

APPLICATION FOR CATERING LICENSE

JOHN WOTHNAGEL
V.P. PRESIDENT
JBN INC.

**CITY MANAGER'S REPORT
MARCH 21, 2016 CITY COUNCIL MEETING**

ITEM: 5A

Approve the minutes of the March 7, 2016 regular City Council meeting.

BACKGROUND:

Receive and approve the minutes.

**FISCAL
IMPACT:** None.

RECOMMENDATION:

Approve the minutes of the March 7, 2016 regular City Council meeting.

APPROVALS:



Lea Ann Doak, City Clerk

March 18, 2016

MCCOOK CITY COUNCIL
March 7, 2016
6:30 P.M.

A MEETING OF THE MAYOR AND COUNCIL OF THE CITY OF MCCOOK, NEBRASKA convened in open, regular, and public session at 6:30 o'clock P.M. in the City Council Chambers.

Present: Mayor Gonzales, Councilmembers Hepp, Calvin, McDowell, Weedin.

Absent: None.

City Officials present: City Manager Schneider, City Attorney Mustion, City Clerk Doak, Police Chief Brown, Fire Chief Harpham, Public Works Director Potthoff, and Senior Services Director Siegfried.

Notice of the meeting was given in advance thereof by publication in the McCook Daily Gazette on March 3, 2016, the designated method of giving notice, a copy of the proof of publication being attached to these minutes. Advance notice of the meeting was also given to the Mayor and members of the City Council and a copy of the Acknowledgment of Receipt of such notice is attached to these minutes. Availability of the agenda was communicated in the advance notice to the Mayor and Council. All proceedings hereafter shown were taken while the meeting was open to the attendance of the public.

Mayor Gonzales announced that a copy of the Open Meetings Act was posted by the entrance to the Council Chambers and available for public review. Following the Pledge of Allegiance to the flag of the United States of America, Mayor Gonzales called the meeting to order.

1. Citizen's Comments.

There were no citizen comments.

2. Announcements & Recognitions.

Public Works Director Potthoff announced that the City of McCook received the Nebraska Statewide Arboretum Community Landscape Award in recognition of improvements implemented to U.S. Highway 6 and 34 at the intersection of Norris Avenue and "B" Street.

Police Chief Brown announced that Patrol Officer Colin Rogers recently graduated from the Police Academy, and thanked Tim and Kristi Daum for the recognition plaques presented to the City of McCook Law Enforcement and Fire Department and those who planned the McCook Law Enforcement Tribute held this past weekend.

City Manager Schneider informed the Council that the annexation presentation has been moved to the first meeting in April and that the first Pool Committee meeting was held this past week.

3. Public Hearings.

- A. Conduct a public hearing concerning an amendment and extension to the McCook Economic Development Program with the City Attorney to act as Hearing Officer.

Upon a motion by Councilmember Weedin, seconded by Councilmember Calvin, the Council voted

to recess as a City Council and convene a public hearing for the purpose of receiving public comment concerning an amendment and extension to the McCook Economic Development Program with the City Attorney to act as hearing officer. The motion passed upon the following roll call vote: YEA: Gonzales, Hepp, Calvin, McDowell, Weedin. NAY: None.

The City Attorney offered and received into evidence Exhibit #1 - City Manager's Report dated March 7, 2016 (1 page); Exhibit #2 - proposed Resolution No. 2016-05 (3 pages); Exhibit #3 - Notice of Election - Amendment to Economic Development Program (4 pages); and Exhibit #4 - Draft for 2016 Election, City of McCook Economic Development Plan (16 pages).

City Manager Schneider reviewed the Draft Plan with the Council.

Rex Nelson, McCook Economic Development Corporation Director and Jim Ulrich, McCook Economic Development Corporation Board President reviewed the revised plan highlights and the progress of the MEDC to date.

Wayne Michaelis questioned the timing of the election. Thought it could only be taken to a vote every 23 months.

City Manager Schneider clarified that the 23 month restriction pertained only to the actual sales tax question, not the LB840 plan.

Dennis Berry spoke in support of the LB840 plan.

Council and Staff thanked Mr. Nelson for all that he has done for the MEDC and wished him well with his future endeavors.

There being no one else present to comment, upon a motion by Councilmember Weedin, seconded by Councilmember McDowell, the Council voted to adjourn the public hearing and to reconvene as a City Council. The motion passed upon the following roll call vote: YEA: Gonzales, Hepp, Calvin, McDowell, Weedin. NAY: None.

- B. Adopt Resolution No. 2016-05 providing for an amendment and extension to the City of McCook's Economic Development Plan and that the issue be submitted to the qualified electors at the primary election to be held on May 10, 2016.

Upon a motion by Councilmember Calvin, seconded by Councilmember Hepp, the Council voted to adopt Resolution No. 2016-05 providing for an amendment and extension to the City of McCook's Economic Development Plan and that the issue be submitted to the qualified electors at the primary election to be held on May 10, 2016. The motion passed upon the following roll call vote: YEA: Gonzales, Hepp, Calvin, McDowell, Weedin. NAY: None.

4. Consent Agenda.

**The Consent Agenda is approved on one motion. Any item listed on the Consent Agenda may, by the request of any single Councilmember or public in attendance, be considered as a separate item under the Regular Agenda.*

- A. Approve the minutes of the February 15, 2016 regular City Council meeting and the February 29, 2016 special City Council meeting.

Upon a motion by Councilmember Calvin, seconded by Councilmember Hepp, the Council voted to approve the minutes of the February 15, 2016 regular City Council meeting and the

February 29, 2016 special City Council meeting. The motion passed upon the following roll call vote: YEA: Gonzales, Hepp, Calvin, McDowell, Weedin. NAY: None.

- B. Approve the request from Ronda Graff to utilize city streets and walking trails for the 2016 Republican River Race Series on the following dates March 19, May 12, July 16 and 23, August 6, September 24, November 19, and December 17, 2016.

