

AS. Gold's Building Redevelopment Project

1. Project Description

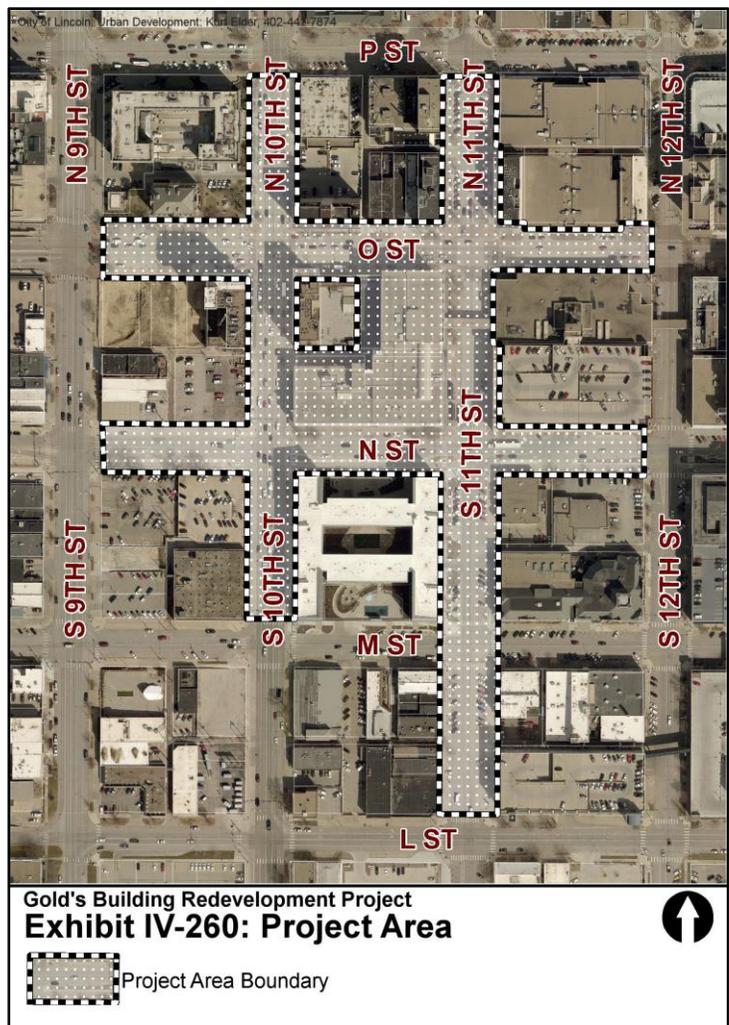
The Gold's Building Redevelopment Project ("the Project") includes the redevelopment of the Gold's Building located generally at 1033 O Street and the adjacent building located generally at 1023 O Street, which properties are more particularly described on the attached and incorporated Legal Descriptions. The Project Area includes the Project Site and the adjacent rights of way as shown on the Project Area map below, right.

The Project involves the redevelopment and rehabilitation of the existing Gold and Company Store Building, a historic building designated on the National Register and a landmark in Lincoln's downtown business area. The Gold and Company Store Building is historically significant to Lincoln through its important contributions to the City's commercial growth and architectural history. The oldest section, at the corner of 11th and O Street, is six stories high and displays Gothic Revival detailing was designed by Davis & Wilson and erected in 1924, exemplifying "period revivalism" as employed in commercial architecture. Additions were made in 1929, 1947, and 1951. The store was closed in 1980 and the building was rehabilitated for retail and office space.

The Gold's Building currently requires substantial renovation and redevelopment to maintain habitability and continue as a functioning commercial building.

The Gold's Building redevelopment is divided into two phases for redevelopment financing purposes. Phase I is expected to be implemented immediately after the adoption of the corresponding redevelopment agreement. Phase II is expected to be implemented in the next two to five years. The Gold's Building shall be subjected to a condominium regime creating distinct parcels for the Phase I Project Site and the Phase II Project Site. The legal descriptions of each project site shall be determined and described more particularly in the Condominium Declaration for the Gold's Building.

