

AT. TERMINAL BUILDING REDEVELOPMENT PROJECT

The Terminal Building Redevelopment Project (the “Project”) amends the *Lincoln Center Redevelopment Plan* (the “Redevelopment Plan”) previously adopted by the City of Lincoln, Nebraska (the “City”). This Project includes the Terminal Building located at 947 O Street and the adjacent parcel located generally at 139 South 10th Street and adjacent rights of way (the “Project Area”). Exhibit A more specifically describes the Project Area.

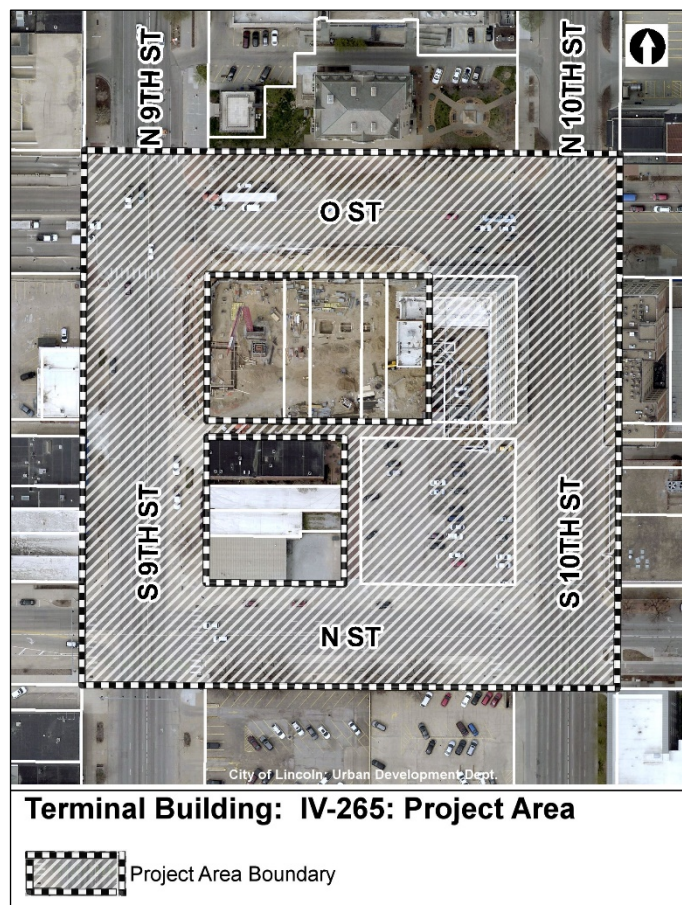
1. Project Description

The Project involves the redevelopment and rehabilitation of the Terminal Building, a National Register historic landmark in the City’s downtown business area. The Terminal Building is historically significant to the City through its important contributions to the City's commercial growth and architectural history. Lincoln Traction Company, founder of the first streetcar in the City, built the building as its headquarters in 1916. Paul V. Hyland designed the ten-story, concrete office building with a white-glazed terra-cotta exterior, which the building retains today. The Terminal Building currently requires substantial renovation and redevelopment to maintain habitability and continue to function as a commercial building with new residential.

The Redeveloper, 947 Terminal LLC, a Nebraska limited liability company, plans to rehabilitate the first floor of the building for public retail and dining use and a small amount of private office use, with public access to the main atrium of the building. The first floor rehabilitation will include the restoration of existing historical elements, including the ticket windows and other original features of the building. The Redeveloper will also renovate Floors 2 and 3 for continuing use as commercial office space. Additionally, the Redeveloper plans to convert floors 4 through 10 of the building into 30 to 35 market rate residential condominiums.



