



City of Omaha
Jim Suttle, Mayor

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CITY CLERK
OMAHA, NEBRASKA

Planning Department

Omaha/Douglas Civic Center
1819 Farnam Street, Suite 1100
Omaha, Nebraska 68183
(402) 444-5150
Telefax (402) 444-6140

R. E. Cunningham, RA, F.SAME
Director

January 8, 2013

Honorable President

and Members of the City Council,

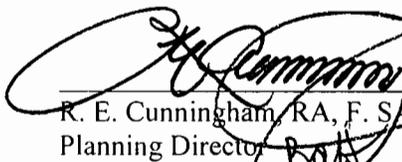
The attached Resolution transmits the Block 318, LLC Tax Increment Financing (TIF) Redevelopment Project Plan which is located at 1218 IZARD STREET and 1201 NICHOLAS STREET. This project is an adaptive reuse and retrofitting of two buildings within the North Downtown area. The structures will feature plaza entrances at the ground levels leading into retail spaces; the second floors will feature office space; and, the third floors will consist of multi-family apartments. A portion of the rooftop deck above the third floor will be accessible for building residents. In all, renovation of the existing buildings will offer 27,000 square feet of suitable office space, 35,000 square feet of retail space, and 21 market-rate, multifamily residential units.

The Redevelopment Project Plan recommends the City's participation in the redevelopment of this project site through the allocation of TIF in an amount up to \$1,972,000.00 to offset costs of acquisition, demolition, site preparation, architectural and engineering fees, renovation/rehabilitation of the buildings, surveys, all public improvements near the project site along 12th, 13th, Nicholas, and IZARD STREETS, and any other public improvements as may be required, and \$35,058.00 of the TIF allocation toward a North Downtown Public Improvement Fund. The estimated total project cost is \$10,039,405.00, but is subject to change as final costs come in.

Your favorable consideration of this Resolution will be appreciated.

Respectfully submitted,

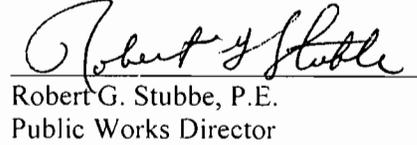
Referred to City Council for Consideration:


R. E. Cunningham, RA, F. SAME
Planning Director
Date 12-02-2012


Mayor's Office
Date 12-12-12

Approved:


Pam Spaccarotella
Finance Director
Date 12-13-12


Robert G. Stubbe, P.E.
Public Works Director
Date 12-12-12

1793 dlh

Notice of Publication: January 10, 2013 and January 17, 2013

Public Hearing: January 29, 2013

CITY OF OMAHA

LEGISLATIVE CHAMBER

Omaha, Nebraska

RESOLVED BY THE CITY COUNCIL OF THE CITY OF OMAHA:

WHEREAS, the primary objectives of the City of Omaha’s Master Plan and Community Development Program are to encourage additional private investment and infill development within inner-city neighborhoods; and to eliminate conditions which are detrimental to public health, safety and welfare, by developing vacant, underutilized property within these neighborhoods; and,

WHEREAS, the redevelopment project site located at 1218 IZARD Street and 1201 Nicholas Street is within a designated community redevelopment area, an area that area meets the definition of blighted and substandard per the Community Development law and is in need of redevelopment; and,

WHEREAS, the Block 318, LLC Increment Financing (TIF) Redevelopment Project Plan was approved by the City of Omaha Planning Board at their December 5, 2012 meeting; and,

WHEREAS, the project site for the Block 318, LLC Tax Increment Financing (TIF) Redevelopment Project Plan is located at 1218 IZARD Street and 1201 Nicholas Street within the North Downtown area and is legally described in Exhibit “A” which is attached hereto and herein incorporated by reference; and,

WHEREAS, the Block 318, LLC Tax Increment Financing (TIF) Redevelopment Project Plan contemplates the adaptive reuse and retrofitting of two buildings which will feature plaza entrances at the ground levels leading into retail spaces, the second floors will feature office space, and the third floors will consist of 21 market-rate, multi-family apartments - a portion of the rooftop deck above the third floor will be accessible for building residents as described in said Plan; and,

WHEREAS, this Resolution seeks the approval of the Block 318, LLC Tax Increment Financing (TIF) Redevelopment Project Plan which recommends the City’s participation through the allocation of TIF in an amount up to \$1,972,000.00 to offset costs of acquisition, demolition, site preparation, architectural and engineering fees, renovation/rehabilitation of the buildings, surveys, all public improvements along 12th, 13th, Nicholas, and IZARD Streets, and any other public improvements as may be required, and \$35,058.00 of the TIF allocation toward a North Downtown Public Improvement Fund; and,

By.....
Councilmember

Adopted.....
.....
City Clerk

Approved.....
Mayor

CITY OF OMAHA

LEGISLATIVE CHAMBER

Omaha, Nebraska

Page 2

WHEREAS, the Plan presents a project based on estimated figures and projections that are subject to change as project costs are finalized, and is required to comply with all Planning Department requirements and Planning Board recommendations; and,

WHEREAS, Section 18-2108 of the Nebraska Revised Statutes requires the City of Omaha to adopt a redevelopment plan before taking an active part in a redevelopment project; including the division of ad valorem taxes for a period not to exceed fifteen years under Sections 18-2147 through 18-2150, Revised Statutes of Nebraska; and,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OMAHA:

THAT, the attached the Block 318, LLC Tax Increment Financing (TIF) Redevelopment Project Plan for the redevelopment project site located at 1218 IZARD Street and 1201 Nicholas Street contemplating the adaptive reuse and retrofitting of two buildings which will feature plaza entrances at the ground levels leading into retail spaces, the second floors will feature office space, and the third floors will consist of 21 market-rate, multi-family apartments, recommending the City's participation through the allocation of Tax Increment Financing in an amount up to \$1,972,000.00 to offset costs of acquisition, demolition, site preparation, architectural and engineering fees, renovation/rehabilitation of the buildings, surveys, all public improvements near the project site along 12th, 13th, Nicholas, and IZARD Streets, and any other public improvements as may be required, and \$35,058.00 of the TIF allocation toward a North Downtown Public Improvement Fund, containing a provision for the division of ad valorem taxes under Section 18-2147 through 18-2150, Revised Statutes of Nebraska, as recommended by the City Planning Department, be and hereby is approved.

APPROVED AS TO FORM:



ASSISTANT CITY ATTORNEY

12/12/12

DATE

1793 dlh

By.....
Councilmember

Adopted.....
.....
City Clerk

Approved.....
Mayor

EXHIBIT "B"

BLOCK 318
TIF REDEVELOPMENT PROJECT PLAN

1218 IZARD AND 1201 NICHOLAS STREETS

JANUARY 2013



Jim Suttle, Mayor City of Omaha



R. E. Cunningham, RA, F. SAME
Director, Planning Department
Omaha/Douglas Civic Center
1819 Farnam Street, Ste. 1111
Omaha, Nebraska 68183

INTER-OFFICE COMMUNICATION

Date: November 14, 2012

To: TIF Committee:
Rick Cunningham, Pam Spaccarotella, AL Herink, Paul Kratz, Robert Stubbe, Todd Pfitzer, Gail Braun, David Dover

From: Bridget A. Hadley - City Planning 

Applicant: Block 318, LLC

Location: 1218 IZARD STREET and 1201 NICHOLAS

Project:

Block 318 is the former home of the MA Disbrow Company which operated for nearly a century and helped to contribute to a thriving atmosphere of industry and commerce in Omaha. The property and structures were purchased by Pierson Enterprises in May 2011 to pursue a significant mixed-use development project. The parcels were rezoned from HI to CBD on September 21 2011. New infrastructure and utilities will be brought to the entire block (electrical, plumbing, sewer). Public improvements include sidewalks, lighting and landscaping and any other public improvements as necessary.

The project consists of renovating two brick and timber buildings and the surrounding property. It will feature several public improvements that require the application of Tax Increment Financing; otherwise the project will not be economically feasible. The two structures, 1201 Nicholas St. and 1218 IZARD ST. are three-story, brick and timber warehouses. Both buildings will feature plaza entrances at ground level, leading into retail spaces divided by wood frame construction and glass. The second floors will feature office space divided by wood frame construction. The third floors consist of, multifamily apartments; a portion of the rooftop deck above third floor will be accessible for building residents. In all, renovation of the existing buildings will offer 27,000 Sq. Ft. of suitable office space, 35,000 Sq. Ft. of retail space, and 21 market-rate, multifamily residential units.

