

E. UNIVERSITY SQUARE PROJECT

1. Revitalization Project Description

The University Square Project as part of the revitalization process, involves a one (1) block area adjacent to the retail redevelopment area. The area involves redevelopment/revitalization of all of Block 39 as indicated in Exhibit IV-87 and requires a combination of public and private resources detailed in this section. The project area is presently occupied by three (3) structures to be rehabilitated/renovated (University Towers, former Penney Building, Commercial Federal Building), on surface parking lots, drive-in banking facility and a one story multi-tenant building rights. The redevelopment/revitalization will result in the following improvements:

University Towers - A 12-story, 203,320 square foot retail/ theatre, office building that is being converted/rehabilitated by a private developer to house 1 floor (first) of approximately 12,000 sq. ft. of retail/office space, a theatre and 9 floors comprising 66 units of condominium residential units.

Penney Building (former) - A 5-story plus basement, 64,000+ sq. ft. vacant retail building that is to be converted/rehabilitated by a private developer to owner occupied office space.

Commercial Federal Building - A 5-story 49,800 sq. ft. office/bank building (30% occupied/70% vacant) to be rehabilitated by private developer (present owner), in particular, the vacant space (approximately 30,600 sq. ft.) will be rehabilitated into first class office space (floors 3 to 5).

Parking Garage - A multi-story structure consisting of a approximately 450 space (4 parking levels) parking garage will be constructed by the City of Lincoln and 12,000+ sq. ft. of commercial space, a drive-in banking facility/parking and a mini-park on the ground floor will be developed by private developers. The City of Lincoln will own the five story structure with four (4) levels of parking (approximately 450) space to serve this project and the remainder of the adjacent (eastern) downtown area east of 13th Street; and dispose of such rights as the City may have in the first floor level not needed for public purposes.

Skywalk - In the event a skywalk bridge (or tunnel) is constructed over (or under) "O" Street between 13th and 14th Street and/or over (or under) 13th Street between "O" Street and "P" Street, then the owners of Commercial Federal, University Towers and the former Penney's building will:

- (a) Grant, without further consideration, the necessary public access easements (both vertical and horizontal) through their respective properties to allow easy and convenient connection between the skywalk bridge(s) or tunnel(s), the parking garage and their three properties.
- (b) Construct, secure and maintain at each party's own expense, the skywalk corridors through their respective property pursuant to the City of Lincoln's skywalk design policies then in effect.

- (c) Plan for the proposed location of the skywalk corridors through their respective properties so future improvements do not interfere with the implementation of a skywalk system for Block 39.

Public Improvements/Amenities - Installation, construction or reconstruction of streets, curbs, utilities, drives, sidewalks, public space, i.e., landscaping improvements may be accomplished as or where necessary. In addition, installation of a canopy over the existing alley will be considered from 13th Street to the proposed parking garage facility for pedestrian protection from the weather (elements).

Air Rights. Air rights over the publicly-owned parking facility may be available for development of possible future residential and/or office tower structure on top of the north portion of the proposed parking garage.

Design. The proposed Site Plan is for illustration purposes only. The actual location, size, and design of the improvements are subject to change after the City secures the services of professional engineers/architects and receives public input.

2. Statutory Elements

(a) Property Acquisition, Demolition and Disposal

Accomplishing the University Square Project will require public action on a portion of Block 39. For the portion of the block indicated at Exhibit IV-88, the existing building, improvements and such property rights necessary to be acquired, existing tenant(s) relocated, and the building demolished by the City of Lincoln. The City will permit the first floor level/portion of the site for commercial, bank drive-in/parking and mini-parking purposes, while retaining the air rights above the first floor for public purposes.

In addition, the City may need to provide for access from and to the University Square Project for pedestrian use to any future skywalk (bridge) system.

- (i) Acquisition (Exhibit IV-88 Acquisition Parcels) - The City of Lincoln will acquire such rights as necessary to the following portion of the indicated block:

Lots 1, 2, 3, 13, 14, 15, 16, 17 and 18, Blk. 39, Original Plat, to implement development as described under this section - F. University Square Project.

The City may acquire the necessary fees, easements, air rights, covenants and leases by way of voluntary purchase (see Land Acquisition Proposals, Appendix 3). If voluntary purchase is not possible, the City will institute condemnation proceedings as a last resort to acquire the necessary property interests. If necessary, the City may or may not, in whole or in part, vacate portions of the public rights-of-way east/west alley as indicated in Exhibit IV-88.