Upon a motion by Councilmember Calvin, seconded by Councilmember Hepp, the Council voted to approve the request from Ronda Graff to utilize city streets and walking trails for the 2016 Republican River Race Series on the following dates March 19, May 12, July 16 and 23, August 6, September 24, November 19, and December 17, 2016. The motion passed upon the following roll call vote: YEA: Gonzales, Hepp, Calvin, McDowell, Weedin. NAY: None.

- C. Approve the application for a Special Designated Liquor License submitted by JBN, Inc. - License Number D-100025, for a dance/reception to be held at the McCook Municipal Auditorium, 302 West 5th Street (West 5th and "C" Street), on May 21, 2016 from 1:00 P.M. to 12:30 A.M.

Upon a motion by Councilmember Calvin, seconded by Councilmember Hepp, the Council voted to approve the application for a Special Designated Liquor License submitted by JBN, Inc. - License Number D-100025, for a dance/reception to be held at the McCook Municipal Auditorium, 302 West 5th Street (West 5th and "C" Street), on May 21, 2016 from 1:00 P.M. to 12:30 A.M. The motion passed upon the following roll call vote: YEA: Gonzales, Hepp, Calvin, McDowell, Weedin. NAY: None.

- D. Receive and file the Financial Report for the period ending January 31, 2016.

Upon a motion by Councilmember Calvin, seconded by Councilmember Hepp, the Council voted to receive and file the Financial Report for the period ending January 31, 2016. The motion passed upon the following roll call vote: YEA: Gonzales, Hepp, Calvin, McDowell, Weedin. NAY: None.

- E. Receive and file the minutes of the January 13, 2016 Library Advisory Board meeting.

Upon a motion by Councilmember Calvin, seconded by Councilmember Hepp, the Council voted to receive and file the minutes of the January 13, 2016 Library Advisory Board meeting. The motion passed upon the following roll call vote: YEA: Gonzales, Hepp, Calvin, McDowell, Weedin. NAY: None.

- F. Receive and file claim for damages from Rebecca Stevens and instruct that it be submitted to the City's insurance carrier for review and appropriate action.

Upon a motion by Councilmember Calvin, seconded by Councilmember Hepp, the Council voted to receive and file claim for damages from Rebecca Stevens and instruct that it be submitted to the City's insurance carrier for review and appropriate action. The motion passed upon the following roll call vote: YEA: Gonzales, Hepp, Calvin, McDowell, Weedin. NAY: None.

5. Regular Agenda.

- A. Receive and file a presentation from McCook Fire Chief Marc Harpham providing an update regarding the McCook Fire Department.

McCook Fire Chief Marc Harpham providing an update regarding the McCook Fire Department.

B. Council Comments.

Council comments included thanking the Law Enforcement members who were honored this past weekend at the tribute banquet; presented the City with a check for \$10,879.00 from the Public Alliance for Community Energy Member Distribution; and that the Governor will be in town on March 14 for an Ag Week lunch.

▪ **Adjournment.**

There being no further business to come before the Council, Mayor Gonzales declared the meeting adjourned at 7:42 P.M.

Michael D. Gonzales, Mayor

ATTEST:

Lea Ann Doak, City Clerk-Treasurer

**CITY MANAGER'S REPORT
MARCH 21, 2016 CITY COUNCIL MEETING**

ITEM: **5B**

Receive and file the claims for the month of February 2016 as published March 10, 2016.

BACKGROUND:

Claims are presented to the Council and published each month as outlined in City Code Ordinances.

Staff is always available to address any questions that the Council may have regarding a specific claim.

**FISCAL
IMPACT:** None.

RECOMMENDATION:

Receive and file the claims for the month of February 2016 as published March 10, 2016.

APPROVALS:



Lea Ann Doak, City Clerk

March 16, 2016

CITY OF MCCOOK
CLAIMS FOR FEBRUARY, 2016
ABBREVIATIONS FOR LEGALS: PS - PERSONAL SERVICES; S- SUPPLIES; SC -
SERVICES & CHARGES; CO - CAPITAL OUTLAY; BT - BUDGET TRANSFERS

1000BULBS.COM-S 15.75; ADOBE-SC 14.99; ALLEN, B-SC 75.00; AM AG LAB-S 683.31;
AMAZON-S 64.99; AMERICAN ELEC-S 553.85; AMERICAN LEGAL PUBLISH-SC 250.00;
APPLIED CONNECTIVE TECH-SC 40.00; ARROW CAR WASH-SC 53.33; ARROW INT'L-S
1127.07; ATCO INT'L-S 230.00; ATR LIGHTING-S 72.03; BAKER & TAYLOR-S 373.78;
BAMFORD-S 750.00; BARCO-S 149.97; BARNETT' S-S 197.99; BEAUTY ZONE-SC 25.00;
BETTER HOMES-S 98.22; BIRCH COMM-S 2921.11; BISHOP BIZ-SC 1024.00; BLACKBURN
MFG-SC 117.02; BOUND TREE MED-S 259.98; BROWN, I-SC 320.83; BW TELCOM-S 124.56;
C & K-S 480.56; CALVIN, J-SC 40.00; CAMBRIDGE TELE-S 1099.02; CARQUEST-S 1460.49;
CASH WA-S 5900.76; CENTER POINT-S 54.75; CENTRAL HYDRAULIC-S 409.99; CENTURY
LINK-S 891.23; CHIEF SUPPLY-S 199.92; CITY OF MCCOOK-PS 295302.52; MC UTILITIES-S
3164.45; SELF HEALTH INS-BT 120000.00; CONSOLIDATED MGMT-SC 291.75; CPI-SC
19027.28; CROCKER JOSH-SC 100.00; CULLIGAN WATER-S 38.40; D & L PEST-SC 133.00;
D & S-S 114.83; DASHCAM PRO-S 69.91; DOAK, L-SC 320.83; EAKES-S 824.63; EDWARDS
MACH SHOP-SC 89.76; EMS-SC 5617.78; ENGINEERING CONTROLS-S 1446.24; ETS CORP-
SC 328.13; FASTENAL-S 664.38; FICA-PS 14977.70; FIRE ENG-SC 29.00; FIREGUARD-CO
1935.43; FV CO-OP-SC 11498.63; GALE GRP-S 302.27; GALLS-S 680.90; GARY'S INC- SC
542.00; GATEHOUSE-S 32.06; GERHOLD-CO 284.00; GONZALES, M-SC 320.83;
GOOGLE*SVCS-SC 270.83; GREAT PLAINS COMM-SC 259.90; HAIRCUT CO-SC 30.00;
HAMPTON-SC 186.00; HARPHAM, M-SC 381.72; HARTWELL, D-SC 42.37; HENNING
BROS. LEASING-SC 59.00; HEPP, J-SC 310.83; HERITAGE SR CTR-SC 65.00; HIGH PLAINS
RADIO-SC 50.00; HOLIDAY INN-SC 269.85; JOLTIN JO-SC 50.00; FIVE POINTS BANK-SC
1515.69; IDEAL LINEN-S 205.86; IN THE LINE OF DUTY-SC 200.00; INLAND TRUCK
PARTS-S 3638.52; INTERSTATE ALL BATTERY-S 39.98; IPMA-HR-SC 487.14; J BAR J-SC
27949.95; JLB WELDING-S 85.00; K-C MOTOR-S 190.49; KENZ & LESLIE-S 186.45; KIDS
REF CO-S 91.92; KILDARE-S 40.76; KLEIN'S MOTOR-S 637.51; KNOWBUDDY
RESOURCES-S 255.52; KOHL'S- S 427.41; LIFE-ASSIST-S 902.94; LOOP'S-SC 25.00; MARC-S
818.83; MC DAILY GAZETTE-SC 833.11; MC HUMANE SOCIETY-SC 3580.03; MPPD-SC