The funds will be utilized for public improvements necessary to support the project. The public improvements will enhance the beautification efforts in North Downtown as well as make the area safer for the community. The alleyway dividing the block will be converted into an aesthetic walkway plaza; under the plaza conduits and infrastructure will be run which will contain all sewage and plumbing. The south east side of the property, which is presently vacant land, will be converted into a sculpture garden open to the public which will support the site. The Northwest corner will be paved to accommodate twenty-five parking stalls for residents, commercial lessees, and visitors.

The total estimated project cost is \$10,039,405.00. TIF will be used to offset costs of site acquisition, demolition, site preparation, architectural, engineering, renovation/rehabilitation of the buildings, surveys, a contribution to TIF public improvement fund as well as the cost of all public improvements along 12th, 13th, Nicholas, and Izard Streets, and any other public improvements as may be required. TIF eligible costs are as follows:

Acquisition/Purchase Price	\$1,950,000
Site Work:	
Site Preparation	488,180
Site Improvements	647,340
Building Shell & Core, etc.	5,740,620
Design	170,305
Soil Samples	9,500
General Requirements/Project Mgt	593,543
Contingency	251,439
<u>TIF Fees</u>	<u>25,580</u>
Total TIF Eligible	\$9,876,507

The project is scheduled to be totally completed and occupied by September of 2015.

The project site and area meet the requirements of Nebraska Community Development Law and qualify for the submission of an application for the utilization of Tax Increment Financing to cover costs associated with project development as submitted for approval through the Tax Increment Financing process. The project is in compliance with the Master Plan, appropriate Ordinances and development regulations of the City.

Request: The approval of up to \$1,972,000.00 in TIF; interest rate of 4.25%. Using the current levy rate of 2.17798% supports the TIF request. See attached TIF calculation spreadsheets.

TIF Fee Schedule: \$500.00 application fee and the processing fee of \$3,000.00 were paid; administrative fees of \$22,080.00 will be billed. Total minimum fees will be \$25,580.00.

Recommendation: Approval

ATTACHMENTS

TIF Application

TIF Calculation Spreadsheet

Applicant: Block 318, LLC

PRO FORMA

DATE	Total Taxable Valuation	Less Pre-Development Base	TIF Taxable Valuation	Tax Levy	Tax Revenues	Treasurer's 1% Collection Fee	Revenues Available For TIF Loan	Principal	Interest at 4.25%	Total	Loan Balance	Capitalized Interest	Interest at 4.25%
0													
0.5	\$ -	\$ 0	\$ -	2.17798	\$ -	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ 1,900,000	40375	40375
1	\$ -	\$ 0	\$ -	2.17798	\$ -	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ 1,940,375	41233	41233
1.5	\$ -	\$ 0	\$ -	2.17798	\$ -	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ 1,981,608	42109	42109
2	\$ -	\$ 0	\$ -	2.17798	\$ -	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$ 2,023,717	43004	43004
2.5	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 62,285	\$ 43,918	\$ 106,203	\$ 2,066,721	0	43918
3	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 63,609	\$ 42,594	\$ 106,203	\$ 2,004,436	0	42594
3.5	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 64,960	\$ 41,243	\$ 106,203	\$ 1,940,827	0	42594
4	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 66,341	\$ 39,862	\$ 106,203	\$ 1,875,867	0	41243
4.5	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 67,751	\$ 38,452	\$ 106,203	\$ 1,809,526	0	39862
5	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 69,190	\$ 37,013	\$ 106,203	\$ 1,741,775	0	38452
5.5	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 70,661	\$ 35,542	\$ 106,203	\$ 1,672,585	0	37013
6	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 72,162	\$ 34,041	\$ 106,203	\$ 1,601,924	0	35542
6.5	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 73,696	\$ 32,507	\$ 106,203	\$ 1,529,762	0	34041
7	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 75,262	\$ 30,941	\$ 106,203	\$ 1,456,066	0	32507
7.5	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 76,861	\$ 29,342	\$ 106,203	\$ 1,380,804	0	30941
8	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 78,494	\$ 27,709	\$ 106,203	\$ 1,303,943	0	29342
8.5	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 80,162	\$ 26,041	\$ 106,203	\$ 1,225,449	0	27709
9	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 81,866	\$ 24,337	\$ 106,203	\$ 1,145,287	0	26041
9.5	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 83,605	\$ 22,598	\$ 106,203	\$ 1,063,421	0	24337
10	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 85,382	\$ 20,821	\$ 106,203	\$ 979,816	0	22598
10.5	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 87,196	\$ 19,007	\$ 106,203	\$ 894,434	0	20821
11	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 89,049	\$ 17,154	\$ 106,203	\$ 807,238	0	19007
11.5	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 90,941	\$ 15,262	\$ 106,203	\$ 718,189	0	17154
12	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 92,874	\$ 13,329	\$ 106,203	\$ 627,248	0	15262
12.5	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 94,848	\$ 11,355	\$ 106,203	\$ 534,374	0	13329
13	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 96,863	\$ 9,340	\$ 106,203	\$ 439,526	0	11355
13.5	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 98,921	\$ 7,282	\$ 106,203	\$ 342,663	0	9340
14	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 101,023	\$ 5,180	\$ 106,203	\$ 243,742	0	7282
14.5	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 103,170	\$ 3,033	\$ 106,203	\$ 142,719	0	5180
15	\$ 9,850,927	\$ 0	\$ 9,850,927	2.17798	\$ 107,276	\$ 1,073	\$ 106,203	\$ 105,363	\$ 840	\$ 106,203	\$ 39,549	0	3033
					\$ 2,789,176	\$ 27,898	\$ 2,761,278	\$ 2,132,535	\$ 628,743	\$ 2,761,278	\$ 166,721	\$ 166,721	\$ 166,721

ASSUMPTIONS:

- 1. Assume No Pre-Development Base
- 2. Loan Amount: \$1,900,000
- 3. Interest Rate: 4.25%
- 4. Project Hard Costs: \$0
- 5. Increment Base: \$9,850,927

Acquisition	\$ 1,950,000
Site Prep	\$ 488,180
Site Improvements	\$ 647,340
Building	\$ 5,740,620
Soft Costs	\$ 773,348
Contingency	\$ 251,439
Total	\$ 9,850,927

