



City of Omaha  
Jean Stothert, Mayor

RECEIVED

14 JUN 20 PM 11:42

CITY CLERK  
OMAHA, NEBRASKA

July 1, 2014

**Planning Department**

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

**James R. Thele**  
Director

Honorable President

and Members of the City Council,

The attached Resolution transmits the Aksarben Village Zone 5 Phase III Tax Increment Financing (TIF) Redevelopment Project Plan located northeast of Mercy Road and Aksarben Drive. The redevelopment project plan is a mixed use development that consists of five separate structures and projects within the redevelopment area referred to as Zone 5. This redevelopment project plan will complete the build-out of Zone 5 located within the Aksarben Village Redevelopment Area, which envisioned a new urban and vibrant community comprised of places to work, shop, eat, lodge and play.

Zone 5 originally began in 2006-2007 as a mixed-used development with plans to develop Lot 1 as the first phase and Lots 2-3 as the second phase – currently the Aksarben Cinema, Aspen Athletic Club and DJ's Dugout. The remaining lots were to be the final phase. Lot 1 became Zone 5 LLC #1 TIF Redevelopment Project Plan; however, Lot 1 never developed. This redevelopment project plan proposes to finish the development of the remaining vacant parcels, including Lot 1, and construct a parking structure. The Zone 5 LLC #1 TIF Redevelopment Project Plan and Redevelopment Agreement will be cancelled as a result of this project. TIF proceeds that were received by Zone 5 LLC #1 will be paid back to the City and redistributed to the various taxing jurisdictions.

The following projects are contemplated as a result of the Aksarben Village Zone 5 Phase III Tax Increment Financing (TIF) Redevelopment Project Plan:

- Building 1 will consist of an 80,000 square foot, 3- or 4-story mixed-use retail and office building containing approximately 20,000 square feet of retail/restaurant space and office lobby, as well as 18 secured covered parking stalls and service areas on the ground floor. Professional office space will be built above. A large corporate user is committed to occupy the entire fourth level.
- Building 2 will consist of a 125,000 square foot, 5-story mixed-use retail and office building containing approximately 18,000 square feet of retail/restaurant space, the main entry lobby for the office space and support services on the ground floor. Above the first floor will be four stories of office space at approximately 25,000 square feet each. A large corporate user is committed to occupy the entire top three (3) floors of the building.
- An 880 stall parking garage will replace the existing surface parking lot and will serve the business employees and customers visiting the entire Zone 5 redevelopment.
- Building 3 will consist of a 4-story building with 40 apartment loft residences. The new apartment lofts will be adjacent to the west elevation of the parking garage, fronting Aksarben Drive.

- Building 4 will be a mixed-use retail/residential building fronting Frances Street and screening the parking garage's north elevation, consisting of 10,000 square feet of retail space and a small apartment lobby on the ground floor while floors 2-4 will accommodate 21 residential apartment units.

The Planning Board recommended the approval of this redevelopment project plan at the June 4, 2014 public hearing.

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 \$9,088,199.00 to offset TIF eligible costs such as acquisition, site work, demolition, architectural and engineering fees, environmental, and any public improvements as may be necessary. The total estimated project costs are \$75,907,731.00, but are subject to change as final costs come in.

Your favorable consideration of this Resolution will be appreciated.

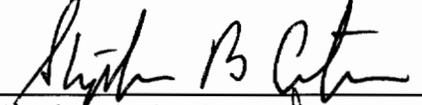
Respectfully submitted,

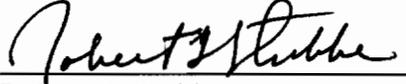
Referred to City Council for Consideration:

  
James R. Thele  
Planning Director  
Date 6/13/14

  
Mayor's Office  
Date 6/18/14

Approved:

  
Stephen B. Curtiss  
Finance Director  
Date 6/16/14

  
Robert G. Stubbe, P.E.  
Public Works Director  
Date 6-17-14

2033 dlh

Notice of Publication and Public Hearing: July 3, 2014 and July 10, 2014

Public Hearing: July 22, 2014

# 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 northeast of Mercy Road and Aksarben Drive is within a designated community redevelopment area, as the area meets the definition of blight and substandard per the Community Development Law and is in need of redevelopment; and,

WHEREAS, this Aksarben Village Zone 5 Phase III Tax Increment Financing (TIF) Redevelopment Project Plan for the redevelopment project site was approved by the City of Omaha Planning Board at their June 4, 2014 meeting, and previously approved by the TIF Committee; and,

WHEREAS, the project site for the Aksarben Village Zone 5 Phase III Tax Increment Financing (TIF) Redevelopment Project Plan is located northeast of Mercy Road and Aksarben Drive and is legally described in Exhibit "A" which is attached hereto and herein incorporated by reference; and,

WHEREAS, the Aksarben Village Zone 5 Phase III Tax Increment Financing (TIF) Redevelopment Project Plan is a mixed use development which consists of five separate structures and projects containing retail, office, residential and parking structure uses, which will complete the build-out of Zone 5 located within the Aksarben Village Redevelopment Area as described in Exhibit "B", attached hereto and herein incorporated by reference; and,

WHEREAS, this Resolution seeks approval of Aksarben Village Zone 5 Phase III Tax Increment Financing (TIF) Redevelopment Project Plan recommends the City's participation through the allocation of TIF in an amount up to \$9,088,199.00 to offset TIF eligible costs such as acquisition, site work, demolition, architectural and engineering fees, environmental, and any public improvements, as may be required, for a project with total estimated costs of \$75,907,731.00; 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 Aksarben Village Zone 5 Phase III Tax Increment Financing (TIF) Redevelopment Project Plan located northeast of Mercy Road and Aksarben Drive is a mixed use development which consists of five separate structures and projects containing retail, office, residential and parking structure uses, which will complete the build-out of Zone 5 located within the Aksarben Village Redevelopment Area, recommends the City's participation through the allocation of TIF in an amount up to \$9,088,199.00 to offset TIF eligible costs such as acquisition, site work, demolition, architectural and engineering fees, environmental, and any public improvements, as may be required; 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:



DEPUTY CITY ATTORNEY

6/13/14  
DATE

2033 dlh

By.....  
Councilmember

Adopted.....

.....  
City Clerk

Approved.....  
Mayor

TIF BOUNDARY LEGAL DESCRIPTION

AKSARBEN VILLAGE, ZONE 5 PHASE III

Lots 1, 4, 5, 6 & 7, Aksarben Village Replat 11, a subdivision as surveyed, platted and recorded in Douglas County, Nebraska.

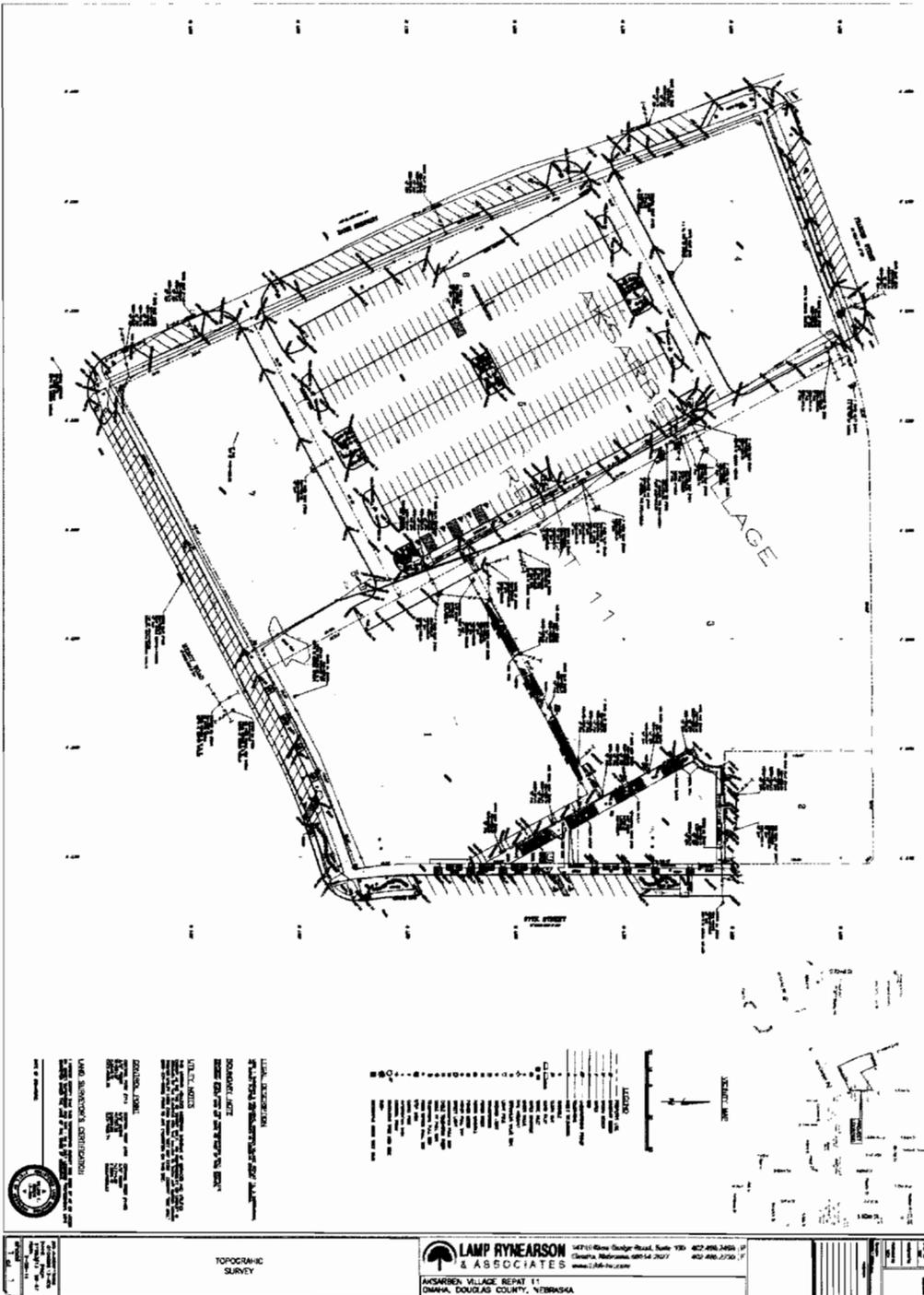




EXHIBIT "B"

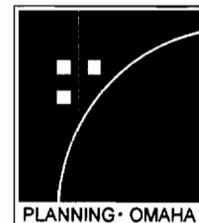
# AKSARBEN VILLAGE ZONE 5 PHASE III TIF REDEVELOPMENT PROJECT PLAN

NORTHEAST OF MERCY ROAD & AKSARBEN DRIVE

JULY 2014



Jean Stothert, Mayor City of Omaha



James Thele, Director  
Planning Department  
Omaha/Douglas Civic Center  
1819 Farnam Street, Ste. 1111  
Omaha, Nebraska 68183

**INTER-OFFICE COMMUNICATION**  
**City of Omaha, Nebraska**  
**Planning Department**

**TO:** Chairman and Members of the Planning Board

**FROM:** James Thele, Planning Director

**DATE:** May 28, 2014

**SUBJECT:** Aksarben Village Zone 5 Phase III TIF REDEVELOPMENT PROJECT PLAN  
Northeast of Mercy Road and Aksarben Drive  
Case #C3-14-102

---

**Project Summary**

This redevelopment project plan is part of an overall master plan for the Aksarben Village Redevelopment Area. There were ten (10) Zones established for redevelopment projects within the master plan; most Zones had different developers. All Zones have been completely developed or partially developed as of this present day, except Zone 6.

Zone 5 originally began in 2006-2007 as a mixed-used development with plans to develop Lot 1 as the first phase, Lots 2-3 as the second phase – currently the Aksarben Cinema, Aspen Athletic Club and DJ's Dugout, and the remaining lots as the final phase. Lot 1 became Zone 5 LLC #1 TIF Redevelopment Project Plan; however, Lot 1 never developed. This TIF application for Zone 5 redevelopment project plan proposes to finish the development of the remaining five (5) lots generally, including Lot 1. The area is generally between Aksarben Drive, Mercy Road and South 67<sup>th</sup> Street. The Zone 5 LLC #1 TIF Redevelopment Project Plan and Redevelopment Agreement will be cancelled as a result of this application. TIF proceeds that were received by Zone 5 LLC #1 will be paid back to the City and redistributed to the various taxing jurisdictions.

**Project Description**

This redevelopment project plan consists of five separate structures within the redevelopment area referred to as Zone 5. The following projects are listed in the order in which the buildings will be constructed.

- **Building 2 (Lot 7 of Aksarben Village Replat 11)** will consist of a five (5) story mixed-use retail and office building. This 125,000 square foot building will consist of approximately 18,000 square feet of retail/restaurant space, the main entry lobby for the office space and support services on the ground floor. Above the first floor will be ~~four~~(4) stories of office space at approximately 25,000 square feet each. The architectural style of this building is complimentary to existing buildings within Aksarben Village and will include a 1,500 sf balcony on the southwest corner of the 5th floor. The highly visible retail space facing Stinson Park will provide opportunity for more convenient oriented businesses that will complement the already successful retail environment in Zone 5. A large corporate user is committed to occupy the entire top three (3) floors of the building.
- **Building 1 (Lot 1 of Aksarben Village Replat 11)** will consist of a three (3) or four (4) story mixed-use retail and office building. This 80,000 square foot building will consist of approximately 20,000 square feet of retail/restaurant space and office lobby, as well as 18 secured covered parking stalls and service areas on the ground floor. Professional office

space will be built above. The 2nd to 4th levels will be full floors. The building design will provide 3rd level and 4th level balcony space overlooking and interacting with the public plazas within Zone 5. A large corporate user is committed to occupy the entire fourth level.

- **Parking Garage (Lot 5 of Aksarben Village Replat 11)** will replace the existing surface parking lot. The 880 stall garage will serve the business employees and customers visiting the entire Zone 5 redevelopment. The garage will be a precast concrete structure (consistent with the other parking garages in Aksarben Village) and is designed with an interior ramp leading to upper levels. The garage will have 2 separate pedestrian elevator/stair wells located on the northeast and southeast corners of the structure, providing convenient access for both office employees and retail customers fronting Mercy Road, 67<sup>th</sup> Street, and Frances Street. The parking garage will not sit empty in the evenings as it will provide ample parking for the very successful Aksarben Cinema and growing nightlife created by the existing and new restaurants and the new retail spaces.
- **Building 3 (Lot 6 of Aksarben Village Replat 11) of Zone 5.** This housing will consist of a four (4) story building with 40 apartment loft residences. These units will face west with a view of the College of St. Mary campus and easy access to the Keystone Trail and Stinson Park. The new apartment lofts will be adjacent to the west elevation of the parking garage thus screening the garage from Aksarben Drive and the surrounding areas.
- **Building 4 (Lot 4 of Aksarben Village Replat 11)** will be a mixed-use retail/residential building fronting Frances Street and screening the parking garage's north elevation. The ground floor will consist of 10,000 square feet of retail space and a small apartment lobby while floors 2-4 will accommodate 21 residential apartment units.

The project is anticipated to be completed in two phases. Building 2 and the parking garage will commence right away with the completion and opening of Building 2 slated for late 2015 and the completion and opening of the garage slated for the summer of 2015. Building 1 is also slated for completion in late 2015. Buildings 3 and 4 are slated for completion/opening during the fall of 2016.

**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 is located within a Community Redevelopment Area, meets the requirements of Nebraska Community Development Law and qualifies 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 or will be in compliance with the Master Plan, appropriate Ordinances and development regulations of the City.