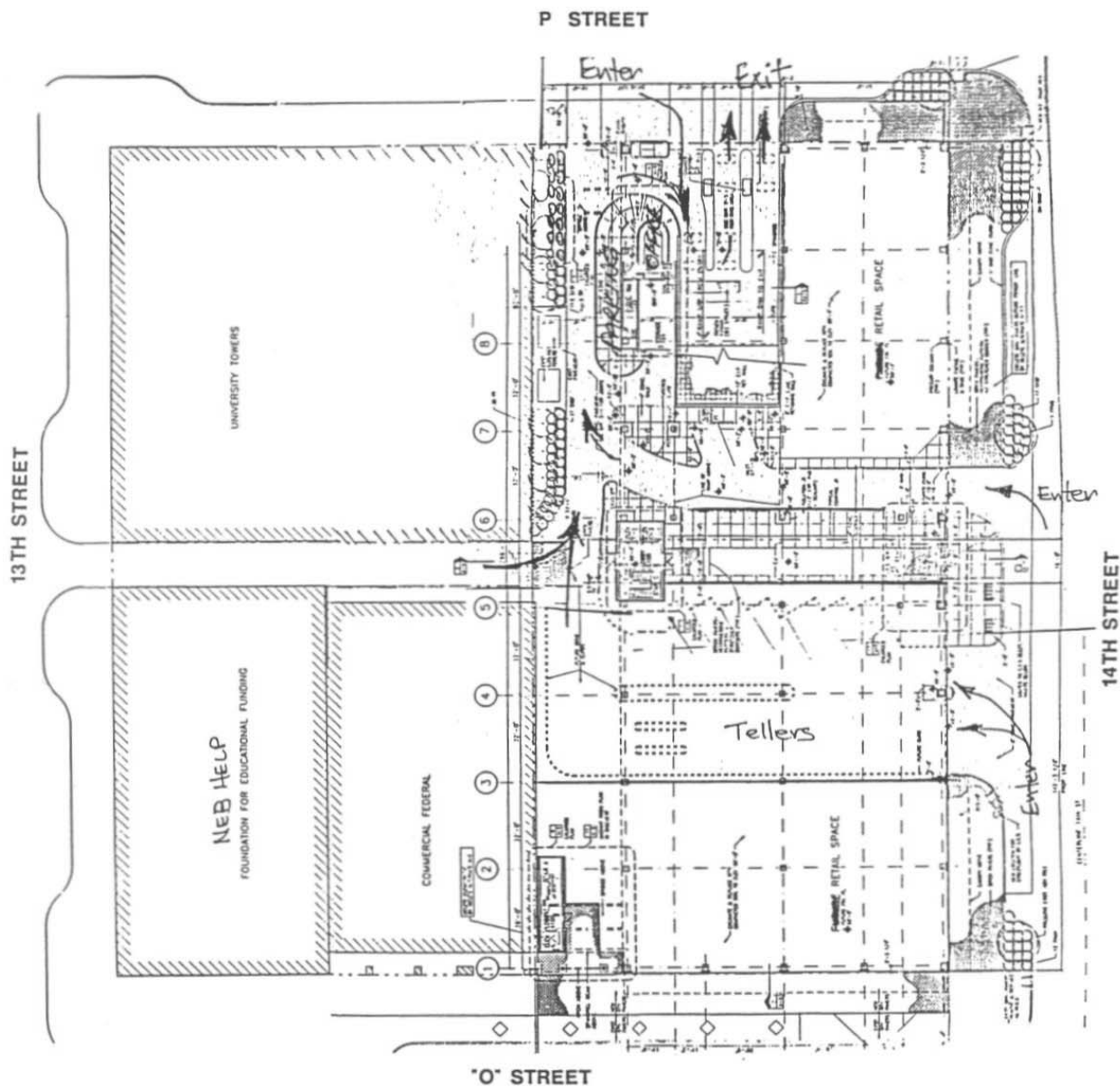


Exhibit IV-87

Proposed Site Plan

Four levels of parking structure above the ground level site plan shown.

Lincoln Center
Redevelopment Plan



(ii) Demolition of Indicated Portion of Block 39 and Relocation of Occupants -

After the City of Lincoln has purchased such rights as necessary to the portion of Block 39, indicated in (a) above, it will prepare the site for redevelopment. Site preparation will include capping and relocating City utilities, securing insurance and bonds, and taking other necessary measures to protect citizens and surrounding properties.

In addition, the City will demolish and clear the improvements located on the property purchased for this redevelopment project. Before the City demolishes the structure, it will relocate the current tenant(s) and pay required tenant relocation and displacement expenses (see Relocation Plan, Appendix 4).