817.74; MC PUBLIC SCHOOLS-SC 75.00; MCCOOKNET-SC 406.60; MCDOWELL, B-SC 320.83; MEDC-SC 16261.05; MEDICARE-PS 4083.05; MED-TECH RESOURCES-S 297.48; METCALF R-SC 430.20; MICHAEL TODD- S 3984.19; MICROMARKETING-S 2252.35; MID AM PAY PHONES-SC 40.00; MID AM BOOKS-S 223.74; MIDLANDS TOX-SC 120.00; MW LABS-SC 132.17; MILLER & ASSOC-SC 5185.00; MILLER MECH SPEC-S 503.59; MILLER, S-SC 18.00; MOUSEL LAW-SC 3705.50; MUNICIPAL SUPPLY-SC 15107.89; MUTUAL OF OMAHA-SC 755.73; MYERS CONST-CO 2000.00; NE DEPT OF ENV QUALITY-SC 192.71; NE DHHS-SC 40.00; NE DEPT OF REVENUE-SC 21020.75; NE SAFETY & FIRE-S 195.00; NE SALT & GRAIN CO-SC 1572.20; NEMSA-SC 500.00; NICK'S DIST-S 560.67; NE MACHINERY-S 456.58; NORTHERN SAFETY-S 130.76; NPPD-SC 35986.77; NSI LAB SOLUTIONS-SC 114.15; ONE CALL CONCEPTS-SC 33.96; ORSCHELN-S 87.76; PAPER TIGER SHREDDING-S 50.00; PARTY AMERICA-SC 67.76; PARTY CITY-SC 72.83; PENWORTHY CO-S 252.62; PLAINS EQUIP-S 939.07, CO 61300.00; PUMP CATALOG-S 423.81; QUILL-S 172.23; RAILROAD MGMT-SC 1884.96; RW AVIATION-S 14.40; RW TREASURER-SC 50.00; SCHAMEL'S-S 1405.90; SCHMICKS-SC 442.16; SCHNEIDER, N-SC 40.00; SCHOENEMANN M-S 90.00; SCHOLASTIC-S 152.10; SEHNERT'S-SC 50.00; SENSEL WELDING-SC 38.92; SMARTY HAD A PARTY-SC 254.42; SMITH, S-SC 50.00; SOURCEGAS-SC 6654.12; STATE SUPPLY-S 173.05; STEVE'S ELEC-S 513.08; SWANSON SIGN-SC 140.00; TASTE OF HOME-S 31.98; TAYLOR, T-SC 100.00; TEQUILA'S-SC 25.00; THOMPSON-S 3459.74; TITAN MACH-S 147.10; TJ'S FUN CTR-SC 120.00; TOP OFFICE-S 8.69; TRANSIT MW-SC 185.00; U-SAVE PHAR-S 44.78; UMR-SC 194339.16; USPS-SC 1378.62; USA BLUEBOOK-S 304.32; USI-SC 3892.00; UTILITY REFUNDS-BT 535.33; VERIZON-SC 1509.74; VOLZ-SC 1305.60; WAGNER CHEVY-S 4180.42; WAGNER FORD-SC 51647.44; WALMART-S 2178.15; WASTE SYSTEMS-S 69.05; WEEDIN, G-SC 310.83; WEIS FIRE-S 1708.22; WESTERN TIRE-S 2559.46; WILCOX, R-SC 1584.00; WITMER PUBLIC SAFETY-S 178.95; ZEHNDER, T-SC 90.00; ZOLL MED-S 121.86.

-s- Lea Ann Doak
City Clerk

Publish: March 10, 2016

**CITY MANAGER'S REPORT
MARCH 21, 2016 CITY COUNCIL MEETING**

ITEM: **5C**

RECOMMENDATION:

Receive and file the minutes of the March 14, 2016 Planning Commission meeting.

BACKGROUND:

Receive minutes from the various board and commission meetings.

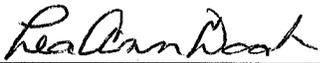
FISCAL

IMPACT: None.

RECOMMENDATION:

Receive and file the minutes of the March 14, 2016 Planning Commission meeting.