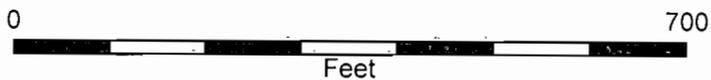
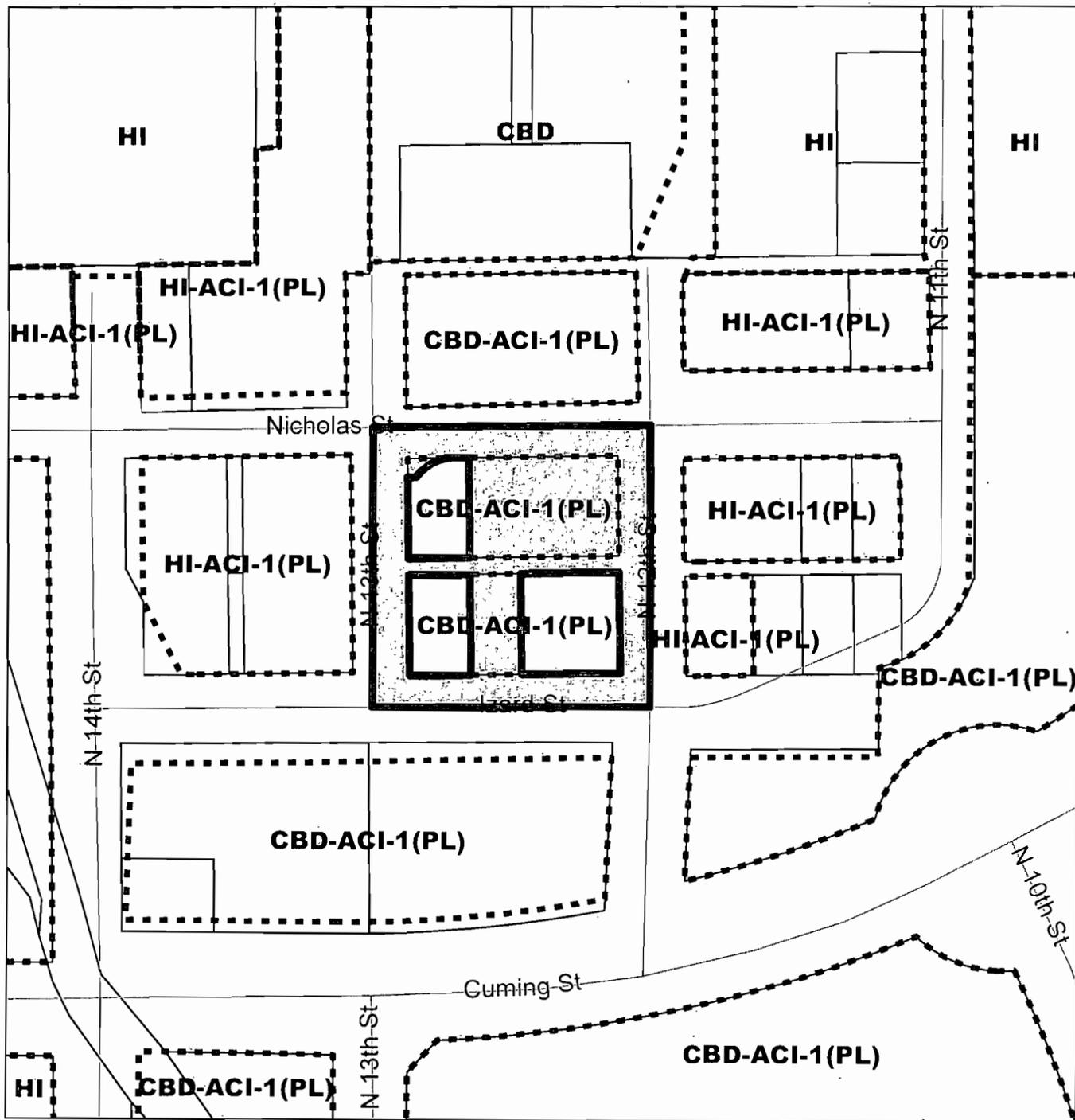
Original Loan Amount	\$1,900,000
Capitalized Interest	\$166,721
Loan Balance Remaining	\$0
Annual Incremental Tax Payment	\$ 214,552

NOTE: This information is provided to assist in analyzing the specific request to the TIF committee. This information is subject to change based on actual tax assessments. This schedule assumes a 100% real estate valuation and a 1.0 debt coverage ratio. The actual TIF amount available to fund site specific project cost will change based on the cost of public improvements.

(**Minus: Insurance, Legal, Accounting, Misc. Financing & Other)

CASE: C3-12-232
APPLICANT: Planning Department on behalf of the City of Omaha
REQUEST: Approval of the BLOCK 318 LLC TIF REDEVELOPMENT PROJECT PLAN
LOCATION: 1201 Nicholas Street and 1218 IZARD STREET

SUBJECT AREA IS SHADED - DECEMBER 2012



INTER-OFFICE COMMUNICATION
City of Omaha, Nebraska
Planning Department

TO: Chairman and Members of the Planning Board

FROM: R. E. Cunningham, RA, F. SAME
Planning Director

DATE: November 28, 2012

SUBJECT: BLOCK 318 LLC TIF REDEVELOPMENT PROJECT PLAN
1218 Izard Street and 1201 Nicholas
Case # C3-12-232

Block 318 is the former home of the MA Disbrow Company which operated for nearly a century and helped to contribute to a thriving atmosphere of industry and commerce in Omaha. The property and structures were purchased by Pierson Enterprises in May 2011 to pursue a significant mixed-use development project. The parcels were rezoned from HI to CBD on September 21 2011. New infrastructure and utilities will be brought to the entire block (electrical, plumbing, sewer). Public improvements include sidewalks, lighting and landscaping and any other public improvements as necessary.

The project consists of renovating two brick and timber buildings and the surrounding property. It will feature several public improvements that require the application of Tax Increment Financing; otherwise the project will not be economically feasible. The two structures, 1201 Nicholas St. and 1218 Izard St. are three-story, brick and timber warehouses. Both buildings will feature plaza entrances at ground level, leading into retail spaces divided by wood frame construction and glass. The second floors will feature office space divided by wood frame construction. The third floors consist of multi-family apartments; a portion of the rooftop deck above third floor will be accessible for building residents. In all, renovation of the existing buildings will offer 27,000 Sq. Ft. of suitable office space, 35,000 Sq. Ft. of retail space, and 21 market-rate, multifamily residential units.

The funds will be utilized for public improvements necessary to support the project. The public improvements will enhance the beautification efforts in North Downtown as well as make the area safer for the community. The alleyway dividing the block will be converted into a walkway plaza; under the plaza conduits and infrastructure will be run which will contain all sewage and plumbing. The south east side of the property, which is presently vacant land, will be converted into a sculpture garden open to the public. The Northwest corner will be paved to accommodate twenty-five parking stalls for residents, commercial lessees, and visitors.

TIF Request: This application requests the approval of Tax Increment Financing to support the development of 1218 Izard St. and 1201 Nicholas St and abutting public right of way. A TIF approval up to \$1,897,780.00 inclusive of projected capitalized interest costs is supported using the current levy rate of 2.17798. TIF will be used to offset the costs of site acquisition, demolition, site preparation, architectural, engineering and TIF fees and a contribution to the TIF improvement fund as well as the cost of renovation, rehabilitation, revitalization, surveys and all public improvements as may be required. The Total estimated project cost are \$10,028,487.00 with TIF hard cost of \$9,561,962. The project is scheduled to be totally completed and occupied by September of 2015.

No Building Permit will be issued based on a site plan that does not comply with the provisions of the Zoning Ordinance.

The project site and area meet the requirements of Nebraska Community Development Law and qualify for the submission of an application for the utilization of Tax Increment Financing to cover cost associated with project development as submitted for approval through the Tax Increment Financing process. The project is in compliance with the Master Plan, appropriate Ordinances and development regulations of the City.

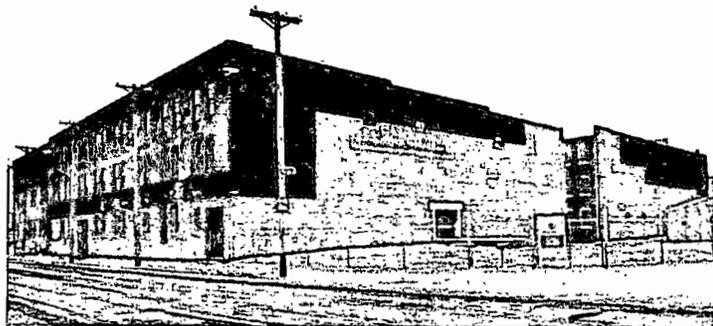
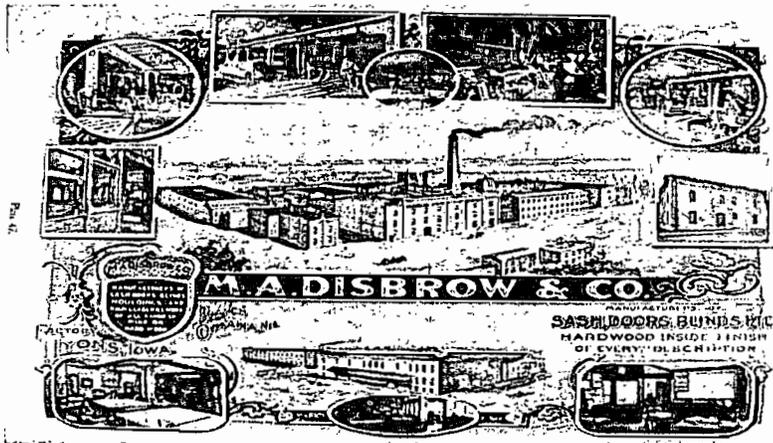
DEPARTMENT RECOMMENDATION: Approval.