- (iii) Disposition - It will be necessary to solicit the input of a redeveloper(s). Project development may incorporate sale of such rights as acquired, if any, (first floor level) between the ground and second floor to a private developer for commercial, drive-in/parking and mini-park purposes and above the fifth level of the public parking facility for a possible future residential and/or office tower structure on the north portion of the proposed parking garage; and/or such rights as are necessary to implement the development as described under this section - F. University Square Project. Redevelopers will be selected in an equitable, open competition according to the Land Disposition Proposals outlined in Appendix 4.

(b) Population/Unit Density

The existing population/unit density in the one (1) block University Square Project area includes 8 occupied apartment units and 56 vacant units; University Towers total 66 units.

The former Stuart Building (retail/office) renamed University Towers on Block 39 is being converted to 66 condominium apartment units. Therefore, the population density in this project area will increase.

(c) Land Coverage and Building Density

The present land coverage and building density will increase. It is anticipated that approximately 95% of the project area (with a mini-park on first level of garage) will be covered structures. The present building land coverage in the project area is approximately 49,700 square feet and is expected to increase to approximately 86,800 square feet.

(d) Traffic Flow, Street Layouts and Street Grades

It is anticipated that redevelopment/revitalization activities contemplated on Block 39 will cause an increase in pedestrian and automobile traffic. The introduction of a fully occupied (1) University Towers with 66 residential units and commercial/office space, (2) NebHelp (Penney) Building with commercial and offices, (3) Commercial Federal Building with new offices on the upper three floors will increase traffic to this area over current levels.