**DEPARTMENT RECOMMENDATION:** Approval.

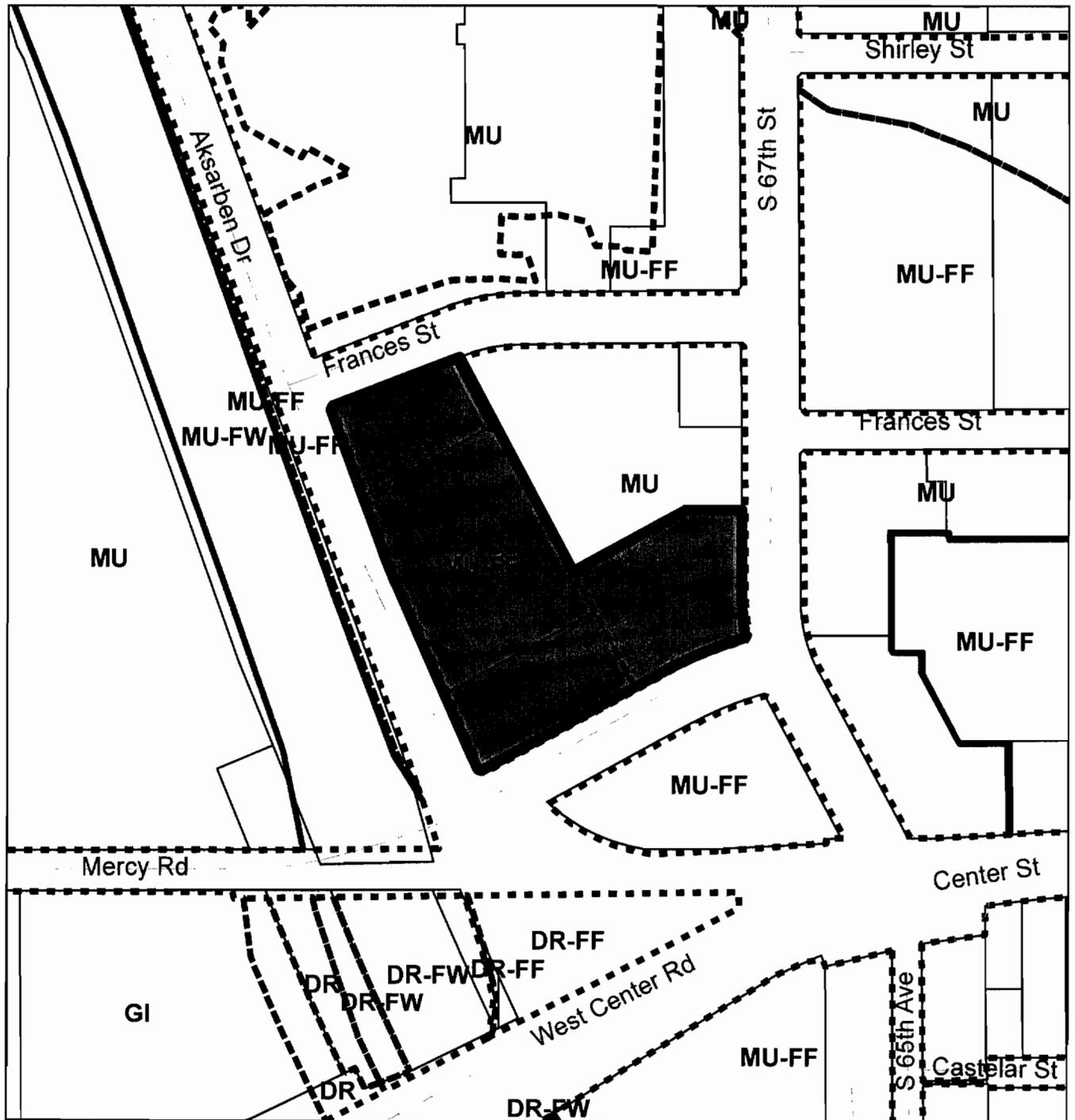
#### **ATTACHMENTS**

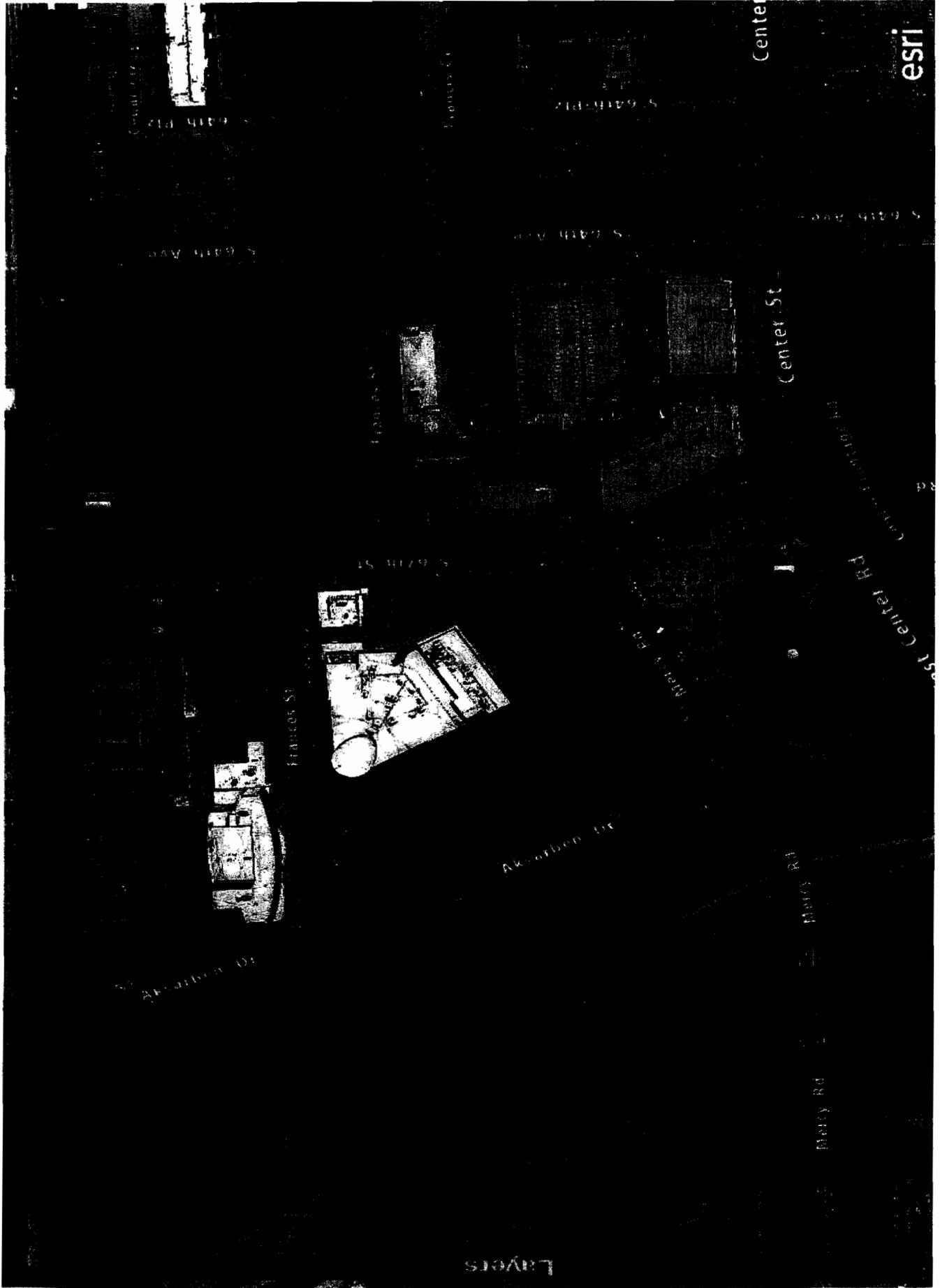
General Vicinity Map

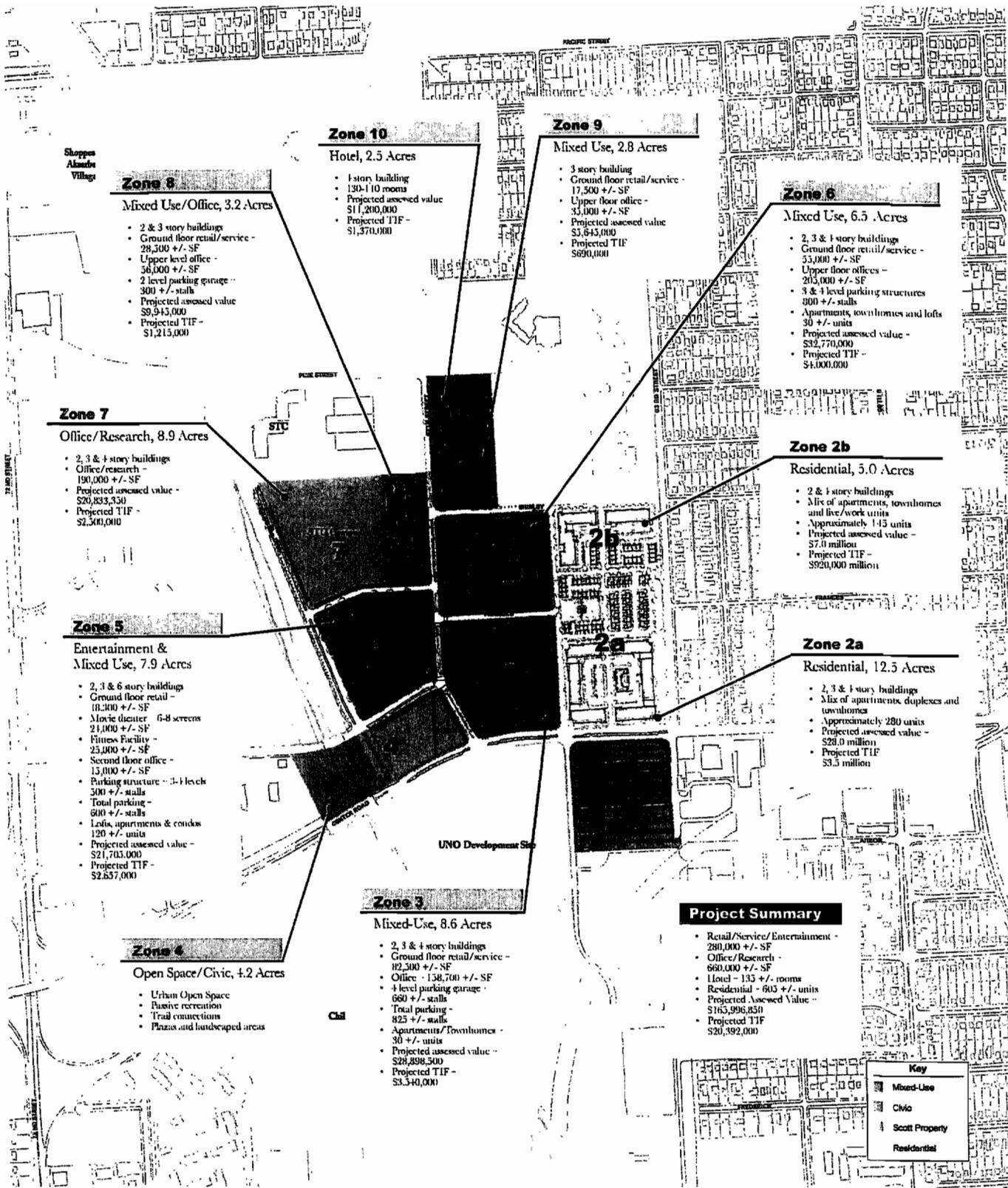
Project Plan

CASE: C3-14-102  
APPLICANT: Planning Department on behalf of the City of Omaha  
REQUEST: Approval of the AKSARBEN VILLAGE ZONE 5 PHASE II/III TIF  
REDEVELOPMENT PROJECT PLAN  
LOCATION: Northeast of Mercy Road and Aksarben Drive

SUBJECT AREA IS SHADED - JUNE 2014







0 200 400 600 800 FEET

12 MAY 2006

URBAN DESIGN ASSOCIATES

# Development Program

Aksarben Village | Omaha, Nebraska

## INTER-OFFICE COMMUNICATION

**Date:** May 19, 2014

**To:** TIF Committee:  
James Thele, Stephen Curtiss, AL Herink, Paul Kratz, Robert Stubbe,  
Todd Pfitzer, Cassie Seagren, Gail Braun

**From:** Bridget A. Hadley - City Planning

**Applicant:** City of Omaha Planning Department

**Project Name:** Aksarben Village Zone 5 Phase III TIF Redevelopment Project Plan

**Location:** Generally between Aksarben Drive, Mercy Road and South 67<sup>th</sup> Street

### Project Summary

This redevelopment project plan is part of an overall master plan for the Aksarben Village Redevelopment Area. There were ten (10) Zones established for redevelopment projects within the master plan; most Zones had different developers. All Zones have been completely developed or partially developed as of this present day, except Zone 6.

Zone 5 originally began in 2006-2007 as a mixed-used development with plans to develop Lot 1 as the first phase, Lots 2-3 as the second phase – currently the Aksarben Cinema, Aspen Athletic Club and DJ's Dugout, and the remaining lots as the final phase. Lot 1 became Zone 5 LLC #1 TIF Redevelopment Project Plan; however, Lot 1 never developed. This TIF application for Zone 5 redevelopment project plan proposes to finish the development of the remaining five (5) lots generally, including Lot 1. The area is generally between Aksarben Drive, Mercy Road and South 67<sup>th</sup> Street. The Zone 5 LLC #1 TIF Redevelopment Project Plan and Redevelopment Agreement will be cancelled as a result of this application. TIF proceeds that were received by Zone 5 LLC #1 will be paid back to the City and redistributed to the various taxing jurisdictions.

### Project Description

This redevelopment project plan consists of five separate structures within the redevelopment area referred to as Zone 5. The following projects are listed in the order in which the buildings will be constructed.

- **Building 2 (Lot 7 of Aksarben Village Replat 11)** will consist of a five (5) story mixed-use retail and office building. This 125,000 square foot building will consist of approximately 18,000 square feet of retail/restaurant space, the main entry lobby for the office space and support services on the ground floor. Above the first floor will be ~~four~~(4) stories of office space at approximately 25,000 square feet each. The architectural style of this building is complimentary to existing buildings within Aksarben Village and will include a 1,500 sf balcony on the southwest corner of the 5<sup>th</sup> floor. The highly visible retail space facing Stinson Park will provide opportunity for

more convenient oriented businesses that will complement the already successful retail environment in Zone 5. A large corporate user is committed to occupy the entire top three (3) floors of the building.

- **Building 1 (Lot 1 of Aksarben Village Replat 11)** will consist of a three (3) or four (4) story mixed-use retail and office building. This 80,000 square foot building will consist of approximately 20,000 square feet of retail/restaurant space and office lobby, as well as 18 secured covered parking stalls and service areas on the ground floor. Professional office space will be built above. The 2nd to 4th levels will be full floors. The building design will provide 3rd level and 4th level balcony space overlooking and interacting with the public plazas within Zone 5. A large corporate user is committed to occupy the entire fourth level.
- **Parking Garage (Lot 5 of Aksarben Village Replat 11)** will replace the existing surface parking lot. The 880 stall garage will serve the business employees and customers visiting the entire Zone 5 redevelopment. The garage will be a precast concrete structure (consistent with the other parking garages in Aksarben Village) and is designed with an interior ramp leading to upper levels. The garage will have 2 separate pedestrian elevator/stair wells located on the northeast and southeast corners of the structure, providing convenient access for both office employees and retail customers fronting Mercy Road, 67<sup>th</sup> Street, and Frances Street. The parking garage will not sit empty in the evenings as it will provide ample parking for the very successful Aksarben Cinema and growing nightlife created by the existing and new restaurants and the new retail spaces.
- **Building 3 (Lot 6 of Aksarben Village Replat 11) of Zone 5.** This housing will consist of a four (4) story building with 40 apartment loft residences. These units will face west with a view of the College of St. Mary campus and easy access to the Keystone Trail and Stinson Park. The new apartment lofts will be adjacent to the west elevation of the parking garage thus screening the garage from Aksarben Drive and the surrounding areas.
- **Building 4 (Lot 4 of Aksarben Village Replat 11)** will be a mixed-use retail/residential building fronting Frances Street and screening the parking garage's north elevation. The ground floor will consist of 10,000 square feet of retail space and a small apartment lobby while floors 2-4 will accommodate 21 residential apartment units.

The project is anticipated to be completed in a couple of phases. Building 2 and the parking garage will commence right away with the completion and opening of Building 2 slated for late 2015 and the completion and opening of the garage slated for the summer of 2015. Building 1 is also slated for completion in late 2015. Buildings 3 and 4 are slated for completion/opening during the fall of 2016.

### **Project Finance Summary - Sources & Uses for all lots - Phase III**

<b>Sources of Funds</b>	
Owner Equity	\$8,295,748
Construction Loan, est.*	\$48,523,784
Other Financing**	\$10,000,000
Tax Increment Financing – First National Bank (FNB)	\$9,088,199
<b>Total Sources of Funds</b>	<b>\$75,907,731</b>
<b>Uses of Funds</b>	
Land Acquisition	\$4,982,700
Hard Construction Costs	\$45,379,696
Sitework Construction Costs & Off-Site Improvements	\$15,419,664
Soft Construction Costs	\$5,124,164
Tenant Improvements/Build-Outs	\$1,477,300
Developer Fees	\$1,525,095
Financing Fees	\$1,999,112
<b>Total Uses of Funds</b>	<b>\$75,907,731</b>

\*FNB is providing \$25 million in construction financing for Building 2. As soon as final designs are complete for Buildings 1, 3 & 4 and the parking garage, construction financing will be finalized.

\*\* Contributions to pay for the parking garage from adjacent new developments within Zone 5.

#### **Land Use and Zoning**

The current site consists of vacant lots, with the exception of one lot that is a surface parking lot. The proposed uses are mixed uses for the entire redevelopment site, which align with the master plan for the area.

The current zoning for this redevelopment site is MU-FF. No changes in zoning are anticipated.

#### **Utilities and Public Improvements**

Standard utilities (electrical, water, sewer) exist at the site.

Public improvements in the Aksarben Village area are in excess of \$15,000,000. Zone 5 paid \$2,655,000 to meet its required obligations to public infrastructure at the out of the first project (at Lots 2-3) in this redevelopment zone area. Of that contribution, \$1,835,000 is the amount allocated to the projects of this TIF application – Lots 1, 4, 5, 6, & 7.

Basic streetscaping will occur adjacent to the projects as they are completed.

#### **Transportation**

No transportation issues identified.

### **Cost Benefit Analysis – from the application**

A cost benefit analysis was prepared for each project within this Phase III. Please refer to those sections of the application. This project satisfies this requirement.

### **TIF Justification**

The project site is located within a Community Redevelopment Area, meets the requirements of Nebraska Community Development Law and qualifies 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/or will be in compliance with the Master Plan, appropriate Ordinances and development regulations of the City.

This redevelopment project plan continues the redevelopment efforts of the former Aksarben horse racing venue, arena and stables that have been transformed into the vibrant mixed use community now known as Aksarben Village. More specifically, it allows for the completion of Zone 5 which began its first project in 2008/2009. It also supports economic development through millions of dollars of business investment, and job creation and retention. The completion of Zone 5 will add to the vitality of the Aksarben Village community. Ultimately, this project plan will enhance the tax base for various taxing jurisdictions.

TIF will be used to offset costs such as acquisition, site work, demolition, architectural and engineering, environmental, and public improvements as required. The total estimated project costs are \$75,907,731.00. TIF eligible costs are as follows:

Land Acquisition	\$ 5,069,120
Site Prep, Demolition & Over-excavation*	\$ 711,300
Paid Off-Site Public Infrastructure Contribution**	\$ 1,835,000
Utility Infrastructure	\$ 140,000
Footings & Foundations***	\$ 1,872,540
Testing (environmental)	\$ 145,000
Public Improvements & Plaza Amenities (public)	\$ 160,000
Design & Consulting (A/E)	\$ 247,285
General Contractor OHP & Contingency	\$ 545,041
<u>Total</u>	<u>\$10,725,286</u>
<u>TIF Fees</u>	<u>\$ 46,000</u>
Total TIF Eligible Costs	\$10,771,286

\*Demolition is related to surface lot for parking garage

\*\*Contributions were paid at the outset of the first Zone 5 project; now the projects for which these contributions were derived are being constructed

\*\*\*Due to poor soil conditions at the site and the need for oversized footings

The TIF is 12% of the total project costs.

**Request:** The TIF request is for up to \$9,088,199; at an interest rate of 5.5%. Using the current levy rate of 2.19974% and other assumptions of the TIF calculation spreadsheet supports the TIF request, inclusive of some capitalized interest. See attached TIF calculation spreadsheet(s).

**TIF Fee Schedule:** \$500.00 application fee paid; the processing fee of \$3,000.00 will be billed; \$42,500.00 administrative fees will be billed. Total fees will be \$46,000.00.

**Recommendation:** Approval

#### **ATTACHMENTS**

TIF Application

TIF Calculation Spreadsheet(s)

Map(s)

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 5.50%	Total	Loan Balance	Capitalized Interest	Interest at 5.50%
0.5	\$ -	0	0	2.19974	\$ -	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$8,500,000	233750	233750
1	\$ -	0	0	2.19974	\$ -	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$8,733,750	240178	240178
1.5	\$ -	0	0	2.19974	\$ -	\$ -	\$ -	\$ 0	\$ 0	\$ 0	\$9,220,711	246783	246783
2	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 236,027	\$ 253,570	\$ 489,597	\$8,984,684	0	253570
2.5	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 242,518	\$ 247,079	\$ 489,597	\$8,742,166	0	247079
3	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 249,187	\$ 240,410	\$ 489,597	\$8,492,979	0	240410
3.5	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 256,040	\$ 235,557	\$ 489,597	\$8,236,939	0	235557
4	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 263,081	\$ 226,516	\$ 489,597	\$7,973,858	0	226516
4.5	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 270,316	\$ 219,281	\$ 489,597	\$7,703,542	0	219281
5	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 277,750	\$ 211,847	\$ 489,597	\$7,425,792	0	211847
5.5	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 285,388	\$ 204,209	\$ 489,597	\$7,140,404	0	204209
6	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 293,236	\$ 196,361	\$ 489,597	\$6,847,168	0	196361
6.5	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 301,300	\$ 188,297	\$ 489,597	\$6,545,868	0	188297
7	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 309,586	\$ 180,011	\$ 489,597	\$6,236,282	0	180011
7.5	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 318,099	\$ 171,498	\$ 489,597	\$5,918,183	0	171498
8	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 326,847	\$ 162,750	\$ 489,597	\$5,591,336	0	162750
8.5	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 335,835	\$ 153,762	\$ 489,597	\$5,255,501	0	153762
9	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 345,071	\$ 144,526	\$ 489,597	\$4,910,430	0	144526
9.5	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 354,560	\$ 135,037	\$ 489,597	\$4,555,870	0	135037
10	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 364,311	\$ 125,286	\$ 489,597	\$4,191,559	0	125286
10.5	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 374,329	\$ 115,268	\$ 489,597	\$3,817,230	0	115268
11	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 384,623	\$ 104,974	\$ 489,597	\$3,432,607	0	104974
11.5	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 395,200	\$ 94,397	\$ 489,597	\$3,037,407	0	94397
12	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 406,068	\$ 83,529	\$ 489,597	\$2,631,339	0	83529
12.5	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 417,235	\$ 73,362	\$ 489,597	\$2,214,104	0	73362
13	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 428,709	\$ 60,888	\$ 489,597	\$1,785,395	0	60888
13.5	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 440,499	\$ 49,098	\$ 489,597	\$1,344,896	0	49098
14	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 452,612	\$ 36,985	\$ 489,597	\$892,284	0	36985
14.5	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 465,059	\$ 24,538	\$ 489,597	\$427,225	0	24538
15	\$ 44,963,650	0	\$ 44,963,650	2.19974	\$ 494,542	\$ 4,945	\$ 489,597	\$ 477,848	\$ 11,749	\$ 489,597	\$0	0	11749
					\$13,352,634	\$133,515	\$13,219,119	\$9,271,334	\$3,947,785	\$13,219,119		\$720,711	

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 98% real estate valuation and a 1.15 debt coverage ratio. The actual TIF amount available to fund site specific project cost will change based on the cost of public improvements.

(Due to overall better than anticipated valuations for the Aksarben Village projects, this schedule assumes a more generous percentage, 95%, of the total real estate valuation to determine the TIF Potential.)

ASSUMPTIONS: (F9 = calculate)  
 1. Assume No Pre-Development Base  
 2. Loan Amount: \$8,500,000  
 3. Interest Rate: 5.50%  
 4. Project Hard Costs: \$54,429,682 \*  
 5. Increment Base: \$44,963,650  
 (\*Based on project costs in application on project specific TIF Calc sheets)

Annual Incremental Tax Payment \$ 989,084  
 Original Loan Amount \$8,500,000  
 Capitalized Interest \$720,711  
 Loan Balance Remaining \$0  
 \$9,220,711 POTENTIAL

April 28, 2014

**Ms. Bridget Hadley  
Economic Development Manager  
Omaha Planning Department  
1819 Farnam Street, Suite 1100  
Omaha, NE 68183**

**RE: Tax Increment Financing Application (Entertainment Zone)  
Aksarben Village – Lots 1, 4, 5, 6 & 7, Aksarben Village Replat 11  
Aksarben Drive at Mercy Road to Frances Street, Omaha, NE**

**Dear Ms. Hadley:**

**Attached is the Tax Increment Financing Application for Aksarben Village – Lots 1, 4, 5, 6 & 7, Aksarben Village Replat 11.**

**This application is to support Phase III of the redevelopment of Zone 5 in Aksarben Village, commonly known as the Entertainment Zone of Aksarben Village. Previous development in Zone 5 includes partial overall site infrastructure and the construction of the Aksarben Cinema and Aspen Athletic Club building in 2009 and the DJ's Dugout building in 2012. The developer for Lots 4, 5, 6 & 7 is Zone 5, LLC, Managing Member – Magnum Development Corp., John Hughes, President, 11550 "I" Street, Suite 200, Omaha, NE 68137. The developer for Lot 1 is Tetrad Property Group, Zachary Wiegert, 11422 Miracle Hills Drive, Suite 400, Omaha, NE 68154**

**This application request encompasses all of the remaining undeveloped land in Zone 5 of Aksarben Village, and requests the approval of \$9,084,223 in Tax Increment funds to support a \$62 million project that will create, at a minimum, a \$45,000,000 incremental increase in assessed property value and will create approximately 900 new jobs, both full-time and part-time and several hundred construction related jobs during the redevelopment process.**

**Zone 5, LLC has previously contributed \$2,655,000 to the Aksarben Village Infrastructure Fund, which the Aksarben Future Trust administered to provide for overall land clearing and utility infrastructure to serve the entire Aksarben Village property redevelopment.**

April 28, 2014  
Ms. Bridget Hadley  
Page 2

This Phase III of the Zone 5 project is comprised of the redevelopment of Lots 1, 4, 5, 6 & 7, Aksarben Village, Replat 11. There will be continual development and construction through 2016 as the last remaining land on the Zone 5 site is developed. Construction will start with Lots 1 and 7. Both will be developed with predominantly pre-leased office space above ground floor retail. Lot 4 will be a 4-story building consisting of 10,000 square feet of retail space on the ground level and 3 floors of apartments above. Lot 5 will be developed with a four level (3 supported levels above grade) parking garage providing a total of 880 stalls to support all of the development within the entire Zone 5 project. This open-to-the-public free parking garage will replace approximately 220 surface stalls currently serving the existing Aksarben Cinema and surrounding businesses. Lot 6 will consist of 40 apartment units which will abut the west elevation of the parking garage screening it from Aksarben Drive.

Attached in the formal application is a more detailed description of each aspect of the Phase III development of Zone 5 in Aksarben Village.

I look forward to this project advancing to City Council and will make time to meet if you have any questions. Please contact me at 402-558-2200 with questions or comments.

Sincerely,

John Hughes  
Magnum Development Corp.

Attachment

**Project Summary**

**Project Owner:** Zone 5, LLC

**Project Developer:** Magnum Development Corp., McNeil Company & Tetrad Property Group

**Project Address:** Northeast Corner of Aksarben Drive and Mercy Road

**Project Legal Description:** Aksarben Village Replat 11, Lots 1, 4, 5, 6 & 7

**Estimated Total Project Cost:** \$75,907,731

**TIF Request:** \$9,088,199

**Current Use:** Vacant Land

**Current Zoning:** MU – CC

**Proposed Use:** Mixed-Use Office/Retail/Apartments

**Current Annual Real Estate Taxes (2013 Tax Year):** \$65,166.28

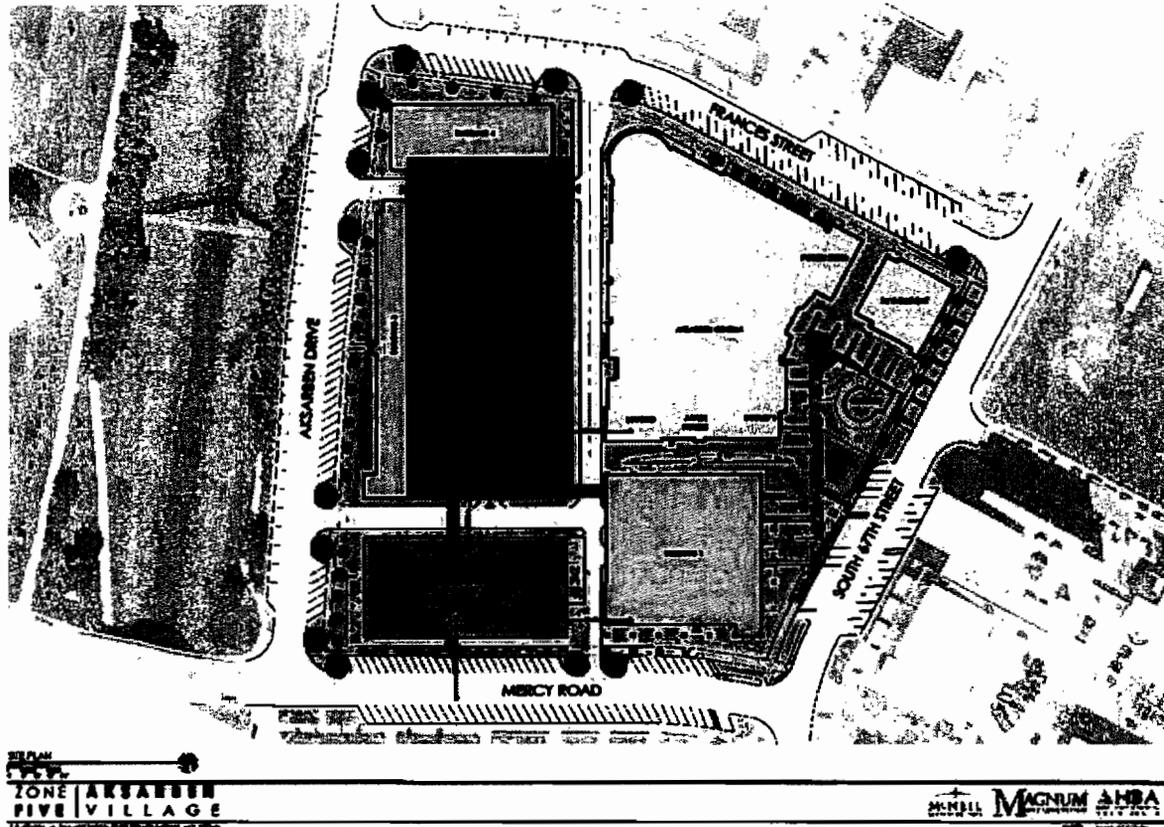
**Current Assessed Tax Valuation (2013 Tax Year):**

**Land:** \$2,886,600.00

**Improvements:** \$ 146,000.00

**Total** \$3,032,600.00

**Application for Tax Increment Financing  
Aksarben Village – Zone 5 Phase III legally known as Lots 1, 4, 5, 6 & 7  
of Aksarben Village Replat 11  
Aksarben Drive at Mercy Road to Frances Street and 67<sup>th</sup> Street, Omaha, NE**



**Aksarben Village – Zone 5 is an element of Aksarben Village, an urban mixed-use community designed to complement and expand commercial development around the University of Nebraska at Omaha. The approximately 5.7 acre site was a part of the property which housed the deteriorating Aksarben Racetrack and Coliseum and its surrounding parking lot and other structures that once housed the support facilities for the racetrack operations.**

**In total this application requests the approval of \$9,088,199 in Tax Increment Financing to support the development of Zone 5 Phase III in Aksarben Village, an approximately \$76 million project that will create, at a minimum, a \$45,000,000 incremental increase in assessed property value. The funds will be used to off-set the more than \$11,000,000 in off-site public infrastructure improvements and on-site TIF eligible expenses that prevent the project from moving forward without the development incentive.**

This Phase III consolidated TIF district will replace a previous Phase I redevelopment agreement that was associated with Lot 1, Aksarben Village Replat 1. That project did not proceed and no improvements were completed. The Phase II TIF redevelopment agreement successfully allowed for the Aksarben Cinema and DJ's Dugout buildings on Lots 2 and 3 Aksarben Village Replat 8 to be developed. The City will terminate the Phase I redevelopment agreement and the excess ad valorem from said agreement will be returned to the City of Omaha prior to implementation of the Phase III redevelopment agreement. Phase III addresses the balance of the property within Zone 5 of Aksarben Village.

This application, titled Zone 5 Phase III, consists of five separate structures within the project area referred to as Zone 5. This application includes a breakdown of each of those individual lot's forecasted developments along with a summary of the overall Zone 5 Phase III TIF district.

**Building 2 (Lot 4 of Aksarben Village Replat 11)** will consist of a 5 story mixed-use retail and office building. This 125,000 square foot building will provide approximately 18,000 square feet of retail/restaurant space, the main entry lobby for the office space and support services on the ground floor. Above will be 4 stories of office space at approximately 25,000 square feet each. The architectural style of this building is complimentary to existing buildings within Aksarben Village and will include a 1,500 sf balcony on the southwest corner of the 5<sup>th</sup> floor. The highly visible retail space facing Stinson Park will provide opportunity for more convenient oriented businesses that will complement the already successful retail environment in Zone 5. A large corporate user is committed to occupy the entire top 3 floors of the building. The office and retail businesses are planned to be open late 2015.

**Building 1 (Lot 1 of Aksarben Village Replat 11)** will consist of a three or four story mixed-use retail and office building. This 80,000 square foot building will provide approximately 20,000 square feet of retail/restaurant space and office lobby, as well as 18 secured covered parking stalls and service areas on the ground floor. Professional Office space will be built above. The 2<sup>nd</sup> to 4<sup>th</sup> levels will be full floors. The building design will provide 3<sup>rd</sup> level and 4<sup>th</sup> level balcony space overlooking and interacting with the public plazas within Zone 5. A large corporate user is committed to occupy the entire fourth level.

The four level **Parking Garage (Lot 5 of Aksarben Village Replat 11)** will replace the existing surface parking lot. The 880 stall garage will serve the business employees and customers visiting all of Zone 5. The garage will be a precast concrete structure (consistent with the other parking garages in Aksarben Village) and is designed with an interior ramp leading to upper levels. The garage will have 2 separate pedestrian elevator/stair wells located on the northeast and southeast corners of the structure, providing convenient access for both office employees and retail customers fronting Mercy Rd, 67<sup>th</sup> Street, and Frances St. The parking garage will not sit empty in the evenings as it will provide ample parking for the very successful Aksarben Cinema and

growing nightlife created by the existing and new restaurants and the new retail spaces. The parking garage will open in the Summer of 2015.

Residential housing is planned for **Building 3 (Lot 6 of Aksarben Village Replat 11)** of Zone 5. This housing will consist of a 4 story building with 40 apartment loft residences. These units will face west with a view of the College of St. Mary campus and easy access to the Keystone Trail and Stinson Park. The new apartment lofts will be adjacent to the west elevation of the parking garage thus screening the garage from Aksarben Drive and the surrounding areas. These units will be available in the Fall of 2016.

**Building 4 (Lot 4 of Aksarben Village Replat 11)** will be a mixed-use retail/residential building fronting Frances Street and screening the parking garage north elevation. The ground floor will provide 10,000 square feet of retail space and a small apartment lobby while floors 2-4 will accommodate 21 additional residential apartment units. This development will finalize the building "frame" of the parking garage. This building will be completed in the Fall of 2016.

In addition to the new structures, Zone 5 Phase III will expand the **Public Common Areas** adding new pedestrian court yards, plazas and sidewalks and enhancing existing plaza spaces to provide both pedestrian circulation and public gathering places. These areas will also serve as a venue for small events and will provide other public amenities, such as benches, bike racks and space for public art.

Formerly, the approximately 5.7 acre site was occupied by the deteriorating Aksarben Racetrack and Coliseum, the surrounding parking lot, and other structures that once housed the support facilities for the racetrack operations.

This application requests the approval of \$9,088,199 in Tax Increment Financing to support the development of Zone 5 Phase III in Aksarben Village, an approximately \$75 million project that will create, at a minimum, a \$45,000,000 incremental increase in assessed property value. The funds will be used to off-set the on-site TIF eligible expenses and \$1,835,000 of off-site TIF eligible public infrastructure improvements that prevent the project from moving forward without the development incentive.

Attached you will find:

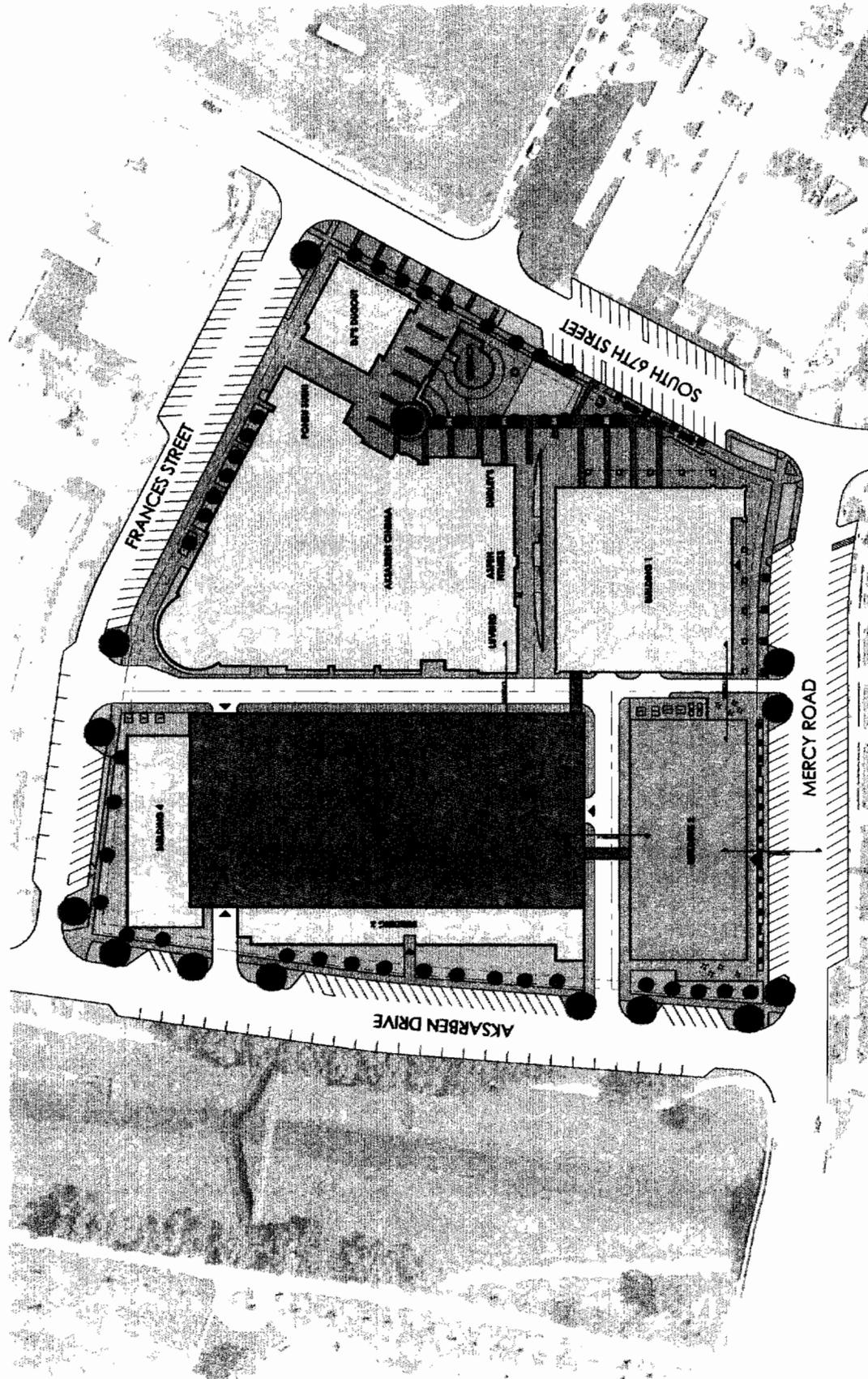
- Property Legal Description
- Project Plat
- Aksarben Village Public Improvements
- TIF Eligible Cost Breakdown
- Project Site Plan
- Project Aerial
- Project Alta Survey
- Preliminary commitment letters for financing and/or evidence of equity.
- A detailed description of each lot development, including:
  - Project Summary

- Detailed Project Narrative
- Site Plan
- Sources & Uses
- Financing Term Letter
- Project Budget
- Project Timeline
- 3 –Year Proforma
- ROI (“But For”) Analysis
- TIF Payment Schedule
- Evaluation Criteria
  - Mandatory Criteria
  - Discretionary Criteria
- Cost Benefit Analysis
- Employment and/or Residential Unit Information
- Renderings, Elevations & Floor Plans
- Ownership and Organization Documentation

**Public Improvements**

Public improvements in Aksarben Village are in excess of \$15,000,000. These costs and the extent of the improvements are detailed in correspondence submitted by Noddle Companies on behalf of Aksarben Future Trust and the Aksarben Village Infrastructure Fund. Zone 5 has previously made contributions totaling \$2,655,000 to meet its required obligations to Public Infrastructure as detailed in Exhibit C to the Mixed- Use Agreement for the Aksarben Village Redevelopment Project, and of which \$1,835,000 is allocated to this TIF District request.

**Project Site Plan**



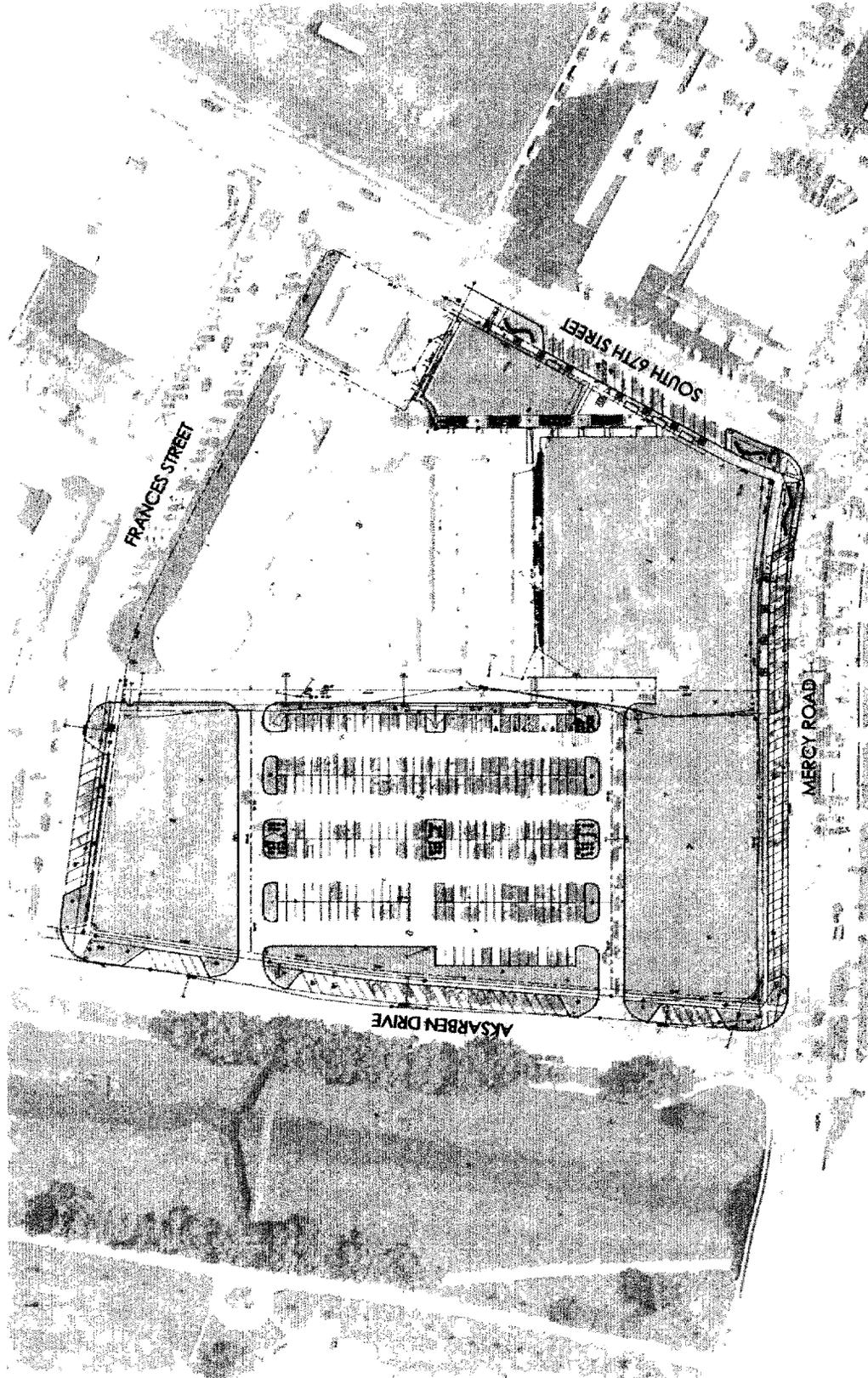
SITE PLAN

ZONE AKARBEN  
FIVE VILLAGE

MCNEIL MAGNUM DEVELOPMENT CORP.  
HBA

DATE: 01/20/13

**Project Aerial**



SITE PLAN

ZONE **A K S A R B E N**  
**FIVE V I L L A G E**

THE LOCATION OF THIS PROJECT IS OFFICE BUILDING CORPORA... (REDACTED)

**MCNEILL**  
CORPORATION  
**MAGNUM**  
CORPORATION  
**HBA**  
ARCHITECTS

NOTED: 3/18/2011 10:30 AM

## **Sources & Uses**

Zone 5, LLC Mixed-Use Development

### **Sources & Uses**

4/27/2014

<b>Sources of Funds</b>	
Owner Equity	\$ 8,295,748
Construction Loan	\$ 48,523,784
Contributions from Adjacent Developments for Parking Garage	\$ 10,000,000
TIF Financing	\$ 9,088,199
<b>Total Sources</b>	<b>\$ 75,907,731</b>
<b>Uses of Funds</b>	
Land Acquisition	\$ 4,982,700
Construction Hard Costs	\$ 45,379,696
Sitework Construction Costs and Off-Site Improvements	\$ 15,419,664
Construction Soft Costs	\$ 5,124,164
Tenant Improvements/Build-Outs	\$ 1,477,300
Developer Fees	\$ 1,525,095
Financing Fees	\$ 1,999,112
<b>Total Uses of Funds and Total Project Costs</b>	<b>\$ 75,907,731</b>

**TIF ELIGIBLE COSTS  
AKSARBEN VILLAGE, ZONE 5 PHASE III**

**LOTS 1, 4, 5, 6 & 7 OF AKSARBEN VILLAGE REPLAT 11  
220,447 SF (5.06 ACRES)**

LOTS 1, 4, 5, 6 & 7 OF AKSARBEN VILLAGE REPLAT 11  
220,447 Square Feet (5.06 Acres)

TIF ELIGIBLE EXPENSES	LAND DEVELOPMENT	LOT 1, BUILDING 1	LOT 7, BUILDING 2	LOT 5, PARKING GARAGE	LOT 4, BUILDING 4	LOT 6, BUILDING 3	TOTAL
LAND ACQUISITION		\$1,400,000	\$1,500,000	\$1,082,700	\$615,220	\$471,200	\$5,069,120
SITE DEMOLITION & PREPARATION & OVEREXCAVATION		\$300,000	\$273,000	\$102,767	\$15,533	\$20,000	\$711,300
OFF-SITE PUBLIC INFRASTRUCTURE CONTRIBUTION		\$765,000	\$1,070,000				\$1,835,000
UTILITY INFRASTRUCTURE		\$95,000	\$35,000		\$5,000	\$5,000	\$140,000
FOOTINGS & FOUNDATIONS		\$275,000	\$546,740	\$517,800	\$300,000	\$233,000	\$1,872,540
TESTING		\$30,000	\$42,000	\$65,000	\$4,000	\$4,000	\$145,000
PUBLIC PARKING FACILITY				\$10,040,000			\$10,040,000
PUBLIC IMPROVEMENTS & PLAZA AMENITIES		\$80,000	\$40,000	\$10,000	\$15,000	\$15,000	\$160,000
DESIGN & CONSULTING FEES		\$65,000	\$64,004	\$75,000	\$23,835	\$19,445	\$247,285
GENERAL CONTRACTOR OVERHEAD PROFIT & CONTINGENCY (ON TIF ELIGIBLE COSTS)		\$131,750	\$170,127	\$130,996	\$61,773	\$50,396	\$545,041
PROJECT MANAGEMENT & CONTINGENCY		\$50,000	\$50,000	\$50,000	\$30,000	\$30,000	\$210,000
TIF FEES TO CITY OF OMAHA	\$46,000						\$46,000
ADMINISTRATION & LEGAL		\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
TOTAL	\$46,000	\$3,201,750	\$3,800,871	\$12,084,263	\$1,080,361	\$858,041	\$21,071,286
INDIVIDUAL LOT APPORTIONMENT OF TIF ELIGIBLE LAND DEVELOPMENT COSTS		\$16,684	\$12,446	\$0	\$9,553	\$7,317	\$46,000
INDIVIDUAL LOT APPORTIONMENT OF TIF ELIGIBLE PARKING GARAGE COSTS		\$3,630,516	\$5,500,782	\$0	\$1,100,156	\$770,109	\$11,001,563
TOTAL TIF ELIGIBLE EXPENSES BY LOT		\$6,848,950	\$9,314,098	\$1,082,700	\$2,190,071	\$1,635,467	\$21,071,286
TOTAL TIF REQUESTED		\$3,113,623	\$3,986,200	\$811,000	\$615,400	\$558,000	\$9,084,223

# TIF Financing Term Sheet for Lots 4,5,6,&7



1620 Dodge Street  
Omaha NE 68197  
402.341.0600

April 28, 2014

Mr. John J. Hughes, Jr.  
Magnum Development Corp.  
11500 "T" Street, Suite 200  
Omaha, NE 68137

**RE: Tax Increment Financing  
Zone 5 Aksarben Village  
Omaha, Nebraska**

Dear John:

First National Bank of Omaha ("FNBO") is pleased to provide this proposal for Tax Increment Financing ("TIF") for Zone 5 in Aksarben Village. This is not a commitment to provide financing, but merely an expression of the financing terms we are considering.

## A. TERMS

1. **Borrower:** To be determined. It is anticipated that there may be up to four (4) separate borrowing entities for each individual Lot ("Borrower" or "Borrowers").
2. **Use of Funds:** The TIF Loan funds will be used to finance Borrower's TIF contribution obligation in regard to the redevelopment of Zone 5 in Aksarben Village, 67<sup>th</sup> and Center Street, Omaha, Nebraska (the "Project").
3. **Loan Amount:** Total loan amount of \$5,970,600.00, which is anticipated to be allocated as follows:

a)	Lot 7, Building 2	Mixed-Use Office/Retail Building	\$3,986,200.00
b)	Lot 5, Parking Structure	Free Public Parking Facility	\$811,000.00
c)	Lot 4, Building 4	Retail / Residential – Frances St.	\$615,400.00
d)	Lot 6, Building 3	Aksarben Dr. Apartments	\$558,000.00
4. **Loan Term:** Fifteen (15) years.
5. **Interest Rate:** The interest rate will be fixed at 5.50% for the entire Loan Term.
6. **Loan Fee:** Borrowers will pay Lender at loan closing a \$14,926.50 loan fee (1/4% of Loan Amount), which may be funded from loan proceeds.
7. **Loan Repayment:** Interest will accrue for the first two (2) years of the loan term, with semi-annual principal and interest payments commencing with the third loan year, with payments due in June and November of each year in an amount necessary to amortize the loan balance over the remaining term of the loan.

8. **Collateral:** First lien upon the tax increment financing proceeds, in the form of a Security and Pledge Agreement executed by the City of Omaha, assigning annual tax increment receipts as security for the Redevelopment Promissory Note.
9. **Late Payment:** Any payment of principal, interest or other amounts payable under the loan documents that is not received by Lender within ten (10) days of the due date, shall be subject to a late charge equal to the greater of 3% of the delinquent amount or \$25.00. The default rate under the loan documents shall be 6% above the note rate.
10. **Guaranty:** To be determined once the Borrower or Borrowers are finalized.

#### **B. CONDITIONS AND REQUIREMENTS**

1. **LOAN DOCUMENTS:** The Loan shall be evidenced and secured by:
  - a. Promissory Note (TIF Loan) payable to Lender;
  - b. TIF Loan Agreement;
  - c. Collateral Assignment and Pledge Agreement executed by Borrower (assigning Redevelopment Promissory Note issued by City of Omaha, possession of which shall be delivered to Lender, and Redevelopment Agreement between Borrower and City of Omaha) to Lender;
  - d. Security and Pledge Agreement executed by City of Omaha giving Lender a security interest in TIF funds generated by the redevelopment Project;
  - e. Uniform Commercial Code Financing Statement executed by City of Omaha in favor of Lender, covering the TIF funds;
  - f. Opinion letter issued by City Attorney of Omaha in form and content satisfactory to Lender's counsel with respect to the TIF financing;
  - g. Guaranty of Payment and Performance executed by Guarantors; and
  - h. Such other documents as required by Lender or Lender's counsel.
  - i. The form and content of all above mentioned loan documents shall be reasonably satisfactory to Lender's counsel.

#### **C. Requirements Prior to Loan Closing**

At least ten (10) business days prior to the closing date, Borrower shall have furnished to Lender each of the following in form and content acceptable to Lender:

1. **Title:** A certificate of title evidencing that title to the Collateral shall be good and marketable, free and clear of all defects, liens, encumbrances, security interests, restrictions and easements which Lender has not otherwise approved. Such evidence shall specifically include:
  - i. Copies of all documents affecting title to the Collateral;
  - ii. Evidence that ingress and egress from the Project is by public streets; and
  - iii. Evidence that all utilities serving the Project are located in the public right-of-way abutting the Project and if connected to the Project by passing over property which is not public right-of-way, are connected to the Project by means of easements which

have been granted, are acceptable to Lender, and which will be insured through proper title insurance.

2. **Taxes and Assessments:** Evidence that all installments of general real estate taxes, special taxes or assessments and the file are paid.
3. **Financial Statements:** The Borrower's and Guarantors' financial statements shall be signed by Borrower and Guarantors, as appropriate, and addressed to Lender.
4. **U.C.C./Tax Lien/Judgment Searches:** U.C.C., tax lien and judgment searches against Borrower and such other parties as Lender may require, showing that the personal property owned by the Borrower, whether or not attached to the Real Property, is free from all security interests, liens, encumbrances, and judgments, except the prior security interest to Lender prior to closing at the Secretary of State and County where Project is located or such other location as Lender requires.
5. **Legal Capacity:** Lender will be given copies of Borrower's and New Borrower's organizational documents to include the Articles of Organization and Operating Agreement and satisfactory borrowing resolutions providing that the persons executing the loan documents on behalf of the Borrower and New Borrower have legal capacity and authority to enter into this mortgage transaction and to execute the loan documents.
6. **TIF Documents:** Lender will be given copies of the Redevelopment Agreement, and all amendments thereto, the Redevelopment Promissory Note, and resolutions of the City of Omaha approving the same.
7. **Special Mortgage Provisions:** The loan documents shall provide, in addition to all other provisions required by Lender:
8. **Financial Statements and Reports:** Borrower shall furnish to Lender, within one hundred twenty (120) days after the close of each fiscal year of Borrower and thereafter upon request current operating and financial statements of Borrower, and financial statements of Guarantors in form satisfactory to Lender, and copies of federal tax returns of Borrower and Guarantors.
9. **Conditions of Closing:** The Lender's obligation to disburse the loan contemplated hereunder, or any portion thereof, shall be conditioned upon the following occurring:
10. **Delivery of Loan Documents; Compliance:** Borrower shall have delivered to Lender all documents and other items required hereunder, which shall be in such form and content as Lender shall prescribe. Borrower shall have satisfied each provision and condition of this commitment in a manner reasonably acceptable to Lender, or Lender shall have waived, in writing, Borrower's compliance with a specific provision.
11. **Payment of Costs by Borrower:** Regardless of whether the loan closes, except for default by Lender, Borrower shall pay all of the Lender's costs in connection with the preparation, closing and disbursement of the loan, including but not limited to, title insurance premiums, survey costs, recording fees and taxes, fees and expenses of Lender's counsel and all other out-of-pocket costs and expenses incurred by Lender in connection with this loan.
12. **No Adverse Change:** Borrower shall warrant that there has been no deterioration in the financial condition of Borrower or Guarantors and that the financial information heretofore submitted to Lender by Borrower and Guarantors is accurate and complete in all material respects. Lender will be promptly notified of any event that has, or with the passage of time could, cause a material adverse change in the financial condition of the Borrower or Guarantors, so long as any indebtedness represented by loan documents remain unpaid.

The above terms and conditions are not a commitment to lend, but rather a general outline of how First National Bank of Omaha would proceed in underwriting the proposed transaction. The outlined terms and conditions are subject to Credit Approval and final documentation satisfactory to Borrower and Lender and complete legal review and approval of all pertinent matters by Lender and Lender's counsel.

A CREDIT AGREEMENT MUST BE IN WRITING TO BE ENFORCEABLE UNDER NEBRASKA LAW. TO PROTECT YOU AND US FROM ANY MISUNDERSTANDINGS OR DISAPPOINTMENTS, ANY CONTRACT, PROMISE, UNDERTAKING, OR OFFER TO FOREBEAR REPAYMENT OF MONEY OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION IN CONNECTION WITH THIS LOAN OF MONEY OR GRANT OR EXTENSION OF CREDIT, OR ANY AMENDMENT OF, CANCELLATION OF, WAIVER OF, OR SUBSTITUTION FOR ANY OR ALL OF THE TERMS OR PROVISIONS OF ANY INSTRUMENT OR DOCUMENT EXECUTED IN CONNECTION WITH THIS LOAN OF MONEY OR GRANT OR EXTENSION OF CREDIT, MUST BE IN WRITING TO BE EFFECTIVE.

FIRST NATIONAL BANK OF OMAHA, a national banking  
association



By:

\_\_\_\_\_  
Scott W. Darrow, Vice President

# *Building 2*

## *Lot 7 of Aksarben Village Replat 11*

Application for Tax Increment Financing



**M**MAGNUM  
DEVELOPMENT CORP.

  
**MCNEIL**  
COMPANY BUILDERS

**Project Summary**

**Project Owner:** Zone 5 Office, LLC

**Project Developer:** Magnum Development Corp. & McNeil Company

**Project Address:** 6750 Mercy Road, Omaha, NE 68106

**Project Legal Description:** Aksarben Village Replat 11, Lot 7

**Estimated Total Project Cost:** \$33,193,675

**TIF Request:** \$3,986,200

**Current Use:** Vacant Land

**Current Zoning:** MU – CC

**Proposed Use:** Mixed-Use Office/Retail

**Current Annual Real Estate Taxes (2013 Tax Year):** \$11,074.27

<b>Current Assessed Tax Valuation (2013 Tax Year):</b>	<b>Land:</b>	\$519,000.00
	<b>Improvements:</b>	\$ 0.00
	<b>Total</b>	\$519,000.00

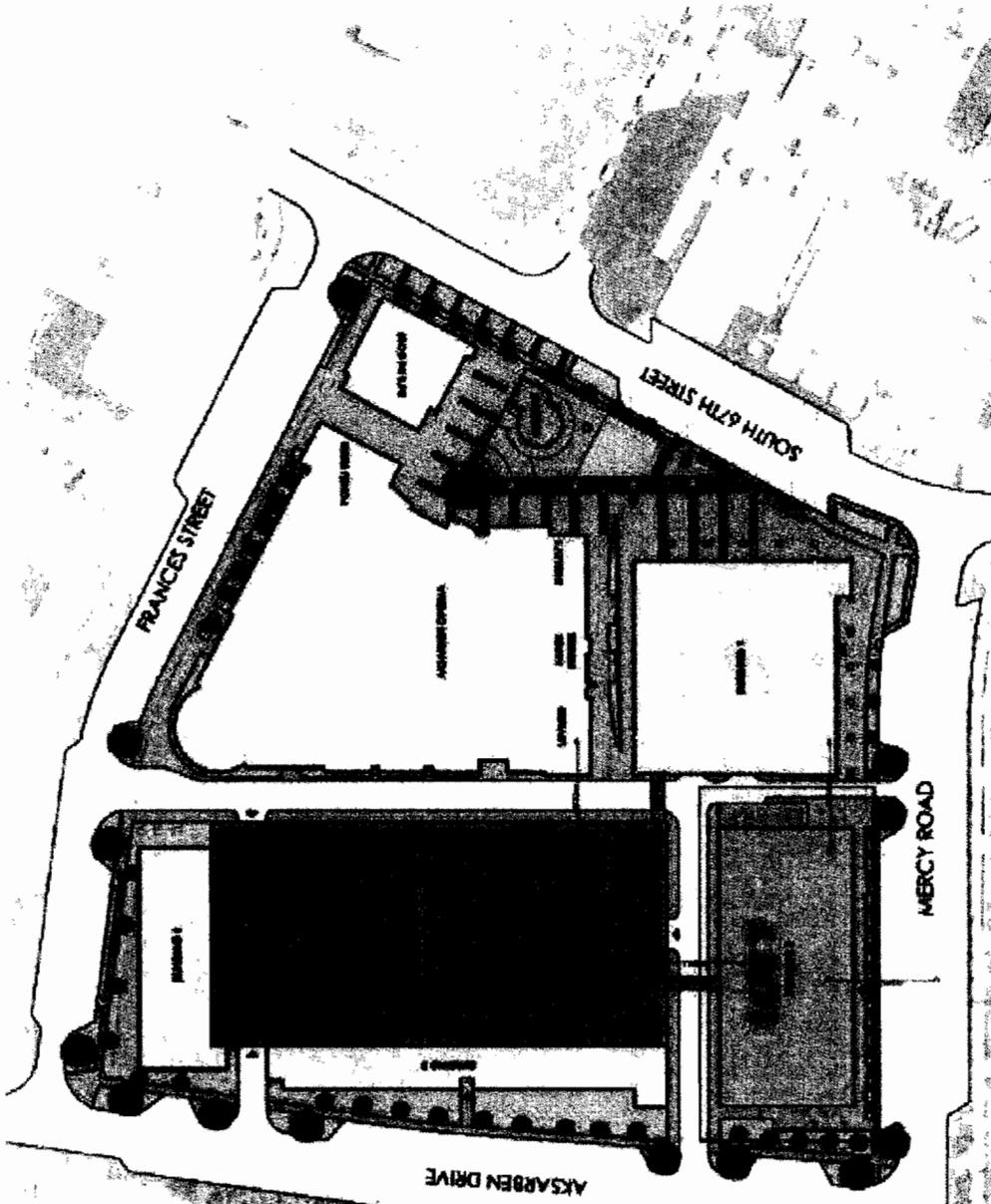
## Narrative

- A. The Lot 7, Building 2 mixed-use development will be complementary building to the Aksarben Village Redevelopment Area consisting of approximately 125,000 SF (gross) located on a site containing approximately .92 acres. The first floor of the building will consist of approximately 19,000 SF of retail space plus a ground level office lobby and support services for the building. The second thru fifth floors will be occupied by office users. The third thru fifth floors are under lease with a single tenant that will occupy three floors, approximately 75,000 SF. The project site will further enhance Aksarben Village by adding 620 professional jobs as well as part-time hourly jobs through the development of the mixed-use building. The project will be connected via skywalk to the public use parking structure being developed totaling approximately 880 stalls.

This application requests the approval of \$3,986,200 in Tax Increment Financing to support the development of the Lot 7, Building 2 mixed-use development, which will create a large incremental increase in assessed property value.

- B. A Single Purpose Entity named Zone 5 Office, LLC, which has been formed by the principals of Magnum Development Corp and McNeil Company will own the Property.
- C. There are no existing structure(s) on this property. The 0.92-Acre project will consist of a 5-story 125,000 square foot mixed-use building. It will be supported by an adjacent parking structure providing approximately 880 parking stalls as well as ready access to public transportation and on street parking. It will be heavily landscaped and pedestrian connections will be designed to blend in with the rest of the Aksarben Village.
- D. Current zoning for the project is MU – CC (community commercial/office), which will not need to be altered for the planned use.
- E. Existing storm water and electrical lines will be used as they were updated as part of the Aksarben Village Infrastructure Fund development project.

**Site Plan**



**BUILDING AREAS**

<b>BUILDING - 1</b>	1ST FLOOR	20,000 SF	USABLE RETAIL
	2ND FLOOR	20,000 SF	USABLE OFFICE
	3RD FLOOR	20,000 SF	USABLE OFFICE
		60,000 SF	
<b>BUILDING - 2</b>	1ST FLOOR	14,000 SF	USABLE RETAIL
	2ND FLOOR	20,000 SF	USABLE OFFICE
	3RD FLOOR	22,000 SF	USABLE OFFICE
	4TH FLOOR	22,000 SF	USABLE OFFICE
	5TH FLOOR	22,000 SF	USABLE OFFICE
		100,000 SF	
<b>BUILDING - 3</b>	1ST FLOOR	11,400 SF	10 DWELLING UNITS
	2ND FLOOR	11,400 SF	10 DWELLING UNITS
	3RD FLOOR	11,400 SF	10 DWELLING UNITS
	4TH FLOOR	11,400 SF	10 DWELLING UNITS
		45,600 SF	40 DWELLING UNITS
<b>BUILDING - 4</b>	1ST FLOOR	10,000 SF	USABLE RETAIL
	2ND FLOOR	7,000 SF	6 DWELLING UNITS
	3RD FLOOR	7,000 SF	6 DWELLING UNITS
	4TH FLOOR	7,000 SF	6 DWELLING UNITS
		31,000 SF	18 DWELLING UNITS

DATE: 10/1/00

**ZONE AKSARBEN FIVE VILLAGE**

MCNEIL **MAGNUM** HBA

**Sources & Uses**

Zone 5 Office, LLC Mixed-Use Office Building

***Sources & Uses***

***4/27/2014***

<b>Sources of Funds</b>	
Owner Equity	\$ 4,207,475
Construction Loan	\$ 25,000,000
TIF Financing	\$ 3,986,200
<b>Total Sources</b>	<b>\$ 33,193,675</b>
<b>Uses of Funds</b>	
Land Acquisition	\$ 1,000,000
Construction Hard Costs	\$ 18,102,176
Sitework Construction Costs and Off-Site Improvements	\$ 8,510,300
Construction Soft Costs	\$ 2,291,689
Tenant Improvements/Build-Outs	\$ 1,477,300
Developer Fees	\$ 1,042,127
Financing Fees	\$ 770,083
<b>Total Uses of Funds and Total Project Costs</b>	<b>\$ 33,193,675</b>

## Financing

### TIF Loan Term Letter



1620 Dodge Street  
Omaha NE 68197  
402.341.0600

April 28, 2014

Mr. John J. Hughes, Jr.  
Magnum Development Corp.  
11500 "T" Street, Suite 200  
Omaha, NE 68137

RE: *Tax Increment Financing  
Zone 5 Aksarben Village  
Omaha, Nebraska*

Dear John:

First National Bank of Omaha ("FNBO") is pleased to provide this proposal for Tax Increment Financing ("TIF") for Zone 5 in Aksarben Village. This is not a commitment to provide financing, but merely an expression of the financing terms we are considering.

#### A. TERMS

1. Borrower: To be determined. It is anticipated that there may be up to four (4) separate borrowing entities for each individual Lot ("Borrower" or "Borrowers").
2. Use of Funds: The TIF Loan funds will be used to finance Borrower's TIF contribution obligation in regard to the redevelopment of Zone 5 in Aksarben Village, 67<sup>th</sup> and Center Street, Omaha, Nebraska [the "Project"].
3. Loan Amount: Total loan amount of \$5,970,600.00, which is anticipated to be allocated as follows:

a)	Lot 7, Building 2	Mixed-Use Office/Retail Building	\$3,986,200.00
b)	Lot 5, Parking Structure	Free Public Parking Facility	\$811,000.00
c)	Lot 4, Building 4	Retail / Residential – Frances St.	\$615,400.00
d)	Lot 6, Building 3	Aksarben Dr. Apartments	\$558,000.00
4. Loan Term: Fifteen (15) years.
5. Interest Rate: The interest rate will be fixed at 5.50% for the entire Loan Term.
6. Loan Fee: Borrowers will pay Lender at loan closing a \$14,926.50 loan fee (1/4% of Loan Amount), which may be funded from loan proceeds.
7. Loan Repayment: Interest will accrue for the first two (2) years of the loan term, with semi-annual principal and interest payments commencing with the third loan year, with payments due in June and November of each year in an amount necessary to amortize the loan balance over the remaining term of the loan.

8. **Collateral:** First lien upon the tax increment financing proceeds, in the form of a Security and Pledge Agreement executed by the City of Omaha, assigning annual tax increment receipts as security for the Redevelopment Promissory Note.
9. **Late Payment:** Any payment of principal, interest or other amounts payable under the loan documents that is not received by Lender within ten (10) days of the due date, shall be subject to a late charge equal to the greater of 3% of the delinquent amount or \$25.00. The default rate under the loan documents shall be 6% above the note rate.
10. **Guaranty:** To be determined once the Borrower or Borrowers are finalized.

#### **II. CONDITIONS AND REQUIREMENTS**

1. **Loan Documents:** The loan shall be evidenced and secured by:
  - a. Promissory Note (TIF Loan) payable to Lender;
  - b. TIF Loan Agreement;
  - c. Collateral Assignment and Pledge Agreement executed by Borrower (assigning Redevelopment Promissory Note issued by City of Omaha, possession of which shall be delivered to Lender, and Redevelopment Agreement between Borrower and City of Omaha) to Lender;
  - d. Security and Pledge Agreement executed by City of Omaha giving Lender a security interest in TIF funds generated by the redevelopment Project;
  - e. Uniform Commercial Code Financing Statement executed by City of Omaha in favor of Lender, covering the TIF funds;
  - f. Opinion letter issued by City Attorney of Omaha in form and content satisfactory to Lender's counsel with respect to the TIF financing;
  - g. Guaranty of Payment and Performance executed by Guarantors; and
  - h. Such other documents as required by Lender or Lender's counsel.
  - i. The form and content of all above mentioned loan documents shall be reasonably satisfactory to Lender's counsel.

#### **C. Requirements Prior to Loan Closing**

At least ten (10) business days prior to the closing date, Borrower shall have furnished to Lender each of the following in form and content acceptable to Lender:

1. **Title:** A certificate of title evidencing that title to the Collateral shall be good and marketable, free and clear of all defects, liens, encumbrances, security interests, restrictions and easements which Lender has not otherwise approved. Such evidence shall specifically include:
  - i. Copies of all documents affecting title to the Collateral;
  - ii. Evidence that ingress and egress from the Project is by public streets; and
  - iii. Evidence that all utilities serving the Project are located in the public right-of-way abutting the Project and if connected to the Project by passing over property which is not public right-of-way, are connected to the Project by means of easements which

have been granted, are acceptable to Lender, and which will be insured through proper title insurance.

2. **Taxes and Assessments:** Evidence that all installments of general real estate taxes, special taxes or assessments and the like are paid.
3. **Financial Statements:** The Borrower's and Guarantors' financial statements shall be signed by Borrower and Guarantors, as appropriate, and addressed to Lender.
4. **U.C.C./Tax Lien/Judgment Searches:** U.C.C., tax lien and judgment searches against Borrower and such other parties as Lender may require, showing that the personal property owned by the Borrower, whether or not attached to the Real Property, is free from all security interests, liens, encumbrances, and judgments, except the prior security interest to Lender prior to closing at the Secretary of State and County where Project is located or such other location as Lender requires.
5. **Legal Capacity:** Lender will be given copies of Borrower's and New Borrower's organizational documents to include the Articles of Organization and Operating Agreement and satisfactory borrowing resolutions providing that the persons executing the loan documents on behalf of the Borrower and New Borrower have legal capacity and authority to enter into this mortgage transaction and to execute the loan documents.
6. **TIF Documents:** Lender will be given copies of the Redevelopment Agreement, and all amendments thereto, the Redevelopment Promissory Note, and resolutions of the City of Omaha approving the same.
7. **Special Mortgage Provisions:** The loan documents shall provide, in addition to all other provisions required by Lender:
8. **Financial Statements and Reports:** Borrower shall furnish to Lender, within one hundred twenty (120) days after the close of each fiscal year of Borrower and thereafter upon request current operating and financial statements of Borrower, and financial statements of Guarantors in form satisfactory to Lender, and copies of federal tax returns of Borrower and Guarantors.
9. **Conditions of Closing:** The Lender's obligation to disburse the loan contemplated hereunder, or any portion thereof, shall be conditioned upon the following occurring:
10. **Delivery of Loan Documents; Compliance:** Borrower shall have delivered to Lender all documents and other items required hereunder, which shall be in such form and content as Lender shall prescribe. Borrower shall have satisfied each provision and condition of this commitment in a manner reasonably acceptable to Lender, or Lender shall have waived, in writing, Borrower's compliance with a specific provision.
11. **Payment of Costs by Borrower:** Regardless of whether the loan closes, except for default by Lender, Borrower shall pay all of the Lender's costs in connection with the preparation, closing and disbursement of the loan, including but not limited to, title insurance premiums, survey costs, recording fees and taxes, fees and expenses of Lender's counsel and all other out-of-pocket costs and expenses incurred by Lender in connection with this loan.
12. **No Adverse Change:** Borrower shall warrant that there has been no deterioration in the financial condition of Borrower or Guarantors and that the financial information heretofore submitted to Lender by Borrower and Guarantors is accurate and complete in all material respects. Lender will be promptly notified of any event that has, or with the passage of time could, cause a material adverse change in the financial condition of the Borrower or Guarantors, so long as any indebtedness represented by loan documents remain unpaid.

The above terms and conditions are not a commitment to lend, but rather a general outline of how First National Bank of Omaha would proceed in underwriting the proposed transaction. The outlined terms and conditions are subject to Credit Approval and final documentation satisfactory to Borrower and Lender and complete legal review and approval of all pertinent matters by Lender and Lender's counsel.

A CREDIT AGREEMENT MUST BE IN WRITING TO BE ENFORCEABLE UNDER NEBRASKA LAW. TO PROTECT YOU AND US FROM ANY MISUNDERSTANDINGS OR DISAPPOINTMENTS, ANY CONTRACT, PROMISE, UNDERTAKING, OR OFFER TO FOREBEAR REPAYMENT OF MONEY OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION IN CONNECTION WITH THIS LOAN OF MONEY OR GRANT OR EXTENSION OF CREDIT, OR ANY AMENDMENT OF, CANCELLATION OF, WAIVER OF, OR SUBSTITUTION FOR ANY OR ALL OF THE TERMS OR PROVISIONS OF ANY INSTRUMENT OR DOCUMENT EXECUTED IN CONNECTION WITH THIS LOAN OF MONEY OR GRANT OR EXTENSION OF CREDIT, MUST BE IN WRITING TO BE EFFECTIVE.

FIRST NATIONAL BANK OF OMAHA, a national banking  
association



By: \_\_\_\_\_

Scott W. Damrow, Vice President

# Construction Loan Term Letter



1620 Dodge Street  
Omaha, NE 68107  
402.341.8500

April 28, 2014

Mr. John J. Hughes, Jr.  
Magnum Development Corp.  
11500 "T" Street, Suite 200  
Omaha, NE 68137

RE: *Construction/Permanent Financing  
Zone 5 Office Building  
Omaha, Nebraska*

Dear John:

First National Bank of Omaha ("FNBO") is pleased to provide this proposal for a construction loan with mini-perm loan option for the development of a proposed 123,800± square foot Class A Office Building to be located in Ak-Sar-Ben Village in Omaha, Nebraska. This is not a commitment to provide financing, but merely an expression of the financing terms we are considering.

## A. TERMS

1. **Borrower:** Zone 5 Office, LLC, a Nebraska Limited Liability Company, or other entity acceptable to Lender and its counsel.
2. **Subject Property:** A to-be-built 123,800± rentable square foot mixed use office and retail building and associated improvements (the "Building") located on the northeast corner of Mercy Road and Ak-Sar-Ben Drive, Omaha, Nebraska (the "Real Estate"). The Project shall also include parking rights sufficient to service the Project. The Building and Real Estate are referred to herein as the "Real Property" or "Project."
3. **Loan Amount:** \$25,000,000.00 maximum, but not to exceed the lesser of 75% of an acceptable appraisal or 80% of Project cost.
4. **Loan Term:** Twenty-four month construction period followed by a one-time option to extend the construction loan for a 5-year Mini-Perm period. The option shall be exercised by Borrower delivering written notice to Lender no later than thirty (30) days prior to loan maturity. In order to exercise the Mini-Perm option, the loan must not be in default and the Borrower shall demonstrate the Project is producing minimum debt service coverage of 1.10x on an amortizing basis. Tenant must have taken possession of subject property and paying rent per the lease agreement. Covenant will be tested annually thereafter.
5. **Loan Fee:** Borrower will pay Lender at loan closing a \$62,500.00 loan fee (1/4% of Loan Amount).
6. **Interest Rate:** During construction, the interest rate will float at a spread of two hundred fifty five (255) basis points over 1-month LIBOR, to be adjusted monthly (approximately 2.91% presently). The rate will be fixed for the mini-perm loan term at three hundred (300) basis points over the 5-year Treasury (approximately 4.72% presently), the rate to be set not sooner than 2 days prior to loan conversion. Per

our discussions Bank may provide other interest rates options including interest rate derivative products but are subject to qualification by Borrower.

7. Loan Repayment: During construction, monthly interest only payments will be required on the first day of each month based on the amount of the loan advanced. Upon conversion to the mini-perm loan, monthly principal and interest payments will be required based on the loan balance and a 25-year amortization, with the principal balance and all accrued and unpaid interest due at maturity.
8. Collateral: First Mortgage, Security Agreement, and Assignment of Rents and Leases on the Project.
9. Guaranty: To be determined, but Charter will guarantee payment and performance of all loan document terms related to the loans on an unlimited basis.
10. Prepayment: The loan is subject to a prepayment premium of 1% during the mini-perm loan term of sixty-months. The premium will be waived if the Project is sold via third party transaction or refinanced with a non-FDIC insured lender.
11. Loan Covenants: On the first anniversary of the Conversion Date, the Project operating income must provide a debt service coverage ratio of at least 1.0x and on each anniversary date thereafter the Project operating income must provide a debt service coverage ratio of at least 1.10x. Covenant testing may be changed to fiscal year-end upon conversion to the mini-perm.
12. Tenant Lease: The proposed financing is based upon ten (10) year Triple Net lease with Pacific Life Insurance Company and subject to review by Bank.

This offer letter is not intended to represent a commitment to lend, nor does it obligate FNBO to provide a loan as discussed herein. It is merely intended to summarize for discussion purposes the credit accommodations that FNBO would be willing to provide. If the proposed terms are acceptable, we will proceed with our formal credit approval process.

Sincerely,

FIRST NATIONAL BANK OF OMAHA



Scott W. Darrow  
Vice President

## Project Budget

**Zone 5 Office, LLC Mixed-Use Office Building**  
**Detailed Project Budget**  
**4/27/2014**

<b>LAND</b>					
LAND ACQUISITION				\$	1,000,000
OFF-SITE INFRASTRUCTURE CONTRIBUTION				\$	500,000
				\$	<b>1,500,000</b>
<b>HARD COSTS</b>					
BUILDING ONE IMPROVEMENTS	1.00	ls		\$	13,415,580
SITE PREPARATION & SURCHARGE	45,000	SF	5.00	\$	225,000
EXTERIOR PLAZA PAVING & AMENITIES				\$	300,000
AUXILIARY POWER				\$	50,000
Temporary Construction Staging & Parking				\$	300,000
Contribution to Exterior CAM				\$	50,000
Anchor Office Build-Out	75,000	sf @	42.00	\$	3,150,000
New Office Tenant Build-Out	25,000	sf @	40.00	\$	1,000,000
Retail Tenant Leasehold Allowance				\$	477,300
PARKING GARAGE CONTRIBUTION	567	stalls @	\$ 12,500	\$	7,085,300
<b>TOTAL HARD COSTS</b>				\$	<b>26,053,180</b>
<b>SOFT COSTS</b>					
PERMITS, FEES & INSPECTIONS	123,802.00	SF @	0.50	\$	61,901
PRE-DEVELOPMENT & CIVIL ENGINEERING				\$	125,000
ARCHITECTURE & ENGINEERING @	13,415,580	hard cost @	4.50%	\$	603,701
INTERIOR PLANNING RETAIL	17,130	sf retail at	0.50	\$	8,565
INTERIOR PLANNING OFFICE	77,870	sf office @	0.15	\$	11,681
CONSTRUCTION LOAN FEE @	0.25%			\$	62,500
PERMANANT LOAN COSTS	0.50%			\$	125,000
PROJECT MANAGEMENT FEES	4.0% of hard cost			\$	1,042,127
MARKET RATE LEASING COMMISSIONS				\$	1,103,612
ADDITIONAL COMMISSION PER AGREEMENT	73,320	sf @	\$ 2.75	\$	201,630
PARTNERSHIP LEGAL FEES				\$	50,000
LENDER LEGAL FEES				\$	20,000
TAXES & INSURANCE prior to opening				\$	25,000
<b>TOTAL SOFT COSTS</b>				\$	<b>3,440,717</b>
<b>CONTINGENCIES &amp; FEES</b>					
SOFT COST CONTINGENCY @	5.0%			\$	172,036
HARD COST CONTINGENCY @	5.0%			\$	1,302,659
LEGAL & PARTNERSHIP ADMINISTRATION	24 months at		\$ 1,000.00	\$	24,000
ACCOUNTING AND PROCESSING	24 months @		\$ 1,000.00	\$	24,000
<b>TOTAL CONTINGENCIES &amp; FEES</b>				\$	<b>1,522,695</b>
<b>INTEREST</b>					
CONSTRUCTION PERIOD INTEREST @	\$ 25,000,000	CONSTRUCTION LOAN		\$	<b>677,083</b>
		75.3% OF PROJECT COST			
		50% USE			
		5.00% INTEREST RATE			
		13 MONTHS			
<b>GROSS PROJECT HARD COST</b>				\$	<b>33,193,675</b>
applied TIF Loan Funding				\$	(3,986,200)
				\$	<b>29,207,475</b>
				Equity Required	\$ 4,207,475

## Project Timeline

Project Start  
 Project Substantial Completion  
 Project Occupancy

June 1, 2014  
 September 1, 2015  
 October - December, 2015

### 3-Year Proforma

		estimated annual CAM increase		estimated annual rental increase		estimated office rental increase		2015		2016		2017		2018						
		3		3		3		MONTHS		MONTHS		MONTHS		MONTHS						
BUILDING SPACE	TENANT	GLA	Term	Rate/SF	Partial Year	Operating Year 1	Operating Year 2	Operating Year 3	Operating Year 1	Operating Year 2	Operating Year 3	Operating Year 1	Operating Year 2	Operating Year 3	Operating Year 1	Operating Year 2	Operating Year 3			
Level-1	1-101 RETAIL 1	2,549	5	20.00	\$ 12,745	\$ 50,980	\$ 51,745	\$ 52,521	\$ 12,745	\$ 50,980	\$ 51,745	\$ 52,521	\$ 12,745	\$ 50,980	\$ 51,745	\$ 52,521	\$ 12,745	\$ 50,980	\$ 51,745	\$ 52,521
Level-1	1-102 RETAIL 2 Restaurant	4,020	5	25.00	\$ 25,125	\$ 100,500	\$ 102,008	\$ 103,538	\$ 25,125	\$ 100,500	\$ 102,008	\$ 103,538	\$ 25,125	\$ 100,500	\$ 102,008	\$ 103,538	\$ 25,125	\$ 100,500	\$ 102,008	\$ 103,538
Level-1	1-103 RETAIL 3	1,767	5	22.00	\$ 9,719	\$ 38,874	\$ 39,457	\$ 40,049	\$ 9,719	\$ 38,874	\$ 39,457	\$ 40,049	\$ 9,719	\$ 38,874	\$ 39,457	\$ 40,049	\$ 9,719	\$ 38,874	\$ 39,457	\$ 40,049
Level-1	1-104 RETAIL 4	1,960	5	22.00	\$ 10,780	\$ 43,120	\$ 43,767	\$ 44,423	\$ 10,780	\$ 43,120	\$ 43,767	\$ 44,423	\$ 10,780	\$ 43,120	\$ 43,767	\$ 44,423	\$ 10,780	\$ 43,120	\$ 43,767	\$ 44,423
Level-1	1-105 RETAIL 5	2,058	10	22.00	\$ 11,319	\$ 45,276	\$ 45,955	\$ 46,644	\$ 11,319	\$ 45,276	\$ 45,955	\$ 46,644	\$ 11,319	\$ 45,276	\$ 45,955	\$ 46,644	\$ 11,319	\$ 45,276	\$ 45,955	\$ 46,644
Level-1	1-106 RETAIL 6 Restaurant	3,276	5	25.00	\$ 20,475	\$ 81,900	\$ 83,129	\$ 84,375	\$ 20,475	\$ 81,900	\$ 83,129	\$ 84,375	\$ 20,475	\$ 81,900	\$ 83,129	\$ 84,375	\$ 20,475	\$ 81,900	\$ 83,129	\$ 84,375
Level-1	1-100 LOBBY	1,500	0	20.50	\$ 4,613	\$ 18,450	\$ 21,525	\$ 25,594	\$ 4,613	\$ 18,450	\$ 21,525	\$ 25,594	\$ 4,613	\$ 18,450	\$ 21,525	\$ 25,594	\$ 4,613	\$ 18,450	\$ 21,525	\$ 25,594
Level-1	1-107 RETAIL 7 Restaurant	3,261	10	25.00	\$ 20,381	\$ 81,525	\$ 82,748	\$ 83,989	\$ 20,381	\$ 81,525	\$ 82,748	\$ 83,989	\$ 20,381	\$ 81,525	\$ 82,748	\$ 83,989	\$ 20,381	\$ 81,525	\$ 82,748	\$ 83,989
Level-1	1-117 INTERIOR MEP	3,341	10	2.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Level-1	1-100 Anchor Office MDF	200	0	20.50	\$ 1,025	\$ 4,100	\$ 4,162	\$ 4,224	\$ 1,025	\$ 4,100	\$ 4,162	\$ 4,224	\$ 1,025	\$ 4,100	\$ 4,162	\$ 4,224	\$ 1,025	\$ 4,100	\$ 4,162	\$ 4,224
Level-2	1-201 SPEC OFFICE/Anchor Expansion	22,000	5	20.50	\$ -	\$ -	\$ 210,843	\$ 469,220	\$ -	\$ -	\$ 210,843	\$ 469,220	\$ -	\$ -	\$ 210,843	\$ 469,220	\$ -	\$ -	\$ 210,843	\$ 469,220
Level-3	1-301 ANCHOR OFFICE TENANT	25,000	5	20.50	\$ 128,125	\$ 512,500	\$ 520,188	\$ 527,990	\$ 128,125	\$ 512,500	\$ 520,188	\$ 527,990	\$ 128,125	\$ 512,500	\$ 520,188	\$ 527,990	\$ 128,125	\$ 512,500	\$ 520,188	\$ 527,990
Level-4	1-401 ANCHOR OFFICE TENANT	25,000	5	20.50	\$ 128,125	\$ 512,500	\$ 520,188	\$ 527,990	\$ 128,125	\$ 512,500	\$ 520,188	\$ 527,990	\$ 128,125	\$ 512,500	\$ 520,188	\$ 527,990	\$ 128,125	\$ 512,500	\$ 520,188	\$ 527,990
Level-5	1-501 ANCHOR OFFICE TENANT	23,320	5	20.50	\$ 119,515	\$ 478,060	\$ 485,231	\$ 492,509	\$ 119,515	\$ 478,060	\$ 485,231	\$ 492,509	\$ 119,515	\$ 478,060	\$ 485,231	\$ 492,509	\$ 119,515	\$ 478,060	\$ 485,231	\$ 492,509
Level-2	1-220 LOBBY / RESTROOM / COMMON	3,000	5	10.25	\$ 7,688	\$ 30,750	\$ 31,211	\$ 31,679	\$ 7,688	\$ 30,750	\$ 31,211	\$ 31,679	\$ 7,688	\$ 30,750	\$ 31,211	\$ 31,679	\$ 7,688	\$ 30,750	\$ 31,211	\$ 31,679
Level-6	1-210 SERVICE/Penthouse	1,500	5	20.50	\$ 4,613	\$ 18,450	\$ 21,525	\$ 25,594	\$ 4,613	\$ 18,450	\$ 21,525	\$ 25,594	\$ 4,613	\$ 18,450	\$ 21,525	\$ 25,594	\$ 4,613	\$ 18,450	\$ 21,525	\$ 25,594
0	1-310 SKYWALK	50	5	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>BUILDING LEASE TOTAL</b>		123,802			\$ 504,246	\$ 2,016,985	\$ 2,263,679	\$ 2,560,341	\$ 504,246	\$ 2,016,985	\$ 2,263,679	\$ 2,560,341	\$ 504,246	\$ 2,016,985	\$ 2,263,679	\$ 2,560,341	\$ 504,246	\$ 2,016,985	\$ 2,263,679	\$ 2,560,341
<b>NET RENTABLE SQUARE FOOT</b>		114,411																		
<b>COMMON AREA MAINTENANCE</b>		114,411		2.25	\$ 2,554	\$ 10,176	\$ 10,425	\$ 10,674	\$ 2,554	\$ 10,176	\$ 10,425	\$ 10,674	\$ 2,554	\$ 10,176	\$ 10,425	\$ 10,674	\$ 2,554	\$ 10,176	\$ 10,425	\$ 10,674
<b>RETAIL PLAZA FEE</b>		18,891		1.00	\$ 18,891	\$ 75,564	\$ 77,017	\$ 78,470	\$ 18,891	\$ 75,564	\$ 77,017	\$ 78,470	\$ 18,891	\$ 75,564	\$ 77,017	\$ 78,470	\$ 18,891	\$ 75,564	\$ 77,017	\$ 78,470
<b>OFFICE UTILITIES &amp; Service</b>		95,320		3.75	\$ 357,450	\$ 1,430,250	\$ 1,462,500	\$ 1,494,750	\$ 357,450	\$ 1,430,250	\$ 1,462,500	\$ 1,494,750	\$ 357,450	\$ 1,430,250	\$ 1,462,500	\$ 1,494,750	\$ 357,450	\$ 1,430,250	\$ 1,462,500	\$ 1,494,750
<b>REAL ESTATE TAXES</b>		114,411		3.50	\$ 400,439	\$ 1,601,756	\$ 1,642,500	\$ 1,683,250	\$ 400,439	\$ 1,601,756	\$ 1,642,500	\$ 1,683,250	\$ 400,439	\$ 1,601,756	\$ 1,642,500	\$ 1,683,250	\$ 400,439	\$ 1,601,756	\$ 1,642,500	\$ 1,683,250
<b>INSURANCE</b>		114,411		0.25	\$ 28,603	\$ 114,411	\$ 117,008	\$ 119,605	\$ 28,603	\$ 114,411	\$ 117,008	\$ 119,605	\$ 28,603	\$ 114,411	\$ 117,008	\$ 119,605	\$ 28,603	\$ 114,411	\$ 117,008	\$ 119,605
<b>RENTAL INCOME TOTAL</b>				10.75	\$ 769,948	\$ 3,079,792	\$ 3,342,428	\$ 3,655,271	\$ 769,948	\$ 3,079,792	\$ 3,342,428	\$ 3,655,271	\$ 769,948	\$ 3,079,792	\$ 3,342,428	\$ 3,655,271	\$ 769,948	\$ 3,079,792	\$ 3,342,428	\$ 3,655,271
<b>OWNER EXPENSES</b>																				
Vacancy Allowance Expense Retail					60%	\$ 1,619	\$ 6,474	\$ 6,840	\$ 1,619	\$ 6,474	\$ 6,840	\$ 7,206	\$ 1,619	\$ 6,474	\$ 6,840	\$ 7,206	\$ 1,619	\$ 6,474	\$ 6,840	\$ 7,206
Vacancy Allowance Expense Office					0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cam, Tax, Insurance Expense						\$ 72,130	\$ 36,606	\$ 37,155	\$ 72,130	\$ 36,606	\$ 37,155	\$ 37,155	\$ 72,130	\$ 36,606	\$ 37,155	\$ 37,155	\$ 72,130	\$ 36,606	\$ 37,155	\$ 37,155
Office Utilities & Service		114,411 sf @		6.00	\$ 686,466	\$ 2,745,864	\$ 2,812,500	\$ 2,879,130	\$ 686,466	\$ 2,745,864	\$ 2,812,500	\$ 2,879,130	\$ 686,466	\$ 2,745,864	\$ 2,812,500	\$ 2,879,130	\$ 686,466	\$ 2,745,864	\$ 2,812,500	\$ 2,879,130
Non-Recoverable Exp/Rent Loss Ins		95,320 sf @		3.75	\$ 357,450	\$ 1,430,250	\$ 1,462,500	\$ 1,494,750	\$ 357,450	\$ 1,430,250	\$ 1,462,500	\$ 1,494,750	\$ 357,450	\$ 1,430,250	\$ 1,462,500	\$ 1,494,750	\$ 357,450	\$ 1,430,250	\$ 1,462,500	\$ 1,494,750
Maintenance Reserve		123,802		2,500 per month	\$ 3,714,050	\$ 14,856,200	\$ 15,212,500	\$ 15,568,750	\$ 3,714,050	\$ 14,856,200	\$ 15,212,500	\$ 15,568,750	\$ 3,714,050	\$ 14,856,200	\$ 15,212,500	\$ 15,568,750	\$ 3,714,050	\$ 14,856,200	\$ 15,212,500	\$ 15,568,750
<b>OWNER EXPENSES TOTAL</b>					\$ 3,714,050	\$ 14,856,200	\$ 15,212,500	\$ 15,568,750	\$ 3,714,050	\$ 14,856,200	\$ 15,212,500	\$ 15,568,750	\$ 3,714,050	\$ 14,856,200	\$ 15,212,500	\$ 15,568,750	\$ 3,714,050	\$ 14,856,200	\$ 15,212,500	\$ 15,568,750
<b>NET OPERATING INCOME</b>					\$ 447,372	\$ 1,915,176	\$ 2,029,252	\$ 2,302,876	\$ 447,372	\$ 1,915,176	\$ 2,029,252	\$ 2,302,876	\$ 447,372	\$ 1,915,176	\$ 2,029,252	\$ 2,302,876	\$ 447,372	\$ 1,915,176	\$ 2,029,252	\$ 2,302,876
<b>NET PROJECT COST after TIF applied</b>					\$ 28,944,124	\$ 115,776,640	\$ 118,800,000	\$ 121,824,376	\$ 28,944,124	\$ 115,776,640	\$ 118,800,000	\$ 121,824,376	\$ 28,944,124	\$ 115,776,640	\$ 118,800,000	\$ 121,824,376	\$ 28,944,124	\$ 115,776,640	\$ 118,800,000	\$ 121,824,376
<b>NET PROJECT COST without TIF</b>					\$ 32,930,324	\$ 131,766,840	\$ 135,176,000	\$ 138,584,128	\$ 32,930,324	\$ 131,766,840	\$ 135,176,000	\$ 138,584,128	\$ 32,930,324	\$ 131,766,840	\$ 135,176,000	\$ 138,584,128	\$ 32,930,324	\$ 131,766,840	\$ 135,176,000	\$ 138,584,128
<b>DEBT SERVICE</b>					\$ 119,247	\$ 477,000	\$ 492,000	\$ 507,000	\$ 119,247	\$ 477,000	\$ 492,000	\$ 507,000	\$ 119,247	\$ 477,000	\$ 492,000	\$ 507,000	\$ 119,247	\$ 477,000	\$ 492,000	\$ 507,000
<b>CASH FLOW</b>					\$ 119,247	\$ 135,176	\$ 249,252	\$ 522,876	\$ 119,247	\$ 135,176	\$ 249,252	\$ 522,876	\$ 119,247	\$ 135,176	\$ 249,252	\$ 522,876	\$ 119,247	\$ 135,176	\$ 249,252	\$ 522,876

**ROI "But For" Analysis**

Zone 5 Office, LLC

4/27/14

Lot 7, Building 2

Financial Assessment Supporting Tax Increment Financing

	With TIF		Without TIF	
Project Cost	\$	33,193,675	\$	33,193,675
Loan-to-Value Ratio		75.3%		75.3%
Financing from Financial Institution	\$	25,000,000	\$	25,000,000
TIF Qualified Expenses	\$	3,986,200		\$0.00
Equity Required	\$	4,207,475	\$	8,193,675
Debt Coverage Ratio, 1st Mortgage		1.29x		1.29x
Financing Interest Rate, 1st Mortgage		5.5%		5.5%
Total Financing and Equity	\$	33,193,675	\$	33,193,675
Net Operating Income	\$	2,302,000	\$	2,302,000
Debt Service, 1st Mortgage P&I	\$	1,780,000	\$	1,780,000
Cash Flow After Debt Service	\$	522,000	\$	522,000
Cash on Cash Return on Equity		12.4%		6.4%

**TIF Payment Schedule**

Applicant: TIF Projection Zone 6 125,000 ref @ \$3.60psf. \$25,000,000 construction 100% valuation  
 \$3,986,200 TIF supported 5.60% interest

DATE	Total Taxable Valuation	Less Pre-Development Base	TIF Taxable Valuation	Tax Levy	Tax Revenue	Treasurer's 1% Collection Fee	Revenues Available For TIF Loan	Principal	Interest at 5.60%	Total	Loan Balance	Capitalized Interest	Interest at 5.60%
0.5	0	0	0	2.1974	0	0	0	\$0	\$0	\$0	\$3,986,200	109621	109621
1	0	0	0	2.1974	0	0	0	\$0	\$0	\$0	\$4,208,468	112635	112635
1.5	0	0	0	2.1974	186978	0	186108	\$86,168	\$118,916	\$185,108	\$4,324,189	116733	116733
2	17000000	0	17000000	2.1974	33722	186978	231366	\$114,260	\$117,066	\$231,366	\$4,257,968	0	117096
2.5	21250000	0	21250000	2.1974	33722	33722	23372	\$117,433	\$113,962	\$231,366	\$4,143,708	0	113962
3	21250000	0	21250000	2.1974	33722	33722	23372	\$120,662	\$110,723	\$231,366	\$4,026,273	0	110723
3.5	21250000	0	21250000	2.1974	33722	33722	23372	\$123,981	\$107,404	\$231,366	\$3,905,811	0	107404
4	21250000	0	21250000	2.1974	33722	33722	23372	\$127,300	\$103,986	\$231,366	\$3,781,630	0	103986
4.5	21250000	0	21250000	2.1974	33722	33722	23372	\$130,619	\$100,462	\$231,366	\$3,654,240	0	100462
5	21250000	0	21250000	2.1974	33722	33722	23372	\$133,938	\$96,862	\$231,366	\$3,523,347	0	96862
5.5	21250000	0	21250000	2.1974	33722	33722	23372	\$137,257	\$93,182	\$231,366	\$3,388,964	0	93182
6	21250000	0	21250000	2.1974	33722	33722	23372	\$140,576	\$89,363	\$231,366	\$3,250,662	0	89363
6.5	21250000	0	21250000	2.1974	33722	33722	23372	\$143,895	\$85,488	\$231,366	\$3,108,670	0	85488
7	21250000	0	21250000	2.1974	33722	33722	23372	\$147,214	\$81,476	\$231,366	\$2,962,773	0	81476
7.5	21250000	0	21250000	2.1974	33722	33722	23372	\$150,533	\$77,354	\$231,366	\$2,812,884	0	77354
8	21250000	0	21250000	2.1974	33722	33722	23372	\$153,852	\$73,118	\$231,366	\$2,658,633	0	73118
8.5	21250000	0	21250000	2.1974	33722	33722	23372	\$157,171	\$68,786	\$231,366	\$2,500,666	0	68786
9	21250000	0	21250000	2.1974	33722	33722	23372	\$160,490	\$64,294	\$231,366	\$2,337,947	0	64294
9.5	21250000	0	21250000	2.1974	33722	33722	23372	\$163,809	\$59,689	\$231,366	\$2,170,656	0	59689
10	21250000	0	21250000	2.1974	33722	33722	23372	\$167,128	\$54,877	\$231,366	\$1,999,170	0	54877
10.5	21250000	0	21250000	2.1974	33722	33722	23372	\$170,447	\$50,000	\$231,366	\$1,822,762	0	50000
11	21250000	0	21250000	2.1974	33722	33722	23372	\$173,766	\$45,141	\$231,366	\$1,641,603	0	45141
11.5	21250000	0	21250000	2.1974	33722	33722	23372	\$177,085	\$40,220	\$231,366	\$1,456,259	0	40220
12	21250000	0	21250000	2.1974	33722	33722	23372	\$180,404	\$34,757	\$231,366	\$1,263,884	0	34757
12.5	21250000	0	21250000	2.1974	33722	33722	23372	\$183,723	\$28,350	\$231,366	\$1,067,266	0	28350
13	21250000	0	21250000	2.1974	33722	33722	23372	\$187,042	\$21,591	\$231,366	\$865,231	0	21591
13.5	21250000	0	21250000	2.1974	33722	33722	23372	\$190,361	\$14,219	\$231,366	\$657,640	0	14219
14	21250000	0	21250000	2.1974	33722	33722	23372	\$193,680	\$6,162	\$231,366	\$444,340	0	6162
14.5	21250000	0	21250000	2.1974	33722	33722	23372	\$197,000	\$0	\$231,366	\$225,174	0	0
15	21250000	0	21250000	2.1974	33722	33722	23372	\$197,000	\$0	\$231,366	\$0	0	0
					\$6,263,750	\$62,632	\$6,201,118	\$4,324,208	\$1,676,910	\$6,201,118		\$337,989	

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. The schedule assumes a 100% real estate valuation and a 1.15 debt coverage ratio. This schedule is for illustration purposes only. The results contained herein are not guaranteed and include information from others which have not been verified for accuracy. Actual results may vary. The TIF and financing programs referenced herein have specific requirements and availability or receipt of TIF or financing is contingent on numerous factors and decisions of governmental agencies and financial institutions. No likelihood of financial feasibility or success is expressed or implied.

**ASSUMPTIONS:**  
 1. Assume a \$683,600 Pre-Development Base  
 2. Loan Amount: \$3,986,200  
 3. Interest Rate: 5.60%  
 4. Project Hard Costs: \$25,000,000  
 6. Increment Base: \$21,250,000

Original Loan Amount: \$3,986,200  
 Capitalized Interest: \$337,989  
 Loan Balance Remaining: \$4,324,189

Annual revenues: \$487,444

## **Evaluation Criteria**

The project meets the mandatory criteria set forth in the Tax Increment Financing Guidelines issued by the City of Omaha.

### **Mandatory Criteria:**

1. The 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.

The Lot 7, Building 2 mixed-use development project is located in the Aksarben Business and Education Campus Redevelopment Plan Area, as area designated as a blighted and substandard area by the City of Omaha on December 17, 1996, Resolution No. 3325.

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

The Lot 7, Building 2 mixed-use development project results in the development of 0.92 acres on vacant ground located on the NEC of Aksarben Drive and Mercy Road. The project will create approximately 125,000 gross square feet of retail and office space occupied by 600 employees. It will further extend much needed public improvements to areas located north of Center Street. It will also compliment the ongoing re-development of the Aksarben Village area.

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.

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

The site was specifically selected because of the availability of TIF proceeds. If TIF proceeds are not available, the project is not feasible due to the cost associated with structured parking, the property being located within a flood plain, over excavation and surcharge requirements due to unacceptable soil and extraordinary foundation/structural slab requirements. In addition the structured parking will benefit the public as it improves the parking for the entire Aksarben Village area.

As detailed below, the Lot 7, Building 2 mixed-use development project meets two of the discretionary criteria as set forth in the City of Omaha's Tax

Increment Financing Guidelines and qualifies for a 15-year amortization period.

#### Discretionary Criteria

1. As of the date of adoption of the original Redevelopment Plan, the undeveloped Lot 7, Building 2 mixed-use development project area displayed conditions of blight and constitutes an economic and social liability detrimental to the successful re-development of the Aksarben Village and the expanding University of Nebraska at Omaha Campus.
2. Zone 5 Office, LLC is a newly formed company whose purpose is the development and ownership of this real estate asset.
3. The project is part of the Aksarben Village master plan which, through its development has or will eliminate an actual or potential hazard to the public. Hazards may include condemned or unsafe buildings, sites or structures. The site is currently un-developed, with poor soil conditions, within a flood plain and vacant but will be improved with a mixed-use project that will serve and enhance the area.

#### Cost Benefit Analysis

1. **Tax Shifts resulting from the approval of the use of funds pursuant to section 18-2147 (of the Community Development Law):** Currently, the property is taxed at a value of \$519,000 for tax income of \$11,074.27 annually. After developed, the property will be valued at approximately \$21,769,000 with estimated annual taxes of approximately \$478,518.
2. **Public infrastructure and community public service needs impacts and local tax impacts arising from projects receiving incentives:** The Project will provide new public infrastructure such as parking, sidewalks, lighting and landscaping immediately adjacent to the site. The extensive use of TIF funding has also supported the construction of over \$15 million in new infrastructure within the broader redevelopment area. The project will also benefit public service needs by providing employment opportunities in the Aksarben Village neighborhood. Over the long term, it will provide additional local property and sales tax revenues.
3. **Impacts on employers and employees of firms locating or expanding within the boundaries of the area of redevelopment project:** During development and construction, TIF incentives will create opportunities for the employers and employees involved in this project benefitting development, financing, design, construction and property management industries. Upon completion, TIF incentives will potentially support the retention of 300 FTE employee positions and the creation of 320 new FTE employment opportunities.

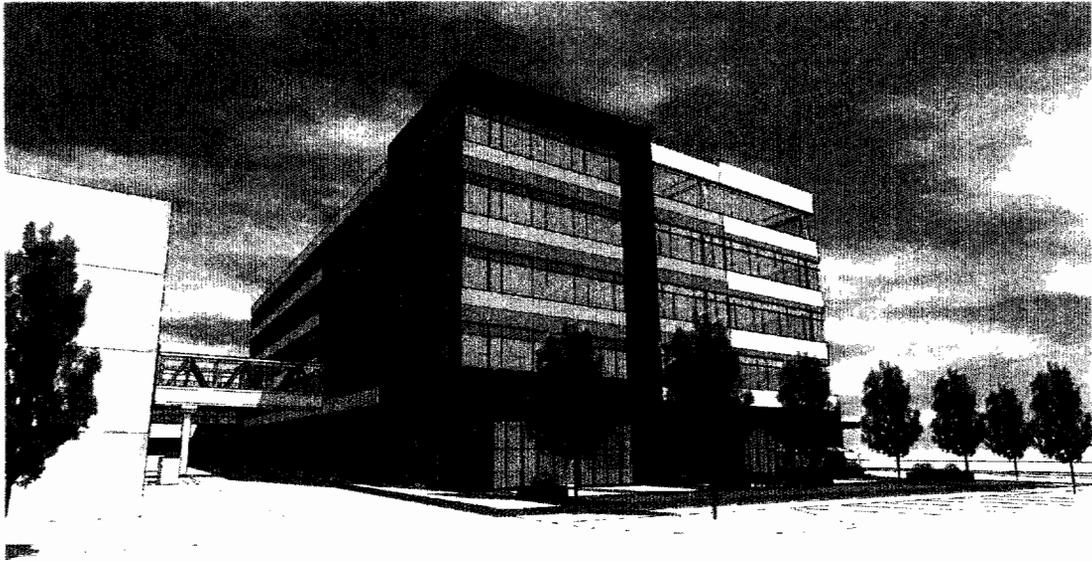
4. **Impacts on employers and employees within the city and the immediate area that is located outside of the boundaries of the area of the redevelopment project:** This project will stimulate economic activity and jobs which will have an indirect benefit on Nebraska employers and employees not receiving direct incentives or benefits. Employees of this property will spend wages at area retailers as well as other service related entities. This will benefit the employers, in the form of increased revenue and will increase the demand for employees, which will result in higher wages and/or more positions.
  
5. **Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the development project:** This project will help to further develop the Aksarben Village Redevelopment Area and be a catalyst for the development of underutilized areas south and west of Center Street and the expanding University of Nebraska at Omaha campus.

**Employment Information**

Permanent Jobs (FTE) to be CREATED new work force	300
Permanent Jobs (FTE) to be RETAINED existing jobs moved to new	300
Permanent Jobs (FTE) to be RELOCATED people brought in from out of town	20
<b>TOTAL</b>	<b>620</b>
Anticipated Annual Payroll	\$31,250,000.00
Estimated number of construction jobs to be created during construction phase	200
Anticipated Payroll for Construction Jobs	\$6,000,000.00

**Renderings**



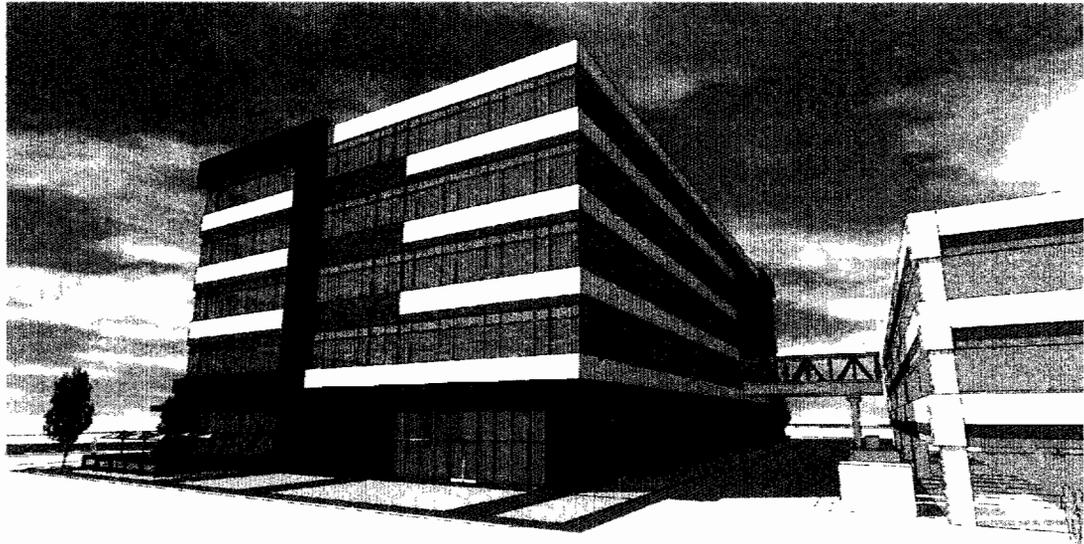


VIEW FROM NORTH WEST

ZONE AKSARBEN SCHEMATIC  
FIVE VILLAGE DESIGN

04/11/2014

MCNEIL MAGNUM AHBA  
ARCHITECTS



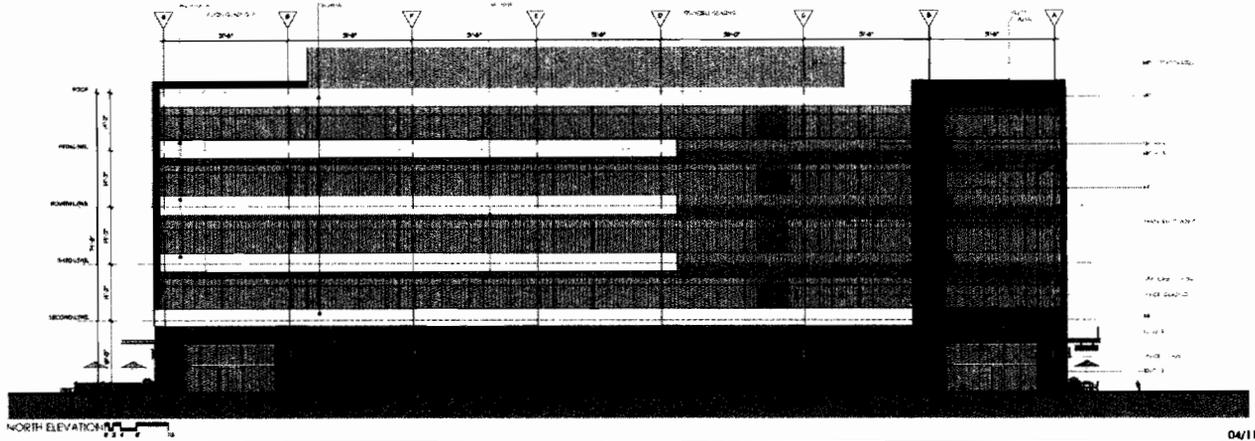
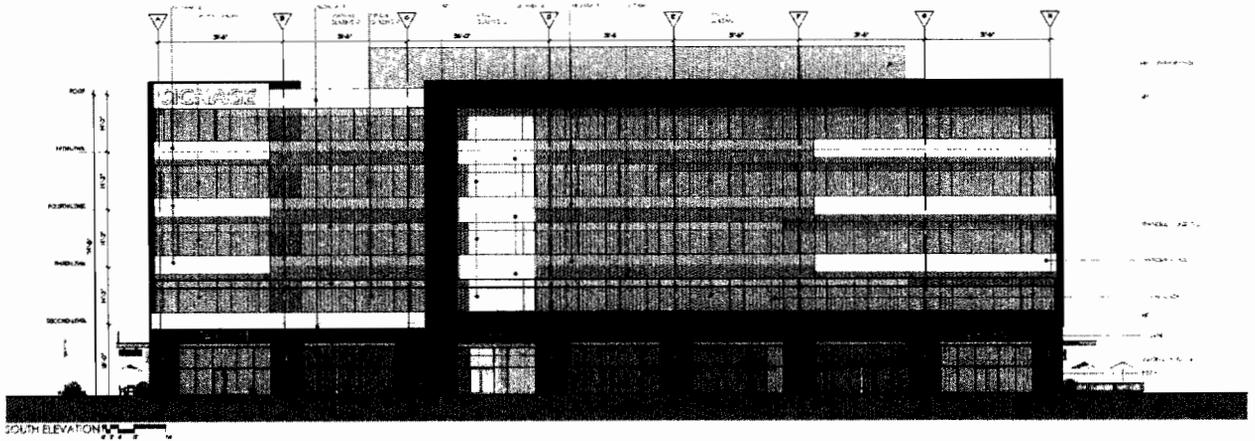
VIEW FROM NORTH EAST

ZONE AKSARBEN SCHEMATIC  
FIVE VILLAGE DESIGN

04/11/2014

MCNEIL MAGNUM AHBA  
ARCHITECTS

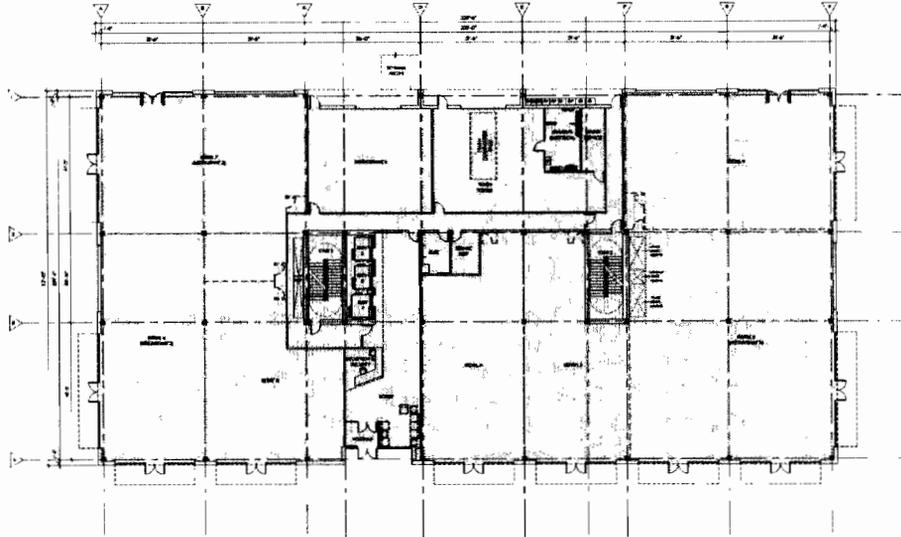
# Elevations



ZONE AKSARBEN | SCHEMATIC  
FIVE VILLAGE DESIGN

04/11/2014  
MCNEIL MAGNUM HBA  
ARCHITECTS PLANNERS ENGINEERS  
10110 15th St NW, Suite 1000, Redmond, WA 98073  
PH: 206.881.1000 FAX: 206.881.1001

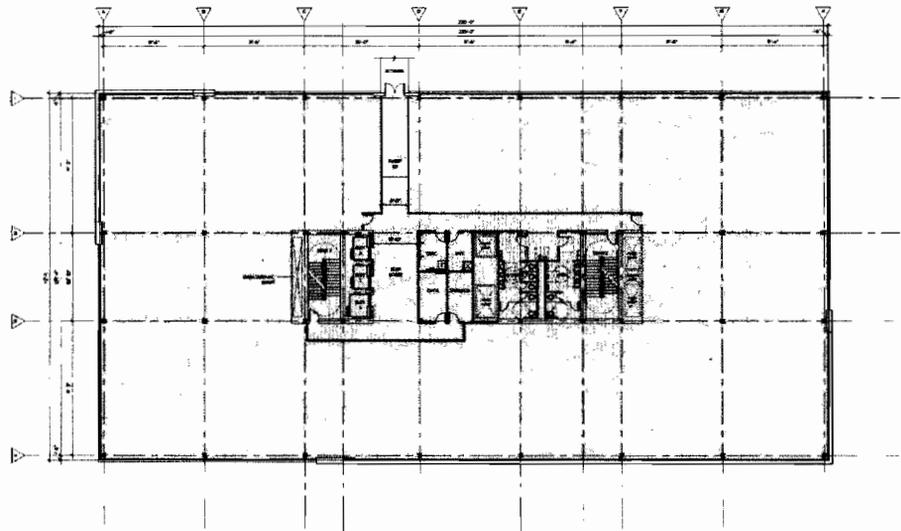
# Floor Plans



LEVEL 1  
1/8" = 1'-0"

ZONE AKSARBEN SCHEMATIC  
FIVE VILLAGE DESIGN

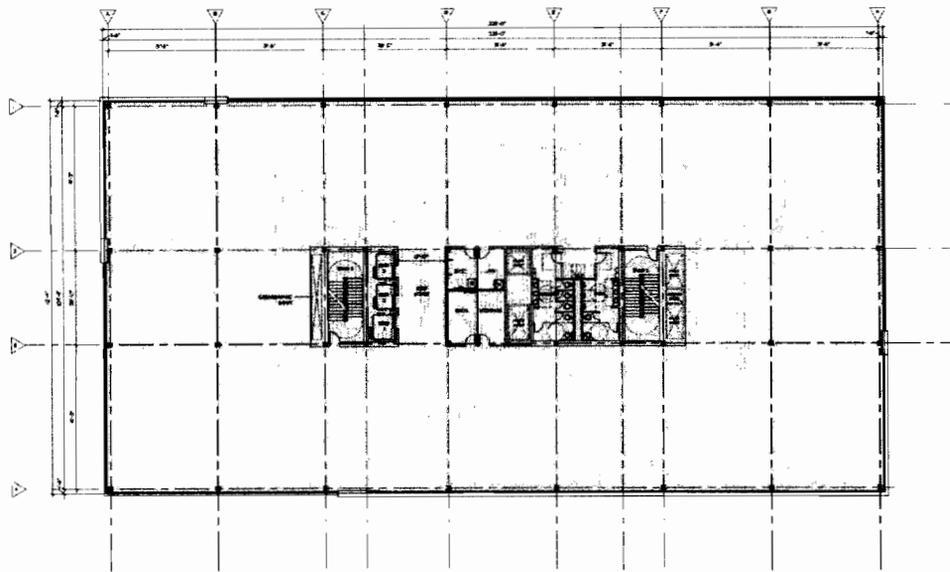
04/11/2014  
MCNEIL MAGNUM A/HBA  
ARCHITECTS



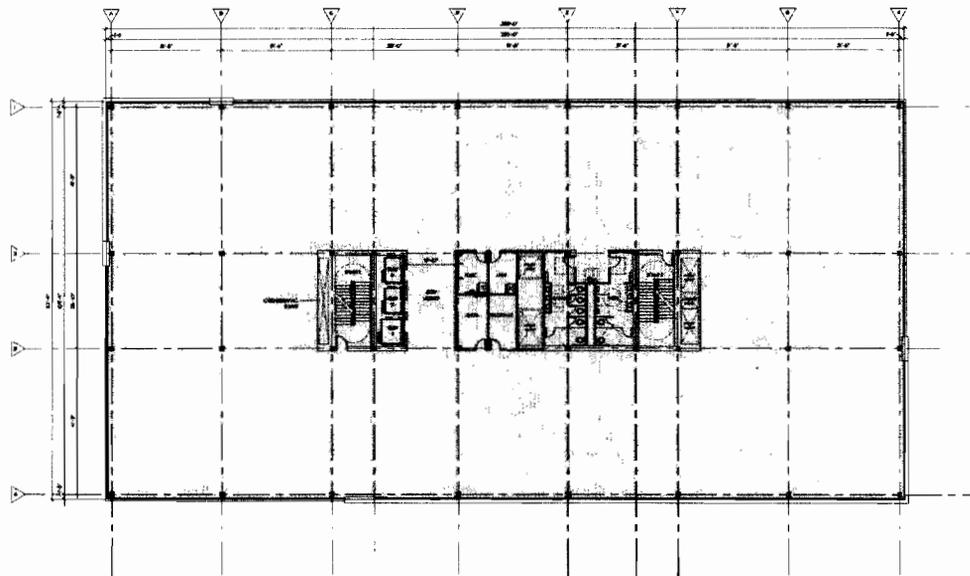
LEVEL 2  
1/8" = 1'-0"

ZONE AKSARBEN SCHEMATIC  
FIVE VILLAGE DESIGN