The project also includes the acquisition and renovation of the building located at 1023 O



Street. This adjacent building is vacant and uninhabitable without significant investment.

Phase I – Six-Story Tower

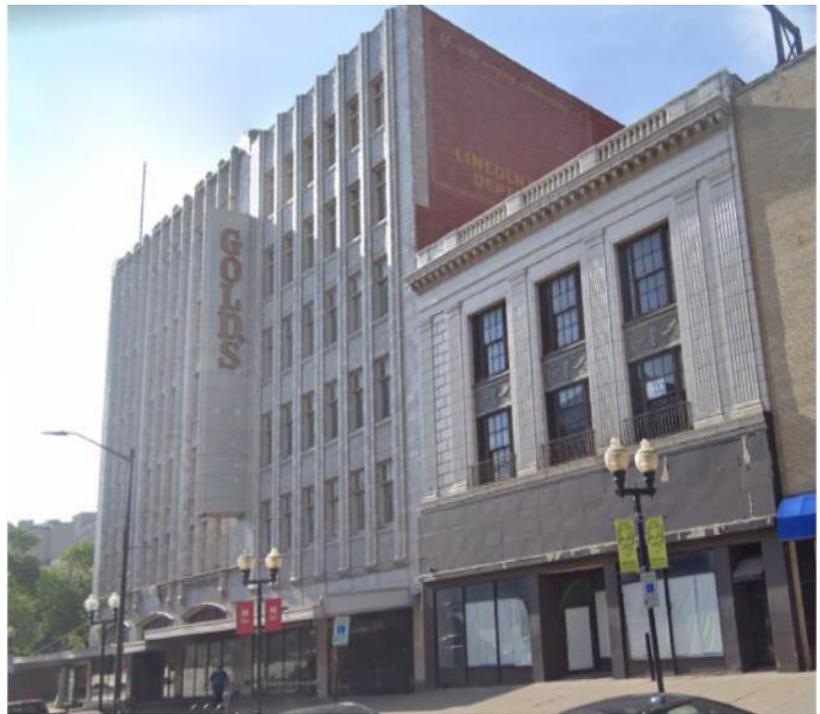
Phase I of the Project includes the six-story tower portion of the Gold’s Building and 1023 O Street. The six-story tower portion of the Gold’s building contains approximately 115,000 square feet. The six-story tower will be rehabilitated and converted into a hotel with approximately 110 rooms. The 1023 O Street building will be acquired, and renovated and redeveloped as a courtyard/event space for the hotel in connection with the Phase I hotel development.