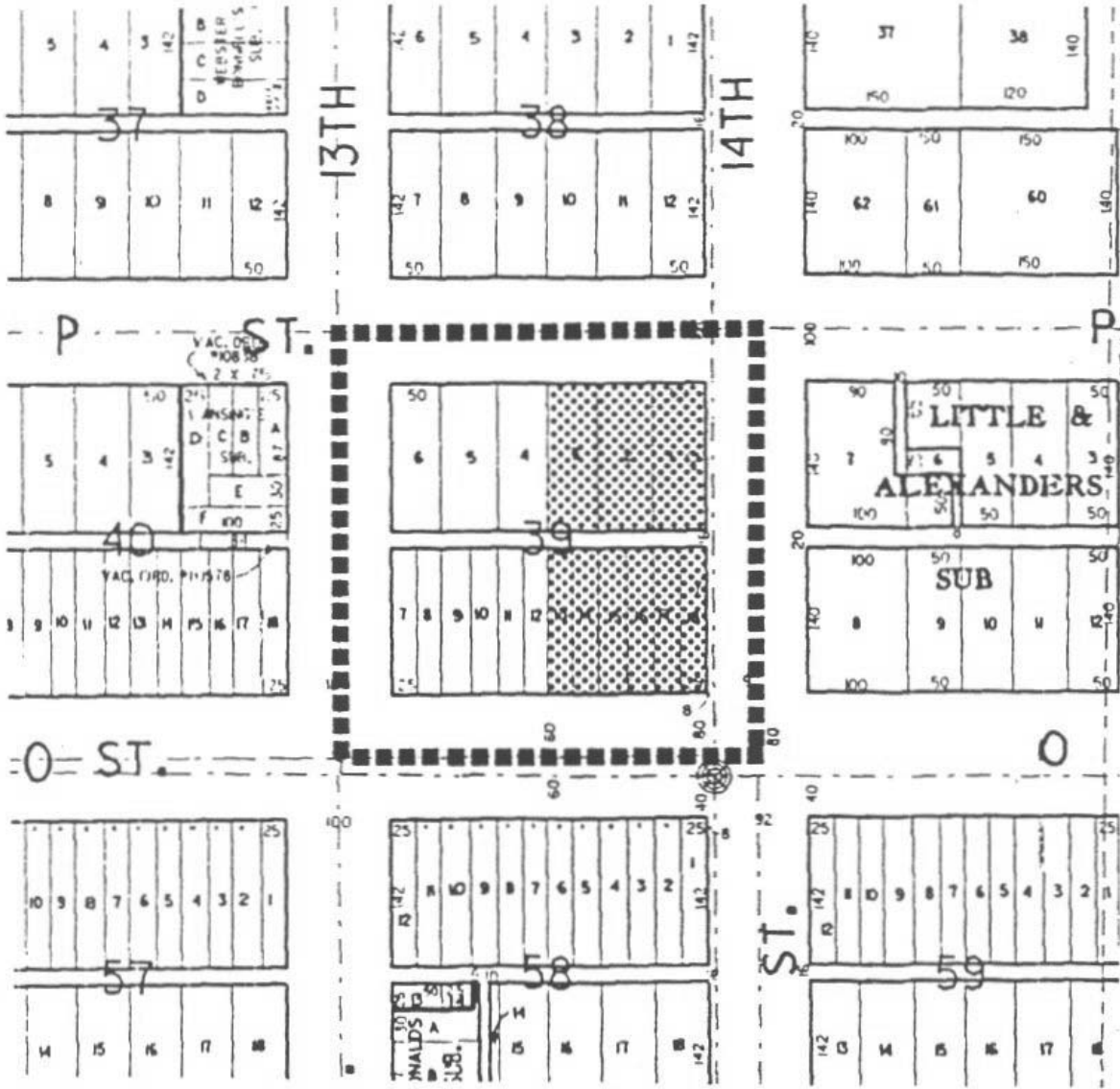


Exhibit IV-88
Existing Plat Map and Land Acquisition

- Project Boundary – University Square
- ▨▨▨▨▨ Acquisition Parcels

Lincoln Center

Redevelopment Plan



The street layout in the project area is not expected to be modified. Further, portions of streets outside the project area may or may not be vacated in whole or in part. This would alter traffic flows in the area; however, it is expected that the streets in the project area will be adequate to handle the increased traffic flow without major modification.

(e) Parking

The project area will be served by an extensive increased inventory of public parking spaces. As noted earlier in this section, approximately 450 new public parking garage spaces will be provided to support the proposed new developments; a 367 increase over existing spaces.

(f) Zoning, Building Codes and Ordinances

The present Lincoln Central Business District (B-4) zoning allows for the type of development proposed. Likewise, the City's adoption of the Uniform Code for the Abatement of Dangerous Buildings, the Uniform Building Code and their specific City amendments will properly protect the public health, safety and welfare of the people. At this time, there are not contemplated changes in the City's zoning laws or building codes in and to implement these projects. It may be necessary, however, to adopt ordinances to special assess skywalks; and issue parking revenue and community improvement financing bonds.

(g) Public Utilities

Public utilities located in the east/west alley of the project area, will remain. However, where necessary may be modified/replaced to handle any increased capacity problems.

(h) Land Use

The retail use permitted on the ground floor of the parking garage structure may be limited to the following uses:

- (i) Parks, playgrounds, and community buildings, owned or operated by a public agency;
- (ii) Public libraries;
- (iii) Public schools, elementary or high schools, or private schools having a curriculum equivalent to a public elementary or public high school, and having no rooms regularly used for housing or sleeping purposes;
- (iv) Churches;
- (v) Nonprofit religious, educational, and philanthropic institutions;
- (vi) Banks, savings and loan associations, credit unions and finance companies;
- (vii) Garden centers;
- (viii) Barber shops, beauty parlors and shoe shine shops;
- (ix) Private schools, including but not limited to business or commercial schools, dance or music academies, and nursery schools.
- (x) Child care centers;
- (xi) Service stations;
- (xii) Hospitals and clinics for animals, but not open kennels;
- (xii) Self-service laundromats;
- (xiv) Receiving stores for dry cleaning or laundry;
- (xv) Messenger and telegraph stations;

- (xvi) Office buildings;
- (xvii) Restaurants;
- (xviii) Stores or shops for the sale of goods at retail, but not including motor vehicles;
- (xix) Undertaking establishments;
- (xx) Photography studios;
- (xxi) Bicycle sales and repair shops;
- (xxii) Key shops;
- (xxiii) Ambulance services;
- (xxiv) Clubs;
- (xxv) Enclosed commercial facilities. (Ord. 13736, as amended by Ord. 13745 Section 2; January 3, 1984: prior Ord. 12571 Section 167; May 8, 1979).

Definitions of said uses shall be the same as those set forth in Chapter 27 of the LMC.

3. Proposed Cost and Financing

The total expenditure for the University Square Project is estimated to \$14,953,350. This includes \$10,703,000 for renovation/remodeling of three existing buildings and new commercial space on ground floor of parking garage.

The effective date of the community improvement financing provisions of the University Square Project is the date of such rehabilitation, acquisition or redevelopment by the City of Lincoln.