ATTACHMENTS

Plan

**Application for
Tax Increment Financing
Block 318 - Omaha, Nebraska**

Submitted by:
Pierson Enterprises, LLC
Managing Member: Ross Pierson



November 13, 2012

Mr. Ken Johnson
Economic Development Manager
City of Omaha Planning Department
1819 Farnam Street, Suite 1110
Omaha, NE 68183

Ms. Bridget A. Hadley
City Planner - Economic Development
City of Omaha Planning Department
1819 Farnam Street, Suite 1111
Omaha, NE 68183

Re: Block 318

Dear Mr. Johnson and Ms. Hadley,

On behalf of Pierson Enterprises, LLC, I would like to express my appreciation for the opportunity to submit the following application for Tax Increment Financing for 1218 IZARD Street and 1201 NICHOLAS Street.

The renovation and revitalization of these structures will promote development throughout the North Downtown District by creating a unique blend of residential and commercial use. Development of the IZARD/NICHOLAS corridor will provide further suitable and sustainable housing for Omaha's Downtown while enabling new businesses to capitalize on emerging commerce and interest in North Downtown.

This project will create over 35,000 Sq. Ft. of retail space to be divided among retailers, art enthusiasts, and restaurants. It will also provide 27,000 Sq. Ft. of office space and 21 apartments to be offered at competitive market rates.

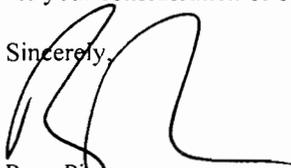
The need for redevelopment of the North Downtown district is evident. A lack of commerce and investment over the last fifty years has resulted in blight throughout the area. Further, our market data indicates a strong need for need for more housing, offices, and retail space throughout the Downtown area. Current rental rates are strong and vacancy rates are low. Omaha's master plans also demonstrate a need for office spaces that can accommodate large entities and businesses to accommodate TD Ameritrade and Century Link Center crowds. In addition, Downtown residents will have access to more safe and sustainable housing.

Pierson Enterprises plans to invest nearly \$10,039,405 to renovate and develop the area. Through this investment, the city will promote beautification of the North Downtown area, thereby encouraging growth and investment towards greater North Omaha.

This application requests approval of \$1,972,000 in Tax Increment Financing to support the development of Block 318. As represented in the application, this project meets the mandatory and discretionary criteria set forth by the Tax Increment Financing Guidelines issued by the City of Omaha.

Renovation and development of this property cannot proceed without Tax Increment Financing. Thank you for your consideration of our application.

Sincerely,



Ross Pierson
Managing Member
Pierson Enterprises, LLC

Project Summary

Project Owner: Pierson Enterprises, L.L.C.

Project Legal Description: Lots 1, 2,3 and 6, Block 318, Original City of Omaha, as surveyed, platted and recorded in Douglas County, Nebraska

Estimated Overall Project Cost: **\$10,039,405**

TIF Request: **\$1,972,000**

Current Use: Vacant Warehousing

Current Zoning: CBD (re-zoned from HI on 9/21/2011)

Proposed Use: Mixed Use – Residential/Commercial

Current Annual Real Estate Taxes (2011 tax year): **\$8,845.68**

Current Assessed Tax Valuation (2011 tax year):	Land:	\$69,700
	Improvements:	\$351,000
	Total:	\$420,700

Sources and Uses of Funds

Sources:

Tax Increment Financing (TIF)	\$	1,972,000	
Financing from Financial Institution	\$	7,529,554	
Cash Equity	\$	537,851	
Total Sources			\$ 10,039,405

Uses:

Construction			
Acquisition Cost	\$	1,950,000	
Site Preparation	\$	488,180	
Site Improvements, on and off site	\$	647,340	
Building Shell & Core, with Foundations	\$	5,740,620	
	\$	8,826,140	

Other Costs

Design	\$	170,305	
Soils	\$	9,500	
General Requirements/Project Management	\$	593,543	
Insurance	\$	68,899	
Legal, Accounting, Misc	\$	46,000	
Financing and Studies	\$	48,000	
TIF Fees	\$	25,580	
	\$	961,827	

Project Contingency	\$	251,439	
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Total Uses			\$ 10,039,405
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Cost Breakdown

Acquisition Cost	1,950,000	
		<u>1,950,000</u>
Site Preparation		
Silt Fence/Chain Link Fencing	6,850	
Structural Demo and Cleanup	359,799	
Refuse	4,713	
Site Grading	116,818	
		<u>488,180</u>
Site Improvements, on and off site		
Acquisition & Beautification Alleyways	323,000	
O/S Survey	4,730	
Site Stairs	2,797	
Granular Fill for Sidewalks	2,742	
Transformer Pad	1,128	
Lot & Walkway Concrete	125,653	
Retaining Wall	75,684	
Backfill of Ramps & Dock	20,719	
Bollards	757	
Lot Striping	2,091	
Site Mechanical - storm,water,sanitary	88,040	
		<u>647,340</u>
Building Shell & Core, with Foundations		
Foundations for existing structures	140,406	
Superstructure	1,423,540	
Exterior Enclosure	84,946	
Roofing	376,569	
Interior Construction	707,657	
Interior Finishes	835,566	
Conveying Systems	177,191	
Plumbing Systems	549,636	
HVAC Systems	878,307	
Fire Protection Systems	154,046	
Electrical Systems	412,757	
		<u>5,740,620</u>
Soft Costs		
Design	170,305	
Soil Samples	9,500	
General Requirements/Project Management	593,543	
Insurance	68,899	
Legal, Accounting, Misc	46,000	
Financing and Other	48,000	
		<u>936,247</u>
Project Contingency		
Contractor Estimate	251,439	
		<u>251,439</u>
TIF Fees		
		<u>25,580</u>
Total		<u><u>10,039,405</u></u>

A. Detailed Project Description

1. Narrative

Block 318 is the former home of the MA Disbrow Company which operated for nearly a century and helped to contribute to a thriving atmosphere of industry and commerce in Omaha. The property and structures were purchased by Pierson Enterprises in May 2011 to pursue development of a mixed-use development project. The project will consist of renovating two brick and timber buildings and the surrounding property. It will feature several public improvements that require Tax Increment Financing otherwise the project will not be economically feasible.

The two structures, 1201 Nicholas St. and 1218 Izard St., are three-story, brick and timber warehouses. Both buildings will feature plaza entrances at ground level, leading into retail spaces divided by wood frame construction and glass. The second floors will feature office space divided by wood frame construction. The third floors will consist of, multifamily apartments; a portion of the rooftop deck above third floor will be accessible for building residents.

In all, renovation of the three existing buildings will offer 27,000 Sq. Ft. of suitable office space, 35,000 Sq. Ft. of retail space, and 21 market-rate, multifamily residential units.

This application requests the approval of \$1,972,000 in Tax Increment Financing to support the development of 1218 Izard St. and 1201 Nicholas St., a \$10,039,405 project that will create, at a minimum, a \$10,039,405 incremental increase in assessed property value. The funds will be utilized for public improvements necessary to support the project.

The public improvements will enhance the beautification efforts in North Downtown as well as make the area safer for the community. The alleyway dividing the block will be converted into an aesthetic walkway plaza; under the plaza conduits and infrastructure will be run which will contain all sewage and plumbing. The south east side of the property, which is presently vacant land, will be converted into a sculpture garden open to the public which will support the site. The Northwest corner will be paved to accommodate twenty-five parking stalls for residents, commercial lessees, and visitors.

The project developer is Pierson Enterprises, LLC. The general contractor for the project is Lund Ross Constructors, whose work qualifications and experience are on file with the City of Omaha. The project has been designed by a team lead by Eddy Santamaria of Contrivium Design Group, Bruce Bailey of Design Associates of Lincoln, and Alley, Poyner, Macchietto.