Historic image of the Terminal Building

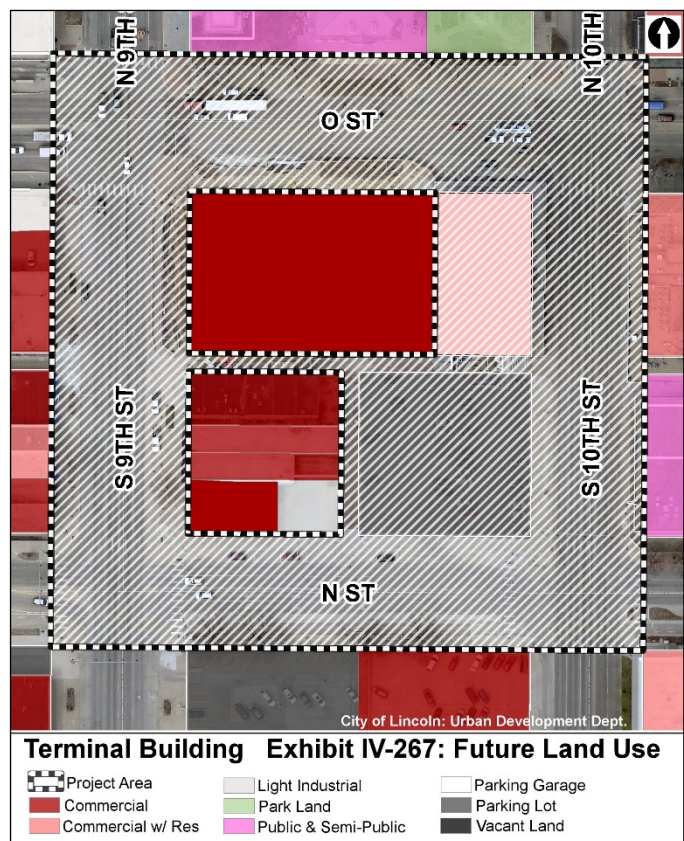
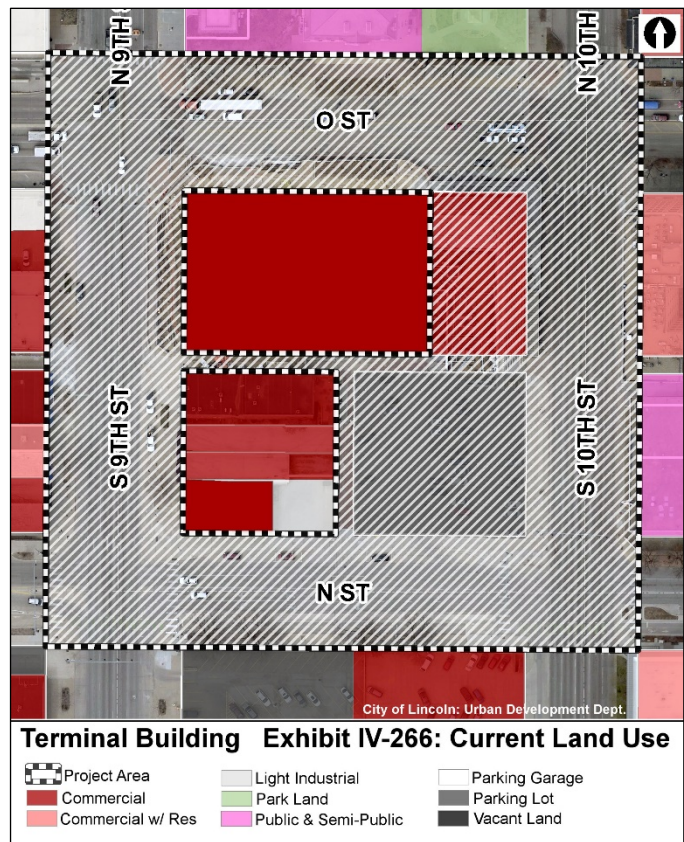


The renovation will include the replacement of windows. The project also includes the restoration of original awnings on the exterior of the building and installation of necessary energy-efficient upgrades to the building's energy system. The redeveloper anticipates doing all of this work in a manner that limits disruption to the existing office tenants in the Building, however some tenants may be permanently displaced. The redeveloper may relocate existing tenants to different floors within the building during construction.