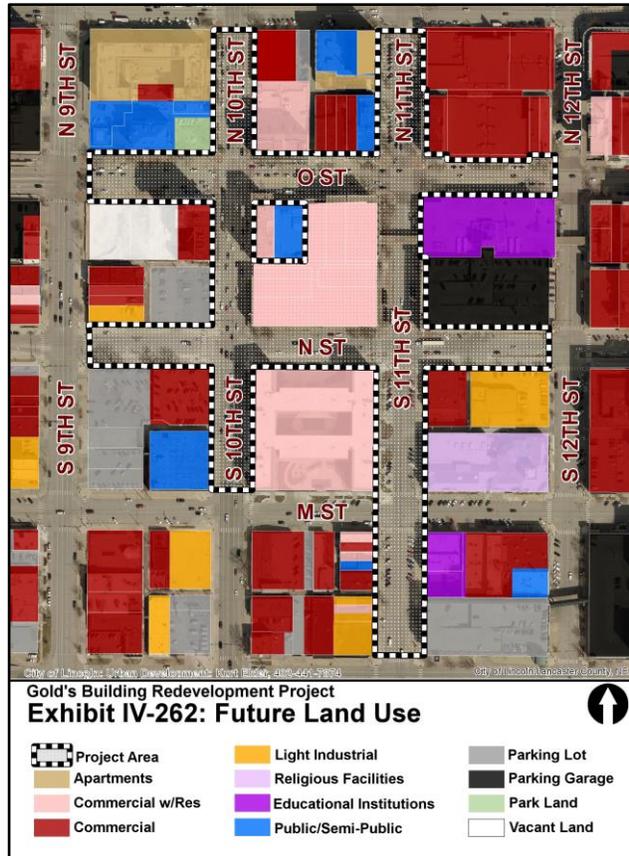
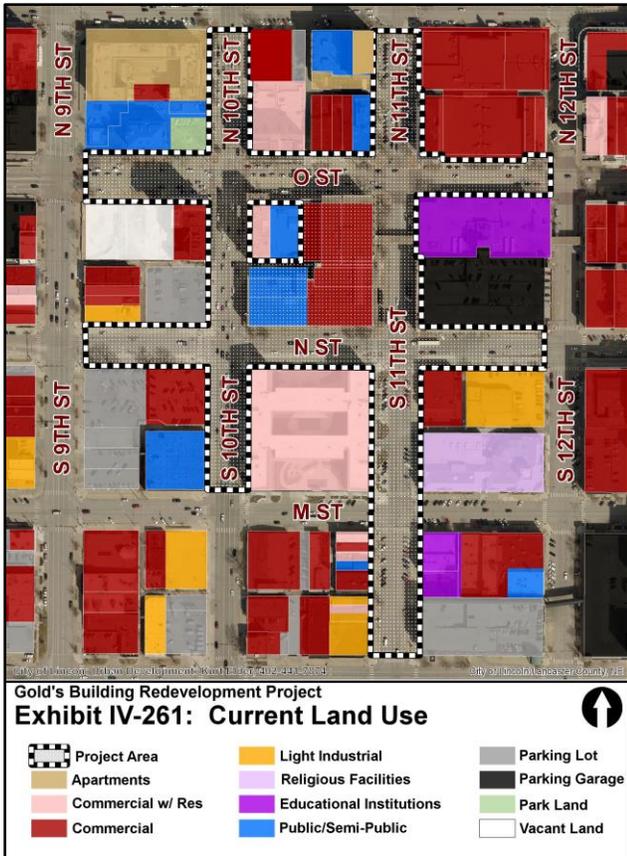
Phase II – Four-Story Tower

The four-story tower portion of the building contains approximately 207,000 square feet. The four-story tower will be rehabilitated and utilized as a mixed-use space consisting of commercial and/or residential uses. The Phase II use is currently anticipated to be office space, but the use shall be determined in part by the ability of the Redeveloper to secure a long-term lease from the existing key tenant.

The overall goals of this project are to strengthen the long-term viability of Downtown Lincoln, support the 24/7 vibrancy of Downtown, remove blighted and substandard conditions, support the revitalization of O Street as a principal Downtown corridor, and preserve the valuable character of the existing historic buildings in the district.

The Project will accomplish these goals by redeveloping an existing historic building, renovating and upgrading existing office space to retain tenant occupancy or otherwise rehabilitating the space for an alternate use in the downtown area, bringing additional hotel beds downtown that will foster more