APPROVALS:



Lea Ann Doak, City Clerk

March 18, 2016

**MCCOOK PLANNING COMMISSION
REGULAR MEETING**

MINUTES

**Monday - March 14, 2016
5:15 P.M. - City Council Chambers**

Present: Chair Vosburg; Vice Chair Dueland; Commissioners Garey-Vickers, Harpst, Lyons, Shipshock; City Manager Schneider; City Attorney Mustion; City Clerk Doak.

Absent: Commissioners Hilker, Stevens, Wolford, Siegfried.

Chair Vosburg announced that a copy of the Open Meetings Act was posted by the entrance to the Council Chambers and available for public review.

1. Approve the minutes of the February 8, 2016 regular meeting.

Upon a motion by Commissioner Garey-Vickers, seconded by Commissioner Dueland, the Commission voted to approve the minutes of the February 8, 2016 meeting. The motion passed upon the following roll call vote: YEA: Vosburg, Dueland, Garey-Vickers, Harpst, Lyons, Shipshock. NAY: None. ABSENT: Hilker, Stevens, Wolford, Siegfried.

2. Public Hearing - Consider Replat No. 1 of Block 2, Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska.

Upon a motion by Commissioner Vosburg, seconded by Commissioner Dueland, the Commission voted to recess as the Planning Commission and convene as a Hearing Board for the purpose of receiving public comment on Replat No. 1 of Block 2, Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska. The motion passed upon the following roll call vote: YEA: Vosburg, Dueland, Garey-Vickers, Harpst, Lyons, Shipshock. NAY: None. ABSENT: Hilker, Stevens, Wolford, Siegfried.

The City Attorney received into evidence Exhibit #1 - City Manager's Report prepared for the March 14, 2016 Planning Commission meeting (1 page); Exhibit #2 - Notice of Hearing published (1 page); Exhibit #3 - listing of property owners receiving advance notice of public hearing (2 pages); Exhibit #4 - map of Replat No. 1 of Block 2, Patton-Boyd Addition (2 pages).

City Manager Schneider reviewed the information presented in the City Manager's Report; "These items are an effort to clean up the Patton-Boyd Addition to the City of McCook in anticipation of future development. It has become clear that the Patton-Boyd Addition needs to be adjusted to clean up some of the difficulties that could be created with the addition of a hotel. Some of the concerns are that there would be one lot in the middle of this area that could not be developed due to street frontage concerns and that the description of the lots as they currently exist in the Patton-Boyd Addition were becoming overly burdensome due to prior splits and adjustments. This is final approval. There is now a contract in place between the owner of the properties affected by the Replat. If the developer to the north does not reach terms on a redevelopment contract with the City at the next council meeting, this item will be pulled from the Council agenda."

Developers Dr. Deepak Gangahar and Kriti Trivedi were present to address questions from the Commission.

No one else was present to comment.

Upon a motion by Commissioner Vosburg, seconded by Commissioner Lyons, the Commission voted to close the public hearing and reconvene as a Planning Commission. The motion passed upon the following roll call vote: YEA: Vosburg, Dueland, Garey-Vickers, Harpst, Lyons, Shipshock. NAY: None. ABSENT: Hilker, Stevens, Wolford, Siegfried.

3. Recommend final approval to the McCook City Council of Replat No. 1 of Block 2, Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska.

Upon a motion by Commissioner Shipshock, seconded by Commissioner Garey-Vickers, the Commission voted to recommend final approval to the McCook City Council of Replat No. 1 of Block 2, Patton-Boyd Addition to the City of McCook, Red Willow County, Nebraska. The motion passed upon the following roll call vote: YEA: Vosburg, Dueland, Garey-Vickers, Harpst, Lyons, Shipshock. NAY: None. ABSENT: Hilker, Stevens, Wolford, Siegfried.

City Manager Schneider stated that nothing is currently scheduled for an April Planning Commission meeting.

Commissioner Vosburg noted that election of officers should be included on the agenda of the next meeting.

▪ **Adjournment.**

With no further business, Chair Vosburg declared the Planning Commission meeting adjourned at 5:26 P.M.

Lea Ann Doak
Recording Secretary

CITY MANAGER'S REPORT
MARCH 21, 2016 CITY COUNCIL MEETING

ITEM: **5D**

Approve the application for a Special Designated Liquor License submitted by Loop Brewing Company - License Number LK-093351, for a reception to be held at the McCook Municipal Auditorium, 302 West 5th Street, on April 2, 2016 from 4:00 P.M. to 1:00 A.M.

BACKGROUND:

Loop Brewery will be catering this event. They are making application to allow them to serve alcohol at this temporary location. Approval of the City Council is required with all applications. Approval of this request is also approving consumption of alcohol in the auditorium.

**FISCAL
IMPACT:** None.

RECOMMENDATION:

Approve the application for a Special Designated Liquor License submitted by Loop Brewing Company - License Number LK-093351, for a reception to be held at the McCook Municipal Auditorium, 302 West 5th Street, on April 2, 2016 from 4:00 P.M. to 1:00 A.M.

APPROVALS:



Lea Ann Doak, City Clerk

March 16, 2016

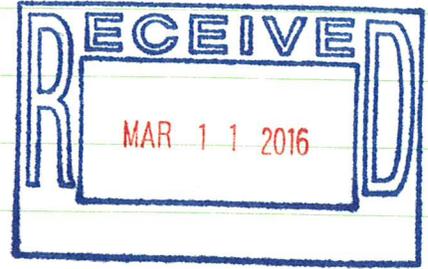


Nathan A. Schneider, City Manager

March 16, 2016

APPLICATION FOR SPECIAL DESIGNATED LICENSE

NEBRASKA LIQUOR CONTROL COMMISSION
301 CENTENNIAL MALL SOUTH
PO BOX 95046
LINCOLN, NE 68509-5046
PHONE: (402) 471-2571
FAX: (402) 471-2814
Website: www.lcc.nebraska.gov/
Email Applications: michelle.porter@nebraska.gov



DO YOU N

NON PROFIT APPLICANTS
(Check one that best applies)