The overall goals of the Project are to strengthen the long-term viability of the City's downtown district, support the continued vibrancy of the downtown district, remove blighted and substandard conditions, support the revitalization of O Street as a principal downtown corridor, provide additional housing opportunities, 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 underutilized office space, or otherwise rehabilitating the space for an alternate use in the downtown area. In addition, the Project will bring additional retail, office, residential, and dining space that will foster more commercial activity downtown, while also 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 below.

The Project Site is located in the B-4 Lincoln Center Business District zoned area, which covers much of the City's downtown district. The B-4 District permits the proposed uses. The B-4 District's permitted uses encourage the downtown district to remain the dominant multi-



use center and key focal point of business, social, and cultural activity in the City.

Conformance with Comprehensive Plan:

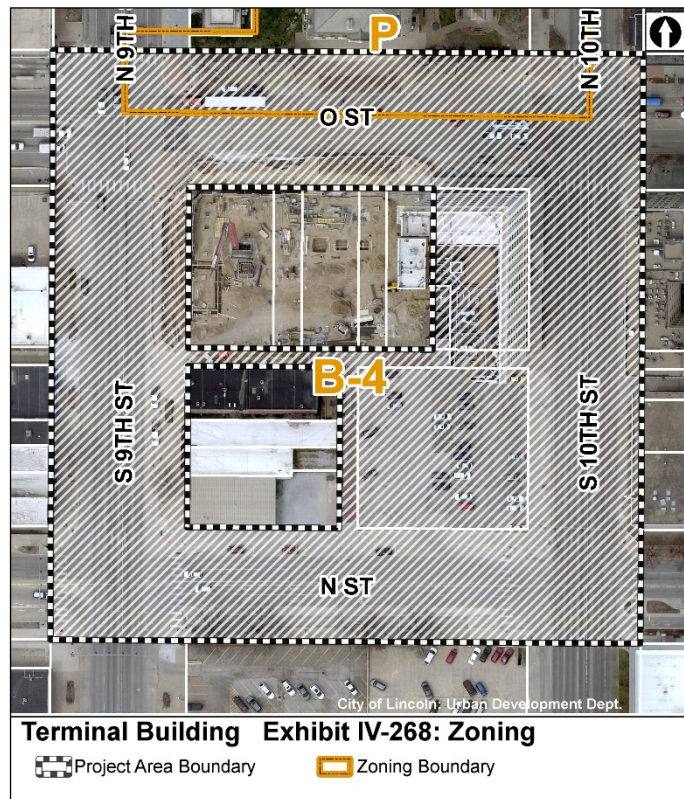
Section 18-2113, of the Community Development Law, requires the City to review the Project and find that the proposed land uses and building requirements in the Project Area are designed with the general purpose of accomplishing, in conformance with the general plan, a coordinated, adjusted, and harmonious 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.

This Project is consistent with the *LPlan 2040, 2016 Update*, the *Lincoln-Lancaster County 2040 Comprehensive Plan* (“Comprehensive Plan”). One of the overarching goals of the *Comprehensive Plan* is to promote the City’s

downtown district as a vibrant mixed-use neighborhood. The *Comprehensive Plan*’s Chapter on Business & Economy includes the retention of existing businesses, as well as the enhancement of the City’s downtown district 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 Historic Preservation strategies of Chapter 4, including using landmark protections sought by the developer and rehabilitation of this building through existing public incentives. The Guiding Principles in Chapter 6 (Mixed Use Redevelopment) encourage increasing residential density by adding new dwelling units to an existing commercial area in a manner that is compatible and complementary to adjacent neighborhoods.

This Project is also consistent with the *Lincoln Center Redevelopment Plan*, which encourages rehabilitation and renovation of vacant or underutilized structures in the Redevelopment Area, and development of mixed-use projects that attract and maintain commercial and residential activity in Downtown Lincoln. The primary goal of the *Redevelopment Plan* is to enhance the City’s downtown district as the dominant multi-use center of activity within the region. The Project meets the redevelopment standards set forth in the *Redevelopment Plan*, including but not limited to: intensifying and strengthening the City’s central business district as a focal point for regional development and the employment, entertainment, and educational hub of the community; and, encouraging rehabilitation and 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*”) which emphasizes increasing the availability of diverse housing opportunities in Downtown Lincoln. The *Downtown Master Plan* includes the rehabilitation and upgrades of “Class C office buildings and



underutilized historic buildings” as a short-term goal. The *Downtown Master 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 and this Project will provide an opportunity to further that goal.

The *Downtown Master Plan* also includes goals to further walkability and consistency of streetscapes in the downtown district. Section 4.2 of the *Downtown Master Plan* provides that all streets should include a consistent streetscape design, including the installation of “safe intersections.” The *Downtown Master Plan* identifies the intersection of 10th and O Street as a “priority intersection” for streetscape program implementation. This Project furthers the City’s goals by including improvements to the streetscape of the subject block and surrounding areas.

The Project represents a significant private investment in the 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, streetscape improvements, and other public improvements, enhancements, and expenses as permitted under Neb. Rev. Stat § 18-2117.03.

2. Statutory Elements

Public Improvements: As part of the Project, the Redeveloper will undertake additional O Street and 10th Street improvements, including streetscape enhancements and the possible removal of underground vaults. Additional alley improvements may also be necessary to facilitate the project. While the Redeveloper anticipates that the other public facilities and utilities will adequately meet demands of the Project, public utility and right of way improvements are eligible TIF expenses.

Property Acquisition, Demolition, and Disposal: The Project requires significant up-front investment for site acquisition and preparation. The City does not intend to acquire property, nor would the City use eminent domain if the City did acquire property for the Project. The Redeveloper has contracted to acquire the Site contingent upon the approval of TIF for the Project.

The Redeveloper is undertaking the Project to attract commercial tenants, as well retain existing commercial tenants by rehabilitating the building for utilization as office, retail, dining and residential space. Without the redevelopment and rehabilitation of the Project, the Redeveloper believes that the Terminal Building would continue to be underutilized and sit in disrepair. There are currently no residential tenants, therefore, there are no tenants on site needing relocation. Should relocation assistance be required for any tenants within the Project Area, the relocation requirements will be followed, as outlined in the *Redevelopment Plan*.

Population Density: Any added residential use within the Project Area will be consistent with the *Comprehensive Plan* and approved in a redevelopment agreement prior to implementation. The redevelopment will add 30 to 35 residential condominiums, which will contribute to a small increase in population density in the Redevelopment Area.

Land Coverage: The Project will make use of existing improvements in the Project Area. The Project will not change land coverage on the Project Area, 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. Should any land coverage changes occur within the Project Area, they will conform to the *Comprehensive Plan* and City regulations.

Traffic Flow, Street Layouts, and Street Grades: The Project may marginally increase traffic flow resulting from an increase in customers and employees of the commercial space traveling to and from the Project Area. The Project may include the vacation of the east west and/or remaining north south alleys located within the Project Area. The Redeveloper will work with Lincoln Transportation and Utilities and the adjacent owners to coordinate improvements to the alley and necessary easements. The Redeveloper will utilize TIF funding to improve mobility within the Project Area as a result of streetscape improvements. The project is not expected to impact street grades.

Parking: The City's zoning code does not provide parking requirements in a B-4 District. The existing parking lot within the Project Area will provide adequate parking for the Project.

Zoning, Building Code, and Ordinances: The Project Area is currently zoned B-4 Lincoln Center Business District. The B-4 District permits the Project's proposed uses. No other subdivision or re-zoning of the Project Area is expected to be required as part of the Project. The Development Services Center will work with Redeveloper to ensure that applicable building code requirements and ordinances will be satisfied.

3. Proposed Cost and Financing of the Project

In addition to the purchase of the land and existing building, the estimated total cost to implement the Project is approximately \$24,000,000, which includes approximately \$3,900,000 in related public improvements and enhancements. The source of the public funds for these improvements will be the tax increment generated from the private developments on the Project Area.

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

- **Tax Revenues:** The base value for the Project is \$5,092,800, which was the combined value of the Project Area in 2020. The Project's estimated final conservative assessed valuation is approximately \$22,340,006. The Project will likely generate approximately \$5,213,265 in total tax increment, or \$347,551 in annual TIF revenue to assist with the cost of the construction of public improvements and enhancements related to the Project. Developer intends to utilize an estimated \$3.9 million of available TIF revenue for the construction of the Project. The public investment will leverage approximately \$11,956,000 in private sector resources. The TIF funds shall be subject to further adjustment as the 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.

Tax Increment Financing Analysis		
Description		Amount
Base Value	2020 Valuation	\$5,092,800
Not to Protest Value	Anticipated completed valuation	\$22,340,006
Increment Value	= Completed value – Base value	\$17,247,206
Annual TIF Increment	= Increment x Est. Levy (2.015115)	\$347,551
Available Principal	= TIF Increment x 15 years @ 4%	\$3,864,207

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

- ***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, maintaining the history and character of the downtown area and the City. The improvements to the streetscape will have a positive impact on active commuting and mobility along two principal corridors of the City. The Project will not have an adverse impact on City services, but instead will generate additional revenue providing support for those services.
- ***Employment within the Project Area:*** The redevelopment of the commercial restaurant, retail, and office spaces is expected to retain and/or create between 65 and 125 full-time-equivalent jobs within the Redevelopment Area boundary. Additionally, the Project will support temporary construction jobs during the redevelopment of the Project.
- ***Employment in the City outside the Project Area:*** According to the 2016 Census, County Business Patterns, North American Industry Classification System, 8,427 total establishments in Lancaster County employed approximately 136,325 persons. Though the impact of the Project on city-wide employment would be minimal, retail and dining uses are supportive of entertainment-related commercial services and related employment in the downtown district and City-wide. Additionally, new housing is supported of retail and other commercial services in the area.
- ***Impact on Student Populations of School Districts:*** The Project will not materially impact the student population of Lincoln Public Schools due to the small number of units and unit sizes. The residential units constructed will primarily be of interest to smaller households, including empty-nesters and young professionals.
- ***Other Impacts:*** 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 imposed on the goods and services provided within the Project Area and income taxes paid by those working and living within the Project Area. Ultimately, the Project will benefit the community through higher property tax payments at the completion of the 15-year collection.
- ***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 Project would not occur “but for” the utilization of tax increment financing in the

Redevelopment Area. It would not be economically feasible for the Redeveloper to complete the Project without tax increment financing because the existing site conditions constitute a barrier to development that it cannot adequately remedy without the use of tax increment financing.

Project Schedule and Implementation: Following the approval of the Project, the following steps will occur in the implementation of the Project:

- The City will negotiate the redevelopment agreement for the Project with the Redeveloper 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.
- The City will review construction drawings of public and private improvements.
- TIF-funded public improvements will be competitively bid, as needed and required by the Purchasing Department.
- The Redeveloper will construct private and public improvements and enhancements.
- Reimbursement for eligible public improvements and enhancements will occur when invoices have been approved and increment is received.

Exhibit A: Legal Description

The Project Area land is described as follows:

139 South 10th Street:	COUNTY CLERKS SUBDIVISION (OF LOTS 19 - 21 BLOCK 54 LINCOLN), Lot A - F
Terminal Building:	COUNTY CLERKS SUBDIVISION (OF LOTS 1 - 6 BLOCK 54 LINCOLN), Lot A - C, & G & H