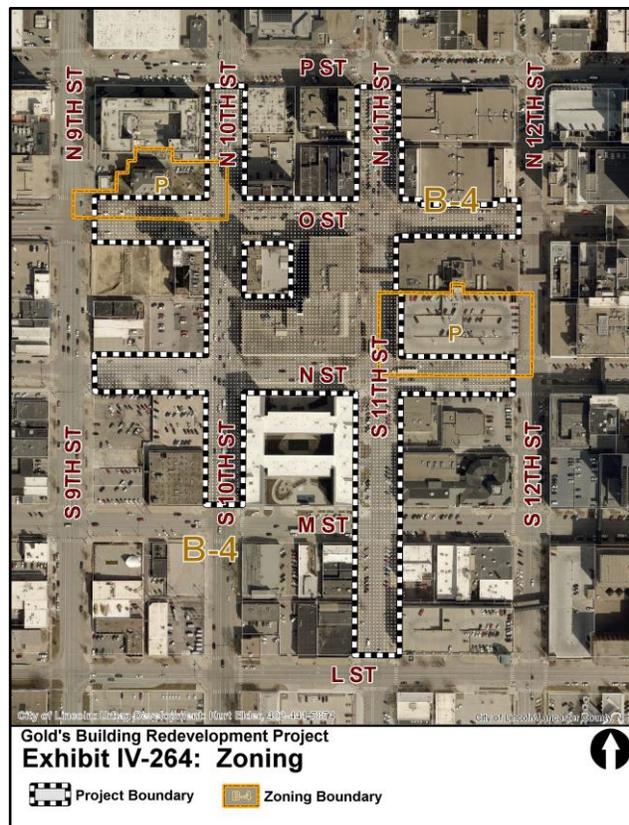


commercial and tourism activity, and revitalizing the interface between the building and the street through first-floor and streetscape improvements.

The mix of proposed uses would fit well with surrounding land uses, which are primarily commercial uses. See the Current Land Use map and Future Land Use map, above.

The Project Site is located in the B-4 Lincoln Center Business District zoned area, which covers much of Downtown. The B-4 District permits the proposed uses in both Phase I and Phase II, and is designed to encourage Downtown to remain the dominant multi-use center and key focal point of business, social, and cultural activity in the City of Lincoln.

Section 18-2113 of the Community Development Law requires the City to review the project and find that the proposed land uses and building requirements in the Project 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 general welfare, as well as efficiency and economy in the process of development.

The Project is consistent with the *LPlan 2040*, the *Lincoln- Lancaster County 2040 Comprehensive Plan*. One of the overarching goals of *LPlan 2040* is to promote downtown Lincoln as a vibrant mixed-use neighborhood. The *Comprehensive Plan's* Chapter on Business & Economy includes the retention of existing businesses, and enhance Downtown as the center for employment, all levels of government, and hotels and conventions. The *Comprehensive Plan's* Chapter on Mixed-Use Redevelopment lays out the guiding principles for mixed-use redevelopment, including targeting underdeveloped commercial areas, enhancing adjacent entryway corridors, and improving connectivity.

The Project is also consistent with the *Lincoln Center Redevelopment Plan*. The primary goal of the *Redevelopment Plan* is to enhance Downtown Lincoln as the dominant mixed- use/multi-use center of activity within the region. The Project meets the redevelopment standards set forth in the *Lincoln Center Redevelopment Plan*, including but not limited to: intensifying and strengthening Lincoln's central business district as a focal point for regional development and the employment, entertainment, and educational hub of the community; and encouraging rehabilitation/renovation of existing structures and the preservation of the architectural integrity and historic character of the area.

The Project is consistent with the *2018 Lincoln Downtown Master Plan*. The *Downtown Master Plan* identifies Gold's as a significant building and its strategies specifically include working with the Owner of the Gold's building to rehabilitate the building into mixed-used office and/or residential. The *Downtown Master Plan* also includes the rehabilitation and upgrades of "Class C office buildings and underutilized historic buildings such as the Gold's and Atrium Buildings" as a short-term goal. The *Plan* also supports adaptive reuse of buildings as a more sustainable approach than new construction, and as a way to restore historic buildings, sustain their useful life, and support the significance of the past. One of the catalyst projects stated in the *Downtown Master Plan* involves the revitalization of the O Street corridor. This project will provide an opportunity to further that goal. Finally, the Project will assist with the transportation planning goals of the Downtown Master Plan, including making improvements to the existing Downtown transfer station.

The Project represents a significant private investment in the Lincoln Center Redevelopment Area. Publicly funded redevelopment activities may include: site acquisition, site preparation, demolition, utility and right of way improvements, façade/historic building enhancements, energy efficiency enhancements, costs associated with alterations to the StarTran transfer station, streetscape improvements, and other public improvements, enhancements, and expenses as permitted under Neb. Rev. Stat § 18-2117.03, and the Community Development Law in the Lincoln Center Redevelopment Area.

2. Statutory and Other Elements

Property Acquisition, Demolition, and Disposal: The City does not intend to acquire property, nor would the City use eminent domain if the City did acquire property for this project. The proposed redeveloper currently owns the Gold's Building property. A private third party owns the 1023 O Street property, and Redeveloper has contracted to acquire the 1023 O Street property from the current owner contingent upon approval of this Project. The redevelopment of the Project Site is being undertaken in order to retain the existing commercial tenants and attract additional commercial tenants. Without the redevelopment and rehabilitation of the Project Site, redeveloper believes that the tenants would likely relocate. There are currently no residential tenants, therefore, there are no tenants on site needing relocation. Should relocation assistance be required, all relocation requirements will be followed, as outlined in the *Lincoln Center Redevelopment Plan*.

Population Density: Phase I of the Project is not anticipated to materially increase population density in the Lincoln Center Redevelopment Area. Phase II may include a residential use component, but such residential use shall be consistent with the Comprehensive Development Plan and approved in the Phase II redevelopment agreement prior to implementation.

Land Coverage: The Project is not expected to change land coverage on the Project Site, as it will make use of the existing building. The Project will comply with the applicable land- coverage ratios and zoning requirements of the City of Lincoln.

Traffic Flow, Street Layouts, and Street Grades: The Project may marginally increase traffic flow resulting from an increase in hotel guests and customers of the commercial space traveling to and from the Project Site. The Project does not include vacating any streets or alleys. Tax Increment Financing from the project shall also be used to assist with the costs of reconfiguring the StarTran transfer station located within the Project Area. TIF funding is also expected to improve mobility within the project area as a result of streetscape improvements.

Parking: The redeveloper will seek parking rights for tenants in the adjacent City garage. Changes to on-street parking may occur within the project area and as a result of coordinated planning with both Parking Services and StarTran.

Zoning, Building Code, and Ordinances: The Project Site is currently zoned B-4 Lincoln Center Business District. The Project is a permitted use in the B-4 District. No other subdivision or re-zoning of the Project Site is expected to be required as part of the Project. The Development Services Center will work with the development to ensure that applicable building code requirements and ordinances will be satisfied.

3. Proposed Costs and Financing

Phase I

In addition to the purchase of the land and existing building, the estimated total cost to implement Phase I of the Project is approximately \$22,500,000, which includes approximately \$3,400,000 to \$4,350,000 in public financing. The project cost will be finalized as construction costs are determined. The source of the public funds for these improvements will be the tax increment generated from the private developments on the Phase I Project Site. The principal amount of the TIF Indebtedness has been calculated utilizing a 5% interest rate; however, this Redevelopment Plan Amendment was drafted during a period of drastically fluctuating interest rates, and the TIF Indebtedness amount shall be adjusted in the Redevelopment Agreement or at the time of the TIF Bond Ordinance based on then-current market conditions, if any modifications are deemed reasonable and necessary.

Phase II

The estimated total cost to implement Phase II of the Project is approximately \$10,000,000 to \$27,000,000, depending on the Phase II uses. The cost of renovating the office space to remain as office space is anticipated to exceed \$10,000,000, while the cost to construct a 184-room hotel is anticipated to cost approximately \$27,000,000. Phase II will include approximately \$2,100,000 to \$2,900,000 in public financing, depending on the Phase II use. The project cost will be finalized as construction costs are determined. The source of the public funds for these improvements will be the tax increment generated from the private developments on the Phase I Project Site. The Phase II use is assumed to be Class A office space for the purposes of the cost benefit analysis, but the ultimate use remains subject to change, as described in this plan.

Cost Benefit Analysis

As required by Nebraska Community Development Law (Neb. Rev. Stat. §18-2113), the City has analyzed the costs and benefits of the proposed Project including:

Tax Revenues

It is anticipated that the 2020 assessed value of the Gold's Building will be approximately \$2,300,000 based upon the December 2019 arms-length purchase price for the property. Based on the estimated base value of \$2,300,000,

the base value for the six-story tower is anticipated to be \$821,300 and the base value of 1023 O Street is anticipated to be \$404,700, for an aggregate base value of approximately \$1,226,000. The final assessed valuation of Phase I is anticipated to be approximately \$16,100,000 to \$21,835,000. Phase I of the project is expected to generate approximately \$300,000 to \$415,300 in annual TIF revenue to assist with the cost of the construction of public improvements and enhancements related to the project. The public investment will leverage approximately \$18 million in private sector resources. The TIF funds shall be subject to further adjustment as project costs are defined.

For the purpose of the calculation below, the Not to Protest Value and Anticipated Completed Valuation is assumed to be the average of the estimated low and high ends of the projected completed valuation range.

Phase I Tax Increment Financing Analysis		
Description		Amount
Base Value	Anticipated 2020 valuation	\$1,226,000
Not to Protest Value	Anticipated completed valuation	\$18,970,000
Increment Value	= completed value – base value	\$17,744,000
Annual TIF Increment	= Increment x est. levy (2.015115)	\$357,570
TIF	= TIF Increment x	\$

Based on the estimated base value of \$2,300,000 for the Gold’s Building, the base value for Phase II is anticipated to be \$1,478,000. The final assessed valuation of Phase II office space redevelopment is anticipated to be approximately \$11,500,000. Phase II of the project is expected to generate at least \$202,000 in annual TIF revenue to assist with the cost of the construction of public improvements and enhancements related to the project. The public investment will leverage approximately \$12 million in private sector resources. The TIF funds shall be subject to further adjustment as project costs are defined. The TIF amount and the private sector investment would increase if Phase II is redeveloped for an alternative use than office space.

Phase II Tax Increment Financing Analysis		
Description		Amount
Base Value	Anticipated 2020 valuation	\$1,478,700
Not to Protest Value	Anticipated completed valuation	\$11,500,000
Increment Value	= completed value – base value	\$10,021,300
Annual TIF Increment	= Increment x est. levy (2.015115)	\$202,000
TIF Indebtedness Amount	= TIF Increment x 15 years @ 5%	\$2,100,000

The City will forgo approximately 15.78 percent of these annual collections over 15 years to support the project. The tax increment gained from this redevelopment project area would not be available for use as City general tax revenues over that time, but be used toward bond repayment. After the 15-year period or the debt has been retired, the increase in annual taxes paid will be split among the taxing jurisdictions according to the tax levy; the current tax levy is shown below.

Public Infrastructure and Community Public Service Needs Impacts

The Project will have a positive impact on existing public spaces. The Project will facilitate the preservation of the historic building on the Project Site, maintaining the history and character of the downtown area and the City of Lincoln. The relocation of the StarTran hub on the Project Site will have a positive impact on public transportation in the City. It is not anticipated that the Project will have an adverse impact on City services, but instead will generate additional revenue providing support for those services.

Employment within the Project Area

The addition of the hotel to the Project Site in Phase I will provide approximately 18 full time and 10 part time additional jobs with competitive wages in the hospitality industry within the Project area boundary. Additionally, the Project will support temporary construction jobs during the two phases of redevelopment of the Project Site.

One primary objective of Phase II of the Project is to maintain the existing tenants in the building. Without the rehabilitation of the building, the redeveloper believes that the significant number of employees currently working in the Gold's Building will move elsewhere, possibly out of Downtown. Upgrading the office space to maintain the existing tenants and retain the existing Downtown jobs is the primary goal of Phase II as long as it is feasible.

Employment in the City outside the Project Area

Approximately 136,325 persons were employed in 8,427 total establishments in Lancaster County, according to the 2016 Census, County Business Patterns, North American Industry Classification System. Though the impact of this Project on city-wide employment would be minimal, hotel uses are supportive of entertainment-related commercial services and related employment in the Downtown and City-wide.

Impact on Student Populations of School Districts

This project is not anticipated to materially impact the student population of Lincoln Public Schools. To the extent any residential use is included in Phase II, the units will be primarily targeted for empty-nesters and young professionals, which should not result in a material increase to student population to local schools.

Other Impacts

The Project is consistent with LPlan 2040 – 2016 Update, the 2018 Downtown Lincoln Master Plan, and the Lincoln Center Redevelopment Plan. The Project supports the intent of the 2018 Downtown Lincoln Master Plan, which calls for uses that strengthen and extend the retail, dining, and entertainment segments. The additional activity in the area will support the Downtown as a 24/7 community. The Project will also help preserve a historically significant building in the Downtown.

While the use of tax increment financing will defer receipt of the incremental ad valorem real property taxes generated by the Project for up to 15 years, there will be additional revenue generated, including sales taxes, City Hotel Occupation Taxes, State and County Lodging Taxes, as well as income taxes paid by those working in the project area. Upon completion of the 15-year collection, the Project will benefit the community through higher property tax payments.

Finding of Need for TIF

Section 18-2116 of the Community Development Law requires the City Council to make the following findings before authorizing the use of Community Development Financing:

- the redevelopment project and plan as proposed would not be economically feasible without the use of Tax Increment Financing; and, the redevelopment project as proposed would not occur in the Community Development area without the use of Tax Increment Financing.

The Urban Development Department believes that the private and public improvements proposed in this plan amendment would not occur “but for” the utilization of tax increment financing in the Lincoln Center Redevelopment Area. It would not be economically feasible for the redeveloper to construct the Project improvements without tax increment financing because the existing site conditions constitute a barrier to development that cannot be adequately remedied without the use of tax increment financing.

Project Schedule and Implementation

Following the approval of the Plan Amendment, the following steps will occur in the implementation of the project:

- The City will negotiate redevelopment agreement for Phase I with the developers and submit to City Council for approval.
- Following agreement approval, the City may issue and sell Community Improvement Financing bonds or notes to fund the public improvements related to the project.
- Construction drawings of public and private improvements will be reviewed.
- TIF-funded public improvements will be competitively bid, as needed and required by the Purchasing Department.
- The private and public improvements and enhancements will be constructed.
- Reimbursement for eligible public improvements and enhancements will occur when invoices have been approved and increment is received.
- The steps set forth above shall be repeated for Phase II of the project at the time the Redeveloper is ready to commence Phase II.

Legal Descriptions

The land is described as follows:

Gold's Building:

Parcel 1: Lots 4 and 5, Block 55, Original Lincoln, Lincoln, Lancaster County, Nebraska and the North Half of vacated alley abutting Lots 4 and 5, Block 55, Original Lincoln, Lancaster County, Nebraska.

Parcel 2: The South 2 feet of Lot B and all of Lots C, D, E and F, Cropsey's Subdivision of Lots 16, 17 and 18, Block 55, Original Lincoln, Lincoln, Lancaster County, Nebraska.

Parcel 3: Lots A, B, C, D, E, F and G, Referee's Subdivision of Lots 1, 2 and 3, Block 55, Original Lincoln, Lincoln, Lancaster County, Nebraska and the North Half of vacated alley abutting Lots A, B, C, D, E, F and G, Referee's Subdivision of Lots 1, 2 and 3, Block 55, Original Lincoln, Lincoln, Lancaster County, Nebraska.

Parcel 4: The South 3 feet of Lot A and all of Lots B, C, D and E, County Clerk's Subdivision of Lots 13, 14 and 15, Block 55, Original Lincoln, Lincoln, Lancaster County, Nebraska and the South 112 feet of vacated North-South alley adjacent thereto.

Parcel 5: Lot A, and the North 21 feet of Lot B, Cropsey's Subdivision of Lots 16, 17 and 18, Block 55, Original Plat, Lincoln, Lancaster County, Nebraska, together with the South Half of the East 125 feet of vacated alley abutting Lot A on the North.

1023 O Street: Lots 6 and 7, Block 55, Original Lincoln, Lancaster County, Nebraska.