Municipal___ Political___ Fine Arts___ Fraternal___ Religious___

LIQUOR LICENSE HOLDERS

Liquor license number and class (i.e. C-55441)

LX-093351

COMPLETE ALL QUESTIONS

1. Type of alcohol to be served and/or consumed: Beer Wine Distilled Spirits

2. Licensee name (last, first,), corporate name or limited liability company (LLC) name
(As it reads on your liquor license)

NAME: Loop Brewery

ADDRESS: 404 West A Street

CITY McCook ZIP 69001

3. Location where event will be held; name, address, city, county, zip code

BUILDING NAME City Auditorium

ADDRESS: 302 W 5th Street CITY McCook

ZIP 69001 COUNTY and COUNTY # Red Willow

a. Is this location within the city/village limits? YES NO ___

b. Is this location within the 150' of church, school, hospital or home for aged/indigent or for veterans and/or wives? YES NO ___

c. Is this location within 300' of any university or college campus? YES ___ NO

4. Date(s) and Time(s) of event (no more than six (6) **consecutive** days on one application)

Date <u>April 2-16</u>	Date _____	Date _____	Date _____	Date _____	Date _____
Hours From <u>4:00 P.M.</u>	Hours From _____	Hours From _____	Hours From _____	Hours From _____	Hours From _____
To <u>1:00 A.M.</u>	To _____	To _____	To _____	To _____	To _____

- a. Alternate date: _____
- b. Alternate location: _____
(Alternate date or location must be specified in local approval)

5. Indicate type of activity to be carried on during event:

Dance ___ Reception Fund Raiser ___ Beer Garden ___ Sampling/Tasting ___
 Other _____

6. Description of area to be licensed

Inside building, dimensions of area to be covered **IN FEET** 80 x 50
 (not square feet or acres)

*Outdoor area dimensions of area to be covered **IN FEET** _____ x _____

***SKETCH OF OUTDOOR AREA (or attach copy of sketch) (sample sketch)**

If outdoor area, how will premises be enclosed?

___ Fence; ___ snow fence chain link cattle panel
 ___ other _____

___ Tent

7. How many attendees do you expect at event? 300

8. If over 150 attendees. Indicate the steps that will be taken to prevent underage persons from obtaining alcohol beverages. (Attach separate sheet if needed)

Bar tender will be carding people. Plus will have door people.

9. Will premises to be covered by license comply with all Nebraska sanitation laws? YES NO

a. Are there separate toilets for both men and women? YES NO

10. **Where will you be purchasing your alcohol?**

Wholesaler Retailer _____ Both _____ BYO _____
(includes wineries)

11. Will there be any games of chance operating during the event? YES __ NO

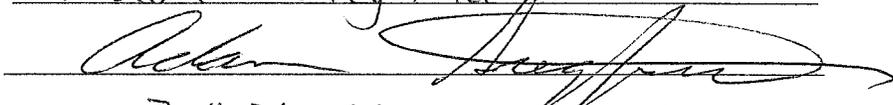
If so, describe activity _____

NOTE: Only games of chance approved by the Department of Revenue, Charitable Gaming Division are permitted. All other forms of gambling are prohibited by State Law: There are no exceptions for Non Profit Organizations or any events raising funds for a charity. This is only an application for a Special Designated License under the Liquor Control Act and is not a gambling permit application.

12. Any other information or requests for exemptions: _____

13. Name and **telephone number/cell phone number** of immediate **supervisor**. This person will be at the location of the event when it occurs, able to answer any questions from Commission and/or law enforcement before and during the event, and who will be responsible for ensuring that any applicable laws, ordinances, rules and regulations are adhered to. **PLEASE PRINT LEGIBLY**

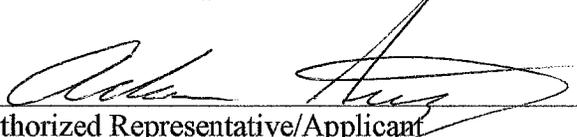
Print name of Event Supervisor Adam Siegfried

Signature of Event Supervisor 

Event Supervisor phone: Before 308-340-2400 During Same
Email address _____

Consent of Authorized Representative/Applicant

14. I declare that I am the authorized representative of the above named license applicant and that the statements made on this application are true to the best of my knowledge and belief. I also consent to an investigation of my background including all records of every kind including police records. I agree to waive any rights or causes of action against the Nebraska Liquor Control Commission, the Nebraska State Patrol or any other individual releasing said information to the Liquor Control Commission or the Nebraska State Patrol. I further declare that the license applied for will not be used by any other person, group, organization or corporation for profit or not for profit and that the event will be supervised by persons directly responsible to the holder of this Special Designated License.

sign here  Owner 3-5-16
Authorized Representative/Applicant Title Date
Adam Siegfried
Print Name

This individual must be listed on the application as an officer or stockholder unless a letter has been filed appointing an individual as the catering manager allowing them to sign all SDL applications.

The law requires that no special designated license provided for by this section shall be issued by the Commission without the approval of the local governing body. For the purposes of this section, the local governing body shall be the city or village within which the particular place for which the special designated license is requested is located, or if such place is not within the corporate limits of a city or village, then the local governing body shall be the county within which the place for which the special designated license is requested is located.

CITY MANAGER'S REPORT
MARCH 21, 2016 CITY COUNCIL MEETING

ITEM: **5E**

RECOMMENDATION:

APPROVE SPECIFICATIONS FOR 1 NEW TRAILER MOUNTED VACUUM EXCAVATION UNIT AND SET THE DATE TO RECEIVE BIDS FOR APRIL 11, 2016 AT 2:00 P.M.

BACKGROUND:

The current budget has provisions for the Water Department to purchase one (1) new Trailer Mounted Vacuum Excavator. In the trade called a hydro excavator. The machine uses high pressure water sprayed from a handheld wand to loosen soil which is then sucked up by the machines vacuum. The spoils are delivered by the vacuum to an on board storage tank which holds the soil and water until hauled away and dumped.

While a hydro excavator does not replace the need for a backhoe, it does greatly reduce the risk of damaging nearby utilities. Today's landscape is literally jam-packed with buried water, sewer, phone, gas, fiber optic, electric lines, lawn irrigation and a variety of other wires and pipes. While backhoes are great for the "rough" work they are not very discriminating when it comes into contact with unseen objects.

The hydro excavator used along with the backhoe during excavation of water lines greatly reduces the possibility of damaging other utilities. Crews also spend much less time in the trench hand digging, saving time and increasing safety.



FISCAL IMPACT:

2015/2016 Budget - Capital Outlay Improvements - Water Maintenance and Operation - Hydro Excavator Funding Source Water Collection Revenues.

RECOMMENDATION:

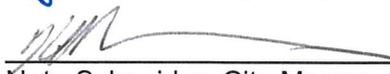
APPROVE SPECIFICATIONS FOR 1 NEW TRAILER MOUNTED VACUUM EXCAVATION UNIT AND SET THE DATE TO RECEIVE BIDS FOR APRIL 11, 2016 AT 2:00 P.M.

APPROVALS:



Jesse Dutcher, City Utility Director

Date: 3-16-16



Nate Schneider, City Manager

Date: 3-16-16

NOTICE TO BIDDERS

One (1) New Trailer Mounted Vacuum Excavation System

The City of McCook is accepting sealed bids for One (1) New (2015, 2016, or 2017 year model) Trailer Mounted Vacuum Excavation System for the Water Department, to be used to dig controlled excavations for the purpose of exposing buried utilities that are located in close proximity to other buried utilities. Bids will be accepted by the City Clerk at the McCook City Offices until 2:00 P.M. on April 11, 2016 and then such bids shall be publicly opened and read aloud in the City Council Chambers, McCook Municipal Center, 505 West "C" Street, McCook, NE. Specifications and instructions to bidders are on file in the office of the City Clerk.

The Council reserves the right to reject any or all bids and to waive irregularities.

-s- Lea Ann Doak
 City Clerk
 PO Box 1059
 McCook, NE 69001

Publish: March 25 and April 1 and 8, 2016.

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Section 1 Invitation to Bid

1.0 Purpose:

The City of McCook, Nebraska is seeking bids from qualified vendors to provide one (1) New (2015, 2016, or 2017 year model) Trailer Mounted Vacuum Excavation System for the Water Department, to be used to dig controlled excavations for the purpose of exposing buried utilities that are located in close proximity to other buried utilities. The unit will also be used to clean pipe and vacuum away debris from leaking service lines and water mains. The unit shall be capable of supplying pressure water and vacuum to expose utilities.

1.1 Bid Document

This bid document is the only form that will be accepted by the City of McCook. All bids must be submitted on the supplied forms.

1.2 Bid Due Date

All bids are due in the office of the City Clerk prior to 2:00 P.M. April 11, 2016. The Clerk's office is located at 505 West "C" Street McCook, Nebraska. Bids sent or delivered need to be addressed to:

City of McCook
Lea Ann Doak, City Clerk
PO Box 1059
505 West "C" Street
McCook, NE 69001

All bids must be clearly marked on the front exterior of the envelope "**SEALED BID ONE (1) NEW TRAILER MOUNTED VACUUM EXCAVATION SYSTEM – DO NOT OPEN**". Bids sent by mail, or delivered special carrier, will remain the property of the bidder until received by the City of McCook. Any bid received after this appointed schedule will be considered late and subject to be returned unopened to the bidder. The bid due date can be changed only by addendum.

1.3 Bid Opening

Bids shall be publicly opened and read aloud on April 11, 2016 at 2:00 P. M. in the City Council Chambers located at 505 West "C" Street, McCook, Nebraska.

1.4 Delivery Requirements

Any bid received after the above stipulated due date and time will not be considered and will be rejected and returned. It shall be the sole responsibility of the bidder to have his/her bid delivered to the City of McCook at the address listed on or before the stipulated due date and time. If a bid is sent by US Mail, the bidder shall be responsible for its timely delivery to the City of McCook. Absolutely no faxed bids.

1.5 Award of Bid

The Bid will be awarded to the lowest responsive, responsible bidder, if awarded.

All Bids must be made on the Bid Form contained herein. The bid shall be enclosed in a sealed envelope.

Successful Bidder will be notified after review and verification of Bid and approval of the City Council.

The City Of McCook reserves the right to reject bids not meeting the requirements set forth by this Bid Document. The City of McCook has the right to reject all bids.

Owner reserves the right to reject any or all Bids, including without limitation the rights to reject any or all nonconforming, nonresponsive, unbalanced or conditional Bids and to reject the Bid of any Bidder if City believes that it would not be in its best interest to make an award to that Bidder, whether because the Bid is not responsive or the Bidder is unqualified or of doubtful financial ability or fails to meet any other pertinent standard or criteria established by the City. The City also reserves the right to waive all informalities not involving price, time or changes in the Work and to negotiate contract terms with the Successful Bidder. Discrepancies between the indicated sum of any column of figures and the correct sum thereof will be resolved in favor of the correct sum. Discrepancies between words and figures will be resolved in favor of the words.

In evaluating Bids, the City will consider the qualifications of Bidders, whether or not the Bids comply with the prescribed requirements, and such alternates, unit prices and other data, as may be requested in the Bid Form or prior to the Notice of Award.

The City may conduct such investigations as the City deems necessary to assist in the evaluation of any Bid and to establish the responsibility, qualifications and financial ability of Bidders.

If the bid is to be awarded, it will be awarded to the Bidder whose evaluation by the City indicates that the award will be in the best interests of the City.

Section 2 Instructions to Bidders

2.0 Bid General Requirements

The Bid Specification Sheets (Section 3) and Bid Pricing Sheet (Section 4) must be fully completed and returned with the Bid. Type or neatly print the date, company name, address and the legal name and title of the person signing the Bid in the place provided on the Bid Pricing Sheet.

Original signature(s) must appear on the Bid Pricing Sheet. All signatures must be executed by person(s) having contracting authority for the Bidder.

Any inquires, questions, clarifications or suggestions regarding this Bid should be submitted in writing to the City of McCook Water Department, Attn. Jesse Dutcher at PO Box 1059, McCook, Nebraska 69001. Phone calls will be considered nonbinding. Contacting of other City of McCook personnel regarding this bid is prohibited.

Changes to the specifications or any part of the Bid Document are allowed by written addendum only.

Prices are to be quoted as F.O.B. 111 South Street, McCook, Nebraska unless otherwise stated herein.

The City of McCook shall have no liability for any cost not included in the quoted price. The Bidder is solely responsible for the accuracy of information placed on the Bid Sheet, including prices.

A Bidder may withdraw a sealed bid prior to opening without a penalty. To effectively withdraw a bid, the Bidder must show proof of identification in the form of photo ID. The person must also provide sufficient proof that he/she is authorized to do so by the company submitting the Bid.

Deviations from the specifications must be clearly and fully listed on the Bid Specification Sheets. Any bidder who provides any false information in the submission of any bid is subject to having their bid disallowed by the City.

Marking "Yes" on an item shall denote that the unit being bid either meets or exceeds the minimum requirement for that item. **Marking "No"** on an item shall mean that the unit being bid does not meet the minimum requirement for that item.

The equipment being bid must be complete and ready to operate at time of delivery. No obvious omissions of components or necessary parts shall be made even though the specifications may not detail or mention them. Equipment, vehicles, parts, accessories or units must be furnished with original manufacture approved equipment and must be comparable with the basic form, fit and functional requirements which are all to be included in the base price as well as any other equipment included as standard by the manufacture or generally provided to the buying public.

The successful Bidder must assume full responsibility for all item(s) damaged prior to the City of McCook taking delivery.

The successful Bidder must assume full responsibility for providing or ensuring warranty service on any and all items included in the warranty within 30 days of being notified of a covered failure of defect.

All Bidders are required to be authorized distributors or regularly engaged in the sale or distribution of this type of equipment. The City of McCook has the right to request three (3) references of similar equipment being sold by the Bidder prior to award of Bid.

If the successful Bidder is unable or unwilling to provide the equipment listed in the specifications, the Bidder will be subject to damages and all other relief allowed by the law.

In the case of default by the successful bidder, the City of McCook may procure the equipment listed in the Bid Specifications and hold the successful Bidder responsible for any resulting excess cost.

For the purpose of this Bid, the Notice of Award shall serve as the purchase agreement and shall be a binding contract for the equipment to be provided to the City of McCook by the successful Bidder. In return, the City of McCook shall pay to the Bidder the amount shown on the Bid Pricing Sheet for the equipment.

2.1 Definitions

Addendum - a written or graphic change to the bid document issued prior to the bid opening which becomes a part of the specifications for the Bid.

Award - approval by the City Council to proceed with the purchase of equipment or to enter into a contract for the purchase of goods and or services.

Bid - the formal process allowing prospective vendors to provide pricing to the City of McCook for goods and or services.

Bid opening - the public opening of bids received and accepted and the reading aloud of the name of each bidder and the amount of the bid in the presence of one or more witnesses at the time and place specified in the bid document.

CFM - Cubic Feet per Minute

City - shall mean the City of McCook, Nebraska

Days - shall mean calendar days

FMVSS - Federal Motor Vehicle Safety Standards

GVW - Gross Vehicle Weight

May - denotes permissive

Minimum - the least quantity or amount possible, assignable, allowable, or the like. Supplying equipment that exceeds the minimum requirement is acceptable.

NATM - National Association of Trailer Manufacturers.

No - Marking No in the bid from column means that the unit being bid does not meet the requirements of that specified item. A no response is not an automatic disqualification.

Responsible Bidder - means a person, company or entity that has the capability in all respects to provide fully, reliably and dependable goods and or services of which are being bid.

Shall - denotes imperative.

Should - preferred but not imperative.

Trade-in - means equipment given in whole as part payment on new or different equipment.

Yes - Marking the Yes column for a particular item shall mean that the unit being bid meets or exceeds the requirements for that item.

2.2 Right to Reject Bids

The City reserves the right to reject any or all bids and to waive informalities. No bids will be received after the time set in Section 1.2 of this document.

- 9. A prop shall be provided to support the debris body and rear door during maintenance of the unit. Yes ____ No ____
- 10. The debris body shall be covered by a 1 year minimum warranty. A copy of the warranty is to accompany completed bid. Yes ____ No ____
- 11. Controls to open and close the debris door and raise and lower the debris body shall be located in an area away from the discharge of the debris. Yes ____ No ____

C. VACUUM SYSTEM

- 1. The unit shall be capable of providing vacuum at 16 inches of mercury at 1,000 CFM when operating under normal conditions. Yes ____ No ____
- 2. The vacuum system shall be powered by a liquid cooled diesel engine with the capability of developing a minimum of 70 horsepower. Yes ____ No ____
- 3. The vacuum system shall be protected by a filtering system that prevents debris from entering the vacuum blower. This system must be easily cleaned by the operator and not allow any damaging particles into the blower. The filter shall be washable and reusable using common cleaning agents. Yes ____ No ____
- 4. The unit shall be equipped with a cyclone separation system or equivalent Yes ____ No ____
- 5. System should be capable of vacuuming under water . Yes ____ No ____
- 6. System will be equipped with a vacuum gauge that is visible to the operator during operation of the vacuum system. Yes ____ No ____
- 7. The vacuum system should be capable of independent operation from the high pressure water system. Yes ____ No ____
- 8. The vacuum system shall be designed and constructed to prevent damage to the system when debris body becomes full. The release of liquid into the atmosphere when debris body becomes full is not allowed. Yes ____ No ____
- 9. The system shall be equipped with a means to reverse the flow of debris to offload or unclog the vacuum hose. Yes ____ No ____
- 10. The vacuum system must be capable of maintaining high negative pressure during operation. Yes ____ No ____
- 11. The vacuum system shall be engaged by the operator from a central location in conjunction with the high pressure water system, boom operation and hose reel. Yes ____ No ____

D. VACUUM INTAKE BOOM

- 1. The unit shall be equipped with a rotating Boom with intake piping of a minimum of four inch (4"). Yes ____ No ____
- 2. Unit shall be capable of a ten foot (10') reach from center line of vehicle with an additional powered extension with a minimum of three feet (3') Yes ____ No ____
- 3. Boom functions shall be controlled from an operator station that is **wireless** and portable to allow the operator maneuverability and visibility. Yes ____ No ____
- 4. Boom shall provide rotation and vertical movement to ensure alignment with work area. A minimum of 270 degrees of rotation is required. Yes ____ No ____
- 5. Unit shall be equipped with a minimum of one (1) - 4 inch (4") X four foot (4') additional Vacuum tube, a pothole / digging tool and 25 feet of additional 4" vacuum hose with locations for storing each on the unit. Yes ____ No ____

E. HOSE REEL ASSEMBLY

- 1. The hose reel shall be mounted to assure adequate ground clearance. Yes ____ No ____
- 2. The reel shall have capacity to hold a minimum 50 feet of high pressure hose. Yes ____ No ____
- 3. The hose reel shall be equipped with a mechanical assisted retracting mechanism. (ie. spring assisted) Yes ____ No ____
- 4. The hose reel shall have a locking device to hold it from retracting during operation. Yes ____ No ____

F. HYDRAULIC SYSTEM

- 1. Hydraulic system shall operate at a minimum of 2500 PSI using a gear-type pump and readily accessible hydraulic oil. Yes ____ No ____

G. HIGH PRESSURE WATER PUMP

- 1. The high pressure water pump shall be capable of delivering up to 3,000 PSI and a flow capability of 5.0 Gallons Per Minute (GPM). Yes ____ No ____
- 2. The unit should be equipped with a means of shutting the water pump off and allowing the vacuum to remain on. Yes ____ No ____

- 3. The pump shall be powered by the same engine that powers the vacuum. Yes ____ No ____
- 4. The pump inlet will be protected by a strainer/filtering system that is capable of removing any material that would damage the pump if allowed to enter the pump. Yes ____ No ____
- 5. Pump controls must include a pressure gauge that shows the pressure at which the pump is operating. Yes ____ No ____
- 6. The unit shall be equipped with an antifreeze system to prevent freezing of the water pump during transportation and storage. Yes ____ No ____
- 7. The pump shall be capable of operating at more than one rate of flow and have the capability to regulate the discharge pressure. Yes ____ No ____

H. WATER TANK

- 1. The water tanks should have a minimum usable capacity of 300 gallons. Yes ____ No ____
- 2. The water tanks shall be covered by the factory warranty, with a copy of the warranty provided to the City at time of bid. Yes ____ No ____
- 3. The operator shall be able to visually see the water level. Yes ____ No ____
- 4. Water tanks shall be equipped with a drain to allow for draining during cold weather and to allow for tank cleaning. Yes ____ No ____
- 5. The water supply from the tanks shall be available to the pump while dumping of the debris body is in progress to allow for wash out of the debris body. Yes ____ No ____

I. MISCELLANEOUS, TOOLS, ACCESSORIES, STORAGE AND ELECTRICAL

- 1. All electrical components must be reasonably protected from moisture and dirt. Yes ____ No ____
- 2. All electrical circuits shall be protected from overload with circuit breakers. Yes ____ No ____
- 3. Clearance lights, turn signals, backup lights, stop lights and reflectors shall be furnished in accordance with NATM and FMVSS standards. Yes ____ No ____
- 4. The unit shall be equipped with a minimum of (1) one beacon warning light. Yes ____ No ____

- 6. Unit shall be equipped with a Locking toolbox having weather seals and mounted in an accessible area . **Yes** ____ **No** ____
- 7. Unit shall be equipped with storage for the vacuum tubes and vacuum hose. **Yes** ____ **No** ____
- 8. Diesel power unit shall be electric start **Yes** ____ **No** ____
- 9. The unit shall be equipped with fenders and mud flaps. **Yes** ____ **No** ____
- 10. An hour meter capable of recording the hours of operation of the engine shall be installed. **Yes** ____ **No** ____
- 11. Service manuals and warranty information shall be supplied. **Yes** ____ **No** ____
- 12. Any tools needed to connect, disconnect, vacuum tubes or fill hoses shall be supplied. **Yes** ____ **No** ____
- 13. Paint to be used for touch-up shall be supplied. **Yes** ____ **No** ____
- 14. Bidder must indicate warranty offered, which shall be no less than twelve months parts and labor. Any special warranty on specific items such as tanks, debris body, pump, etc. must be indicated. **Yes** ____ **No** ____

If any special warranty indicate here:

Section 4

BID FORM/PRICING SHEET

NOTE: All equipment shall be factory-installed and covered by factory warranty.

Trailer mounted vacuum excavator unit must be new 2015, 2016 or 2017 model year with full factory warranty and owner documents.

Trade Name of trailer mounted vacuum excavator unit being bid: _____

Model number trailer mounted vacuum excavator unit being bid: _____

Model year of trailer mounted vacuum excavator unit being bid: _____

BID PRICE FOR ONE (1) NEW 2015, 2016 or 2017 MODEL YEAR,
TRAILER MOUNTED VACUUM EXCAVATOR
(Complete Unit without hot water capability)

\$ _____

Option 1:

Amount to equip unit with water heater on high pressure system

\$ _____

TOTAL BID INCLUDING NEBRASKA SALES TAX

\$ _____

Demo unit Yes _____ No _____

Company name of vender submitting bid: _____

Vendor's Address: _____

City _____ State _____ ZIP _____

Name (Please print): _____ Title: _____

Authorized Signature: _____ Date: _____

Phone: _____

The City of Mccook reserves the right to reject any or all bids, to waive any informality in bids, to accept in whole or in part any bid, and to exercise its own judgement as to the best proposal received.