2. Historic Value

The M.A. Disbrow Company operated in Omaha for nearly a century and during that time helped to contribute to a thriving atmosphere of industry and commerce in Omaha. M.A. Disbrow and Company played an important role in the standardization and production of building components that began in the second half of the 19th century and products were sold both locally and across the nation. This family-run millwork company mass-produced items such as doors, windows, staircases, fireplaces, porch pillars, and various decorative elements. From this location, products were shipped to lumber yards across the country. These goods made it possible for middle and upper class Americans to add stylish embellishments to their homes. The increased national demand for quality milled goods in the western states in the late 19th century was the catalyst that brought the Disbrow Company to Nebraska and contributed to their overall success in Omaha. By the early 20th century, the Omaha factory, the second plant for the company, became the firm's multi-state headquarters. The downturn in construction in the United States during the late 1970s and early 1980s caused the dissolution of the company and the property was sold to the Smith family, which held the property until Mid-States Holdings purchased the block in September of 2003. Pierson Enterprises acquired the property from Mid-States Holdings on May 12, 2011 with plans to pursue a mixed-use development and has spent the last fourteen months preparing to begin the project.

B. Development Financing Plan

- Sources & Uses of Funds (Attached)
- TIF Operating Summary (Attached)

Nicholas Breakdown

<u>ADDRESS</u>	<u>FLOOR</u>	<u>USE</u>	<u>UNITS</u>	<u>UNIT SIZE SF</u>	<u>PRICE PER SF</u>	<u>PER UNIT</u>	<u>MONTHLY</u>	<u>RENT YR</u>
1201 NICHOLAS	1 of 3	ART/RETAIL	1	1230	\$10.00	\$12,300		\$12,300
		ART/RETAIL	1	1175	\$10.00	\$11,750		\$11,750
		ART/RETAIL	1	1090	\$10.00	\$10,900		\$10,900
		ART/RETAIL	2	675	\$10.00	\$6,750		\$6,750
		ART/RETAIL	1	875	\$10.00	\$8,750		\$8,750
		ART/RETAIL	1	900	\$10.00	\$9,000		\$9,000
		ART/RETAIL	1	1100	\$10.00	\$11,000		\$11,000
		ART/RETAIL	1	1050	\$10.00	\$10,500		\$10,500
		OFFICE	1	2675	\$10.00	\$26,750		\$26,750
		OFFICE	1	1500	\$10.00	\$15,000		\$15,000
	2 of 3	ART/RETAIL	6	900	\$10.00	\$9,000		\$9,000
		ART/RETAIL	1	1230	\$10.00	\$12,300		\$12,300
		ART/RETAIL	1	1360	\$10.00	\$13,600		\$13,600
		ART/RETAIL	1	1160	\$10.00	\$11,600		\$11,600
		ART/RETAIL	1	1420	\$10.00	\$14,200		\$14,200
		OFFICE	1	1500	\$10.00	\$15,000		\$15,000
		OFFICE	1	1650	\$10.00	\$16,500		\$16,500
		OFFICE	1	3100	\$10.00	\$31,000		\$31,000
		OFFICE	1	1900	\$10.00	\$19,000		\$19,000
		OFFICE	1	1950	\$10.00	\$19,500		\$19,500
	3 of 3	RESIDENTIAL	1	1667	\$1.00	\$1,667	\$1,667	\$20,004
		RESIDENTIAL	2	1286	\$1.00	\$1,286	\$2,572	\$30,864
		RESIDENTIAL	1	1292	\$1.00	\$1,292	\$1,292	\$15,504
		RESIDENTIAL	1	1376	\$1.00	\$1,376	\$1,376	\$16,512
		RESIDENTIAL	1	1099	\$1.00	\$1,099	\$1,099	\$13,188
		RESIDENTIAL	1	1159	\$1.00	\$1,159	\$1,159	\$13,908
		RESIDENTIAL	1	1666	\$1.00	\$1,666	\$1,666	\$19,992
		RESIDENTIAL	1	1904	\$1.00	\$1,904	\$1,904	\$22,848
		RESIDENTIAL	1	1692	\$1.00	\$1,692	\$1,692	\$20,304
		RESIDENTIAL	1	1626	\$1.00	\$1,626	\$1,626	\$19,512
		RESIDENTIAL	1	1050	\$1.00	\$1,050	\$1,050	\$12,600
		RESIDENTIAL	1	1272	\$1.00	\$1,272	\$1,272	\$15,264
		RESIDENTIAL	1	1852	\$1.00	\$1,852	\$1,852	\$22,224

\$527,124

Residential Unit Information

<u>ADDRESS</u>	<u>USE</u>	<u>UNIT#</u>	<u>UNIT SIZE SF</u>	<u>RENT</u>
<u>1218 IZARD</u> 3rd Floor	Residential	301	846	\$846
		302	870	\$870
		303	1336	\$1,336
		304	798	\$798
		305	1023	\$1,023
		306	875	\$875
		307	927	\$927
<u>1201 NICHOLAS</u> 3rd Floor	Residential	311	1667	\$1,667
		312	1286	\$1,286
		313	1286	\$1,286
		314	1292	\$1,292
		315	1376	\$1,376
		316	1099	\$1,099
		317	1159	\$1,159
		318	1666	\$1,666
		319	1904	\$1,904
		320	1692	\$1,692
		321	1626	\$1,626
		322	1050	\$1,050
		323	1272	\$1,272
		324	1852	\$1,852

*Total of 21 units. Average Square Foot is 1281. Average Rent is \$1281/month.

Pierson Enterprises LLC
TIF Operating Summary
Block 318 - Omaha, NE

	With TIF	Without TIF
Project Costs	<u>\$ 10,039,405</u>	<u>\$ 10,039,405</u>
Loan-to-Value Ratio	75%	75%
Financing from Financial Institution	\$ 7,529,554	\$ 7,529,554
TIF Qualifying Financing	\$ 1,972,000	\$ -
Equity Required	\$ 537,851	\$ 2,509,851
Debt Coverage Ratio, 1st Mortgage	1.1	1.1
Financing Interest Rate, 1st Mortgage	4.25%	4.25%
Total Financing and Equity	<u>\$ 10,039,405</u>	<u>\$ 10,039,405</u>
<hr/>		
Net Operating Income	\$ 515,775	\$ 515,775
Debt Service, 1st Mortgage Annual P&I	\$ (489,486)	\$ (489,486)
Cash Flow after Debt Service	\$ 26,289	\$ 26,289
Cash on Cash Return on Equity	4.89%	1.05%

C. Preliminary Commitment for Financing

- Letter from Tom Sonderegger (Attached)



Great Western Bank[®]

Making Life Great[®]

Member FDIC

Tom Sonderegger
Great Western Bank
1235 N St.
Lincoln, NE 68508

May 10, 2012

Ross Pierson
Pierson Enterprises L.L.C.
PO Box 22960
Lincoln, NE 68542

RE: Financing of Block 318 Improvements

Dear Mr. Pierson,

Great Western would favorably consider providing financing for a multi-use development at Block 318 in Omaha, Nebraska. The financing package would include Tax Increment Financing ("TIF") with an amount to be determined.

Please do not hesitate to give me call if you have further questions, or require additional information. We look forward to working with you on this transaction.

Sincerely,

Tom Sonderegger
Vice President – Business Banking

D. Proforma

- Attached

Debt Service Payments

Date	Total Taxable Valuation	Less Pre-Development Base	TIF Taxable Valuation	Tax Levy	Tax Revenues	Treasurer's % Collection Fee	Revenues Available For TIF Loan	Principal	Interest at %	Total	Loan Balance	Capitalized Interest
0	0	0	0	2.17798	0	0	0	\$0	\$0	\$0	\$1,972,000	41,905
0.5	0	0	0	2.17798	0	0	0	\$0	\$0	\$0	\$2,013,905	42,795
1	0	0	0	2.17798	0	0	0	\$0	\$0	\$0	\$2,056,700	43,705
1.5	0	0	0	2.17798	0	0	0	\$0	\$0	\$0	\$2,100,405	44,634
2	0	0	0	2.17798	0	0	0	\$0	\$0	\$0	\$2,145,039	45,582
2.5	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$62,653	\$45,582	\$108,235	\$2,082,386	0
3	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$63,984	\$44,251	\$108,235	\$2,018,402	0
3.5	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$65,344	\$42,891	\$108,235	\$1,953,058	0
4	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$66,732	\$41,502	\$108,235	\$1,886,326	0
4.5	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$68,150	\$40,084	\$108,235	\$1,818,176	0
5	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$69,599	\$38,656	\$108,235	\$1,748,577	0
5.5	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$71,078	\$37,157	\$108,235	\$1,677,499	0
6	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$72,588	\$35,647	\$108,235	\$1,604,911	0
6.5	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$74,130	\$34,104	\$108,235	\$1,530,781	0
7	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$75,706	\$32,529	\$108,235	\$1,455,075	0
7.5	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$77,314	\$30,920	\$108,235	\$1,377,761	0
8	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$78,957	\$29,277	\$108,235	\$1,298,803	0
8.5	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$80,635	\$27,600	\$108,235	\$1,218,168	0
9	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$82,349	\$25,886	\$108,235	\$1,135,819	0
9.5	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$84,099	\$24,136	\$108,235	\$1,051,721	0
10	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$85,886	\$22,349	\$108,235	\$965,835	0
10.5	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$87,711	\$20,524	\$108,235	\$878,124	0
11	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$89,575	\$18,660	\$108,235	\$788,549	0
11.5	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$91,478	\$16,757	\$108,235	\$697,071	0
12	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$93,422	\$14,813	\$108,235	\$603,649	0
12.5	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$95,407	\$12,828	\$108,235	\$508,242	0
13	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$97,435	\$10,800	\$108,235	\$410,807	0
13.5	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$99,505	\$8,730	\$108,235	\$311,302	0
14	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$101,620	\$6,615	\$108,235	\$209,682	0
14.5	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$103,779	\$4,456	\$108,235	\$105,903	0
15	10,039,405	0	10,039,405	2.17798	109,328	1.093	108,235	\$105,984	\$2,250	\$108,235	\$0	0
				\$28,425.31	\$28,425	\$28,141.06	\$2,145.120	\$668.985	\$28,141.06	\$173,039		

NOTE: This information is provided to assist in analyzing the specific request to the TIF committee. This information is subject to change based on actual tax assessments. This schedule assumes a 100% real estate valuation and a 1.0 debt coverage ratio. The actual TIF amount available to fund the site specific project cost will change based on the cost of public improvements.

Original Loan Amount: \$1,972,000
 Capitalized Interest: \$173,039
 Loan Balance Remaining: \$2,145,039

Assumptions:
 1. Assume No Pre-Development Base
 2. Loan Amount: \$1,972,000
 3. Interest Rate: 4.25%
 4. Project Hard Costs: \$1,003,940.5
 5. Increment Base: \$10,039,405

Operating Pro Forma

Annual Residential Income	\$	322,824	
Annual Office Income	\$	204,300	
Annual Retail Income	\$	184,950	
	\$	<u>712,074</u>	
Less Residential Vacancy (10%)	\$	(32,282)	
Less Office Vacancy (15%)	\$	(30,645)	
Less Retail Vacancy (15%)	\$	(27,743)	
Less Expenses	\$	(105,630)	(Existing taxes Included)
Total Operating Income	\$		515,775

<u>1st Mort</u>	Debt Service Ratio	1.05	\$	<u>(489,486)</u>
	Loan Amount	\$ 7,529,554		
	Interest Rate	4.25%		
	Terms	25		

Net Income \$ 26,289

<u>2nd TIF Mort</u>	Debt Service Ratio		\$	<u>(178,019)</u>
	Loan Amount	\$ 1,972,000		
	Interest Rate	4.25%		
	Terms	15		

E. Necessity of TIF for this Project

As evidenced in Exhibit B, the projected ROE without TIF would only be 1.05%, and with TIF, would be 4.89%. An equity return of 1.05% is not sufficient for a major historical renovation real estate investment that involves construction risk, stabilization risk, and ongoing operation risk. However, a 4.89% return does merit this investment. Therefore, this project would not proceed without TIF.

F. Evaluation Criteria

Mandatory Criteria

1. Project must be located within a blighted area or an area eligible for a designation of blight as required and set forth by State Statute

Block 318 is located in a designated Blighted and Substandard Area in the City of Omaha.

2. The project must further the objectives of the City's Comprehensive Plan.

Development of 1218 IZARD ST. and 1201 NICHOLAS ST. will further several of the goals of the City's Comprehensive Plan by preserving and protecting unique historical features that serve as a foundation for Omaha's overall image, strengthening the city's central business district by adding high density mixed use development, reversing deterioration in older areas of the city, ensuring quality housing, and encouraging private investment in North Downtown. See Page 6 of Omaha Master Plan – Housing Element; See Page 5 of Omaha Master Plan – Urban Development Element.

3. The use of TIF for the project will not result in a loss of pre-existing tax revenues to the City and other taxing jurisdictions.

The Tax Increment Financing request proposes to utilize only the increase in property taxes resulting from the improvements proposed by the developer. Existing tax revenues will continue to accrue to the benefit of the City of Omaha and other taxing jurisdictions and will remain unaffected by development of the subject property.

4. The developer is able to demonstrate that the project would not be economically feasible without the use of Tax Increment Financing. In addition, when the project has site alternatives, the proposal must demonstrate that it would not occur in an area without TIF.

As demonstrated by Exhibit B, this project is not economically feasible without the use of Tax Increment Financing. Additionally, there is no comparable alternative to development of Block 318 because of the unique historical character of the structures on site, location in the emerging North Downtown Arts and Entertainment District, and proximity to TD Ameritrade Park. This project represents a rare opportunity to develop an under-utilized site and spur further development of the North Downtown neighborhood.

5. The project will eliminate an actual or potential hazard to the public. Hazards may include condemned or unsafe buildings, sites, or structures.

The site as acquired is in disrepair. In several locations, loose brick walls are falling away from the structure and protruding away from the building, posing danger to nearby pedestrians. Masonry problems throughout the structures will be remediated to improve the structural integrity of the building and repair deterioration, thereby eliminating risk of falling debris. The project will also replace deteriorated sidewalks and alleys adjacent to the site, and create parking nodes which will provide public parking space.

Discretionary Criteria

2. The Project is located in Downtown Omaha, an area that has been designated as blighted and substandard.
3. TIF proceeds will be used for the construction of all public improvements required by the City of Omaha's Planning and Public Works Departments.
6. The structures to be redeveloped display conditions of blight as established by Neb. Rev. Stat. §18-2103(11): they are deteriorating, industrial structures that if left in their present condition,

would substantially impair and arrest the sound growth of the community. All buildings on site need substantial renovation to contribute to the development and beautification of the area.

7. The project will create several new commercial tenants and provide office space for local businesses. Pierson Wireless is planning to open a corporate office in the 1218 Izard St. building upon completion of Phase I of the project. Other commercial and office tenants are anticipated immediately after completion of construction and the development will provide much needed multi-family housing in the North Downtown district.

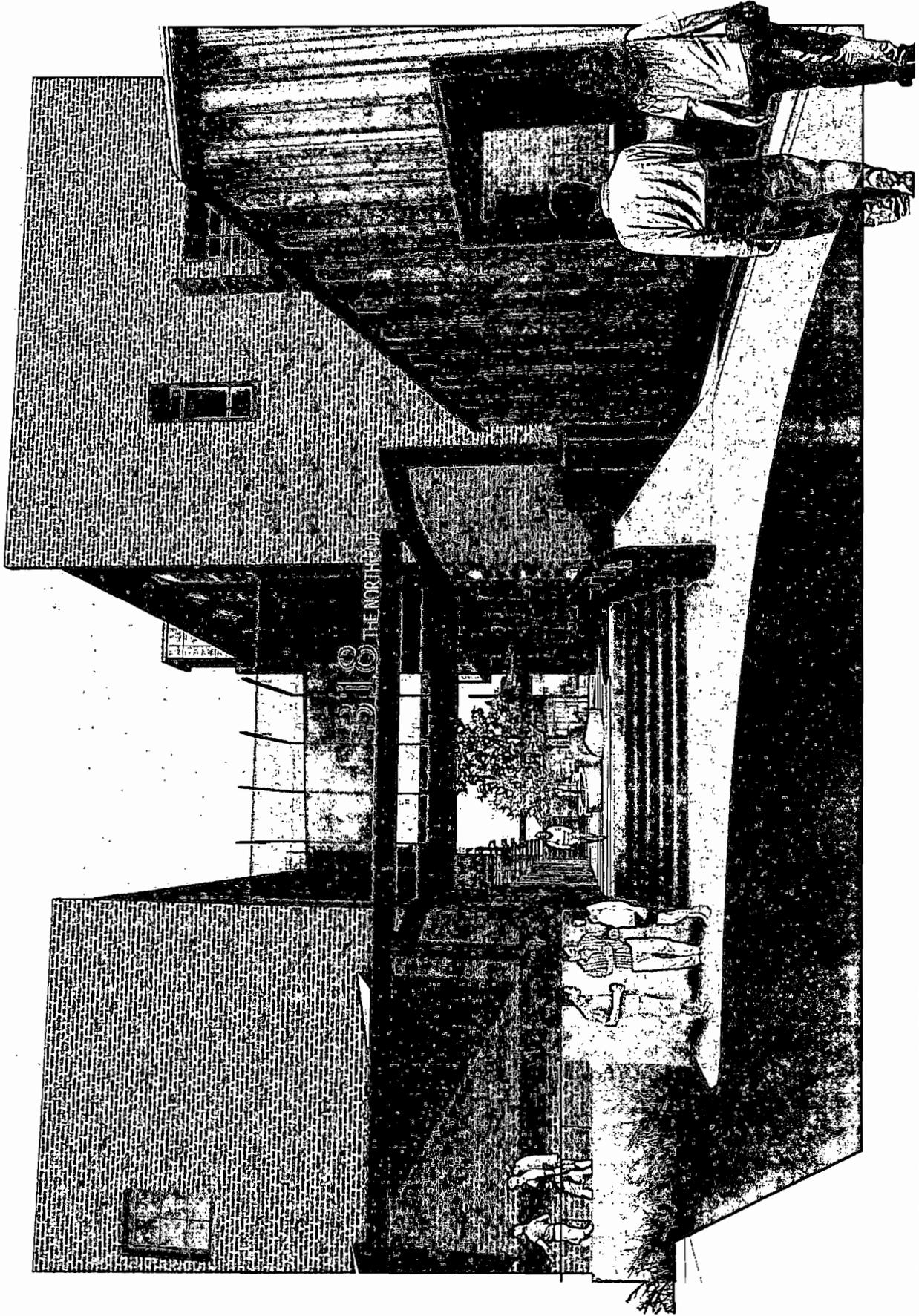
Employment Information

Permanent Jobs (FTE) to be CREATED	20
Permanent Jobs (FTE) to be RETAINED	-
Permanent Jobs (FTE) to be RELOCATED	10
TOTAL	30
Anticipated Annual Payroll	\$1,250,000
Estimated number of construction jobs to be created during construction phase	100

G. Preliminary Site Plans for Project

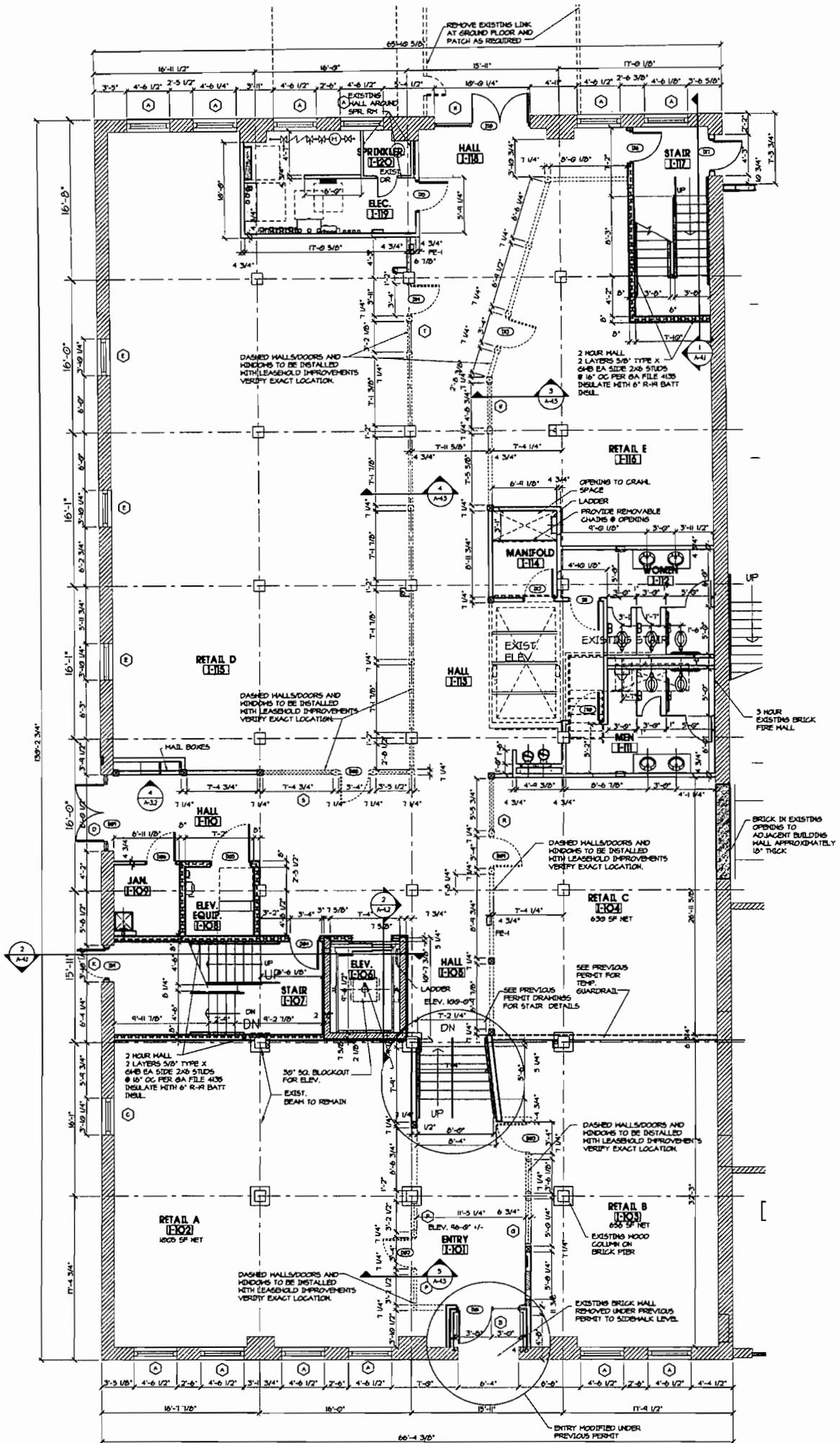
- (Attached)

BLOCK 318 PRELIMINARY PLANS



URBAN PLAZA - WEST ENTRANCE

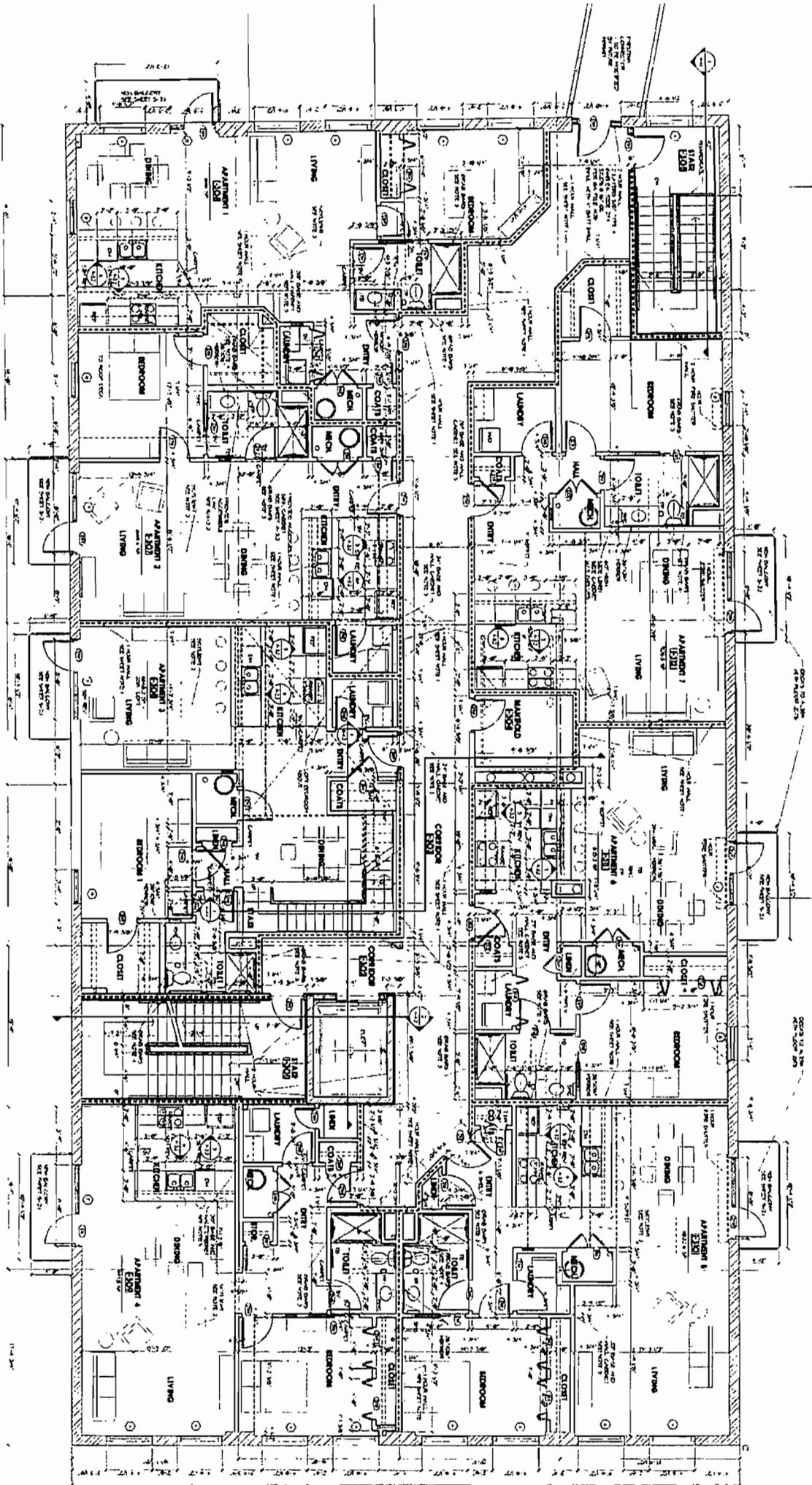
1218 Iard
Ground



GROUND FLOOR PLAN
SCALE 3/16" = 1'-0"

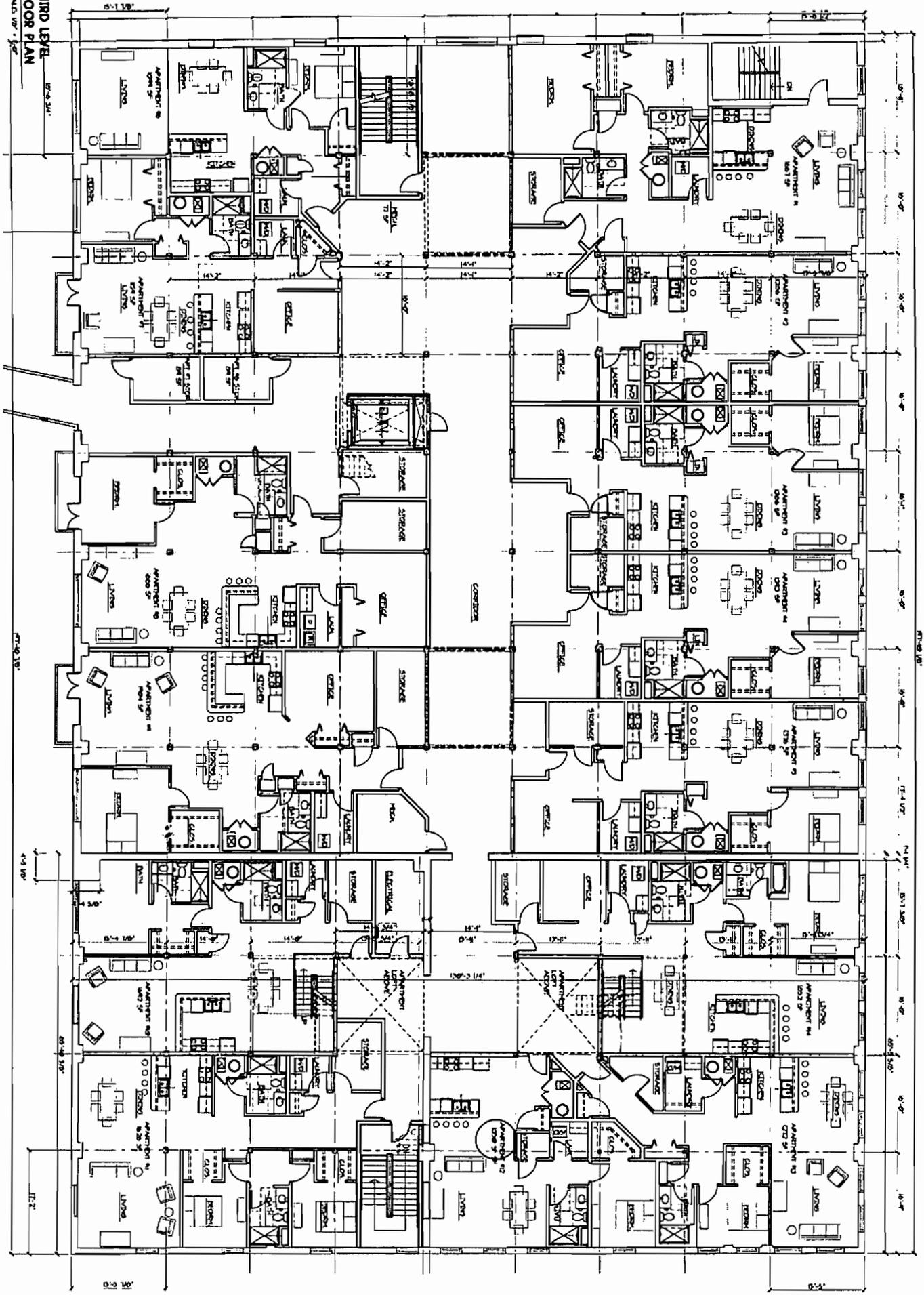
1218 Izard
Third

THIRD FLOOR PLAN



1201 Nicholas - Third

THIRD LEVEL
FLOOR PLAN
SCALE: 1/8" = 1'-0"



H. Development Schedule

Phase 1: Completed by January 2015

- 1218 Izard St. (Interior All/Exterior All)
- Utility Improvements (Whole Site)
- Raised Alley & Plazas
- Northwest surface parking

Phase 2: Estimated completion - January 2016

- 1201 Nicholas St. (Interior All/Exterior All)
- Sculpture Garden

Anticipated occupancy of leased spaces shall occur immediately following completion of each phase of development.

I. List of Public Improvements

Public improvements to be included in the project include:

1. Construction of public sidewalks around the perimeter of the block
2. Construction of parking nodes on west, east, and north faces
3. Construction of parking lot on Lot 4, Northwest corner
4. Construction of walking plazas in alleyways (both north to south as well as east to west)
5. New infrastructure to entire block (electrical, plumbing, sewer) to support individual buildings instead of existing common services

J. Corporate Documents

- Block 318 L.L.C. Corporate Documents
- Pierson Enterprises L.L.C. Corporate Documents

STATE OF NEBRASKA

LETTER OF GOOD STANDING

JOHN A. GALE
Secretary of State

Corporate Division
Room 1301
State Capitol
Lincoln, NE 68509

April 19, 2012

Andrew Hammack
PO Box 22704
Lincoln , NE 68542

Dear Andrew Hammack

Our records indicate that as of April 19, 2012 at 10:12 AM the corporation known as:

BLOCK 318, L.L.C.

has registered with the Nebraska Secretary of State's Office and is currently in existence and good standing to do business in the State of Nebraska as of the time and date noted above.

Sincerely,

John A. Gale
Secretary of State

Information on this document provided from the records of the Nebraska Secretary of State Office through **Nebraska.gov**, an instrumentality of the State of Nebraska