The acquisition of property, the relocation of businesses, the demolition of buildings, construction of the public parking garage, and professional service fees will be funded by the public using a combination of six sources including:

- (a) Possible sales of ground floor envelope proposed for commercial space.
- (b) Any ad valorem tax levied upon real property in the redevelopment/revitalization project in Block 39 for the benefit of any public body shall be divided, for a period not to exceed 15 years after the effective date of the such provision by the governing body as follows:
 - (i) 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
 - (ii) 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 pay the principal of, and 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 development for financing or refinancing, in whole or in part, a redevelopment project. When such bonds, loans, notes, advances of money, or indebtedness, including interest in 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.

Exhibit IV-91 summarizes community improvement financing bonds for the University Square Project.

- (c) Developer investment towards parking facility.
- (d) Parking Revenue Bond Financing.
- (e) City of Lincoln Street Construction Fund.
- (f) Earned Interest.
- (g) Advance Acquisition Funds.
- (h) Community Development Block Grand Funds.
- (i) Special Assessment Fund.

4. Implementation Steps

Under the Nebraska Community Development Law, the first step in redeveloping an area is for the City to declare the area blighted and substandard and in need of redevelopment/revitalization. The Lincoln City Council completed this first step by declaring the Downtown Area blighted on October 22, 1984 and affirmed by resolution on October 19, 1987 the area as blighted and substandard. The City Council determined that private enterprise could not redevelop this area without the assistance provided by the Community Development Law.

The implementation steps for the Redevelopment Project are:

- Negotiate property disposition and operating agreement with selected Developers.
- Issue and sell Community Development Bonds.
- Acquire property rights and title to necessary portions of Block 39, Lots 1, 2, 3, 13, 14, 15, 16, 17 and 18.
- Relocate businesses on Block 39, Lots 17 and 18.
- Competitively select primary contractor to demolish and clear necessary portions of Block 39.
- Replat if necessary the block into parcel sites.

- Sell/lease/retain commercial ground floor envelope space, if such rights are acquired, to private redeveloper.
- Competitively select architects and engineers to design the public facilities and improvements (parking garage and streetscape).
- Approve the public facilities and improvements design.
- Competitively select primary contractors to construct public facilities and improvements.
- Construct public and private facilities and improvements.

EXHIBIT IV-89

UNIVERSITY SQUARE PROJECT EXPENDITURES

Public Expenditures

Property Acquisition, Relocation, Demolition	\$ 352,000 (1)
Construction of 5 story approximately 450 space parking garage structure 4 levels	\$ 3,135,000
Streetscape Improvements	100,000
Bond underwriters and issuance expenses, capitalized interest, D/S reserve	463,350
Contingency	<u>200,000</u>
	\$ 4,250,350

Private Redeveloper Expenditures

University Tower Renovation and Investment	\$5,823,000
Commercial Federal Building Remodeling	800,000
Neb. HELP Remodeling and Investment	3,300,000 *
Development of Commercial Envelope Space (1st floor of garage facility)	<u>780,000</u>
	\$10,703,000

GRAND TOTAL PUBLIC/PRIVATE EXPENDITURES **\$14,953,350**

* Tax exempt

(1) Lots 17 and 18 may be purchased by private redevelopers; with such property construction easements and air rights as necessary to be acquired by City of Lincoln.

EXHIBIT IV-90

UNIVERSITY SQUARE PROJECT FUNDING SUMMARY

Funding By Type of Funding

Public Sources

Advanced Acquisition Fund	\$ 283,487
Parking Revenue Bonds	2,085,000
Private Sector Contributions	234,000 (1)
Interest Income	105,407
Resale of Commercial Envelope (Building rights)	80,000 (2)
Street Construction Funds	<u>1,462,456 (3)</u>
Public Sources Total	\$ 4,250,350

Private Developers

\$10,703,000
\$14,953,350

- (1) and (2) Lots 17 and 18 may be purchased by private redevelopers; therefore substantial portions of funds will be reduced.
- (3) The Street Construction Fund will be reimbursed to the limit possible from Community Improvement Financing funds when the projects are completed. The estimated annual amount will be \$97,599.

EXHIBIT IV-91

**UNIVERSITY SQUARE
COMMUNITY IMPROVEMENT FINANCING**

After Renovation

University Towers	\$5,823,000
Commercial Federal	1,800,000
Other Properties	<u>900,000</u>
	\$8,523,000
1987 Valuation	<u>- 4,004,516</u>
Tax Increment	\$4,518,484
	<u>0.900</u>
Tax Rate	\$4,066,636
	<u>0.024</u>
Tax Increment Available After Renovation (annual)	\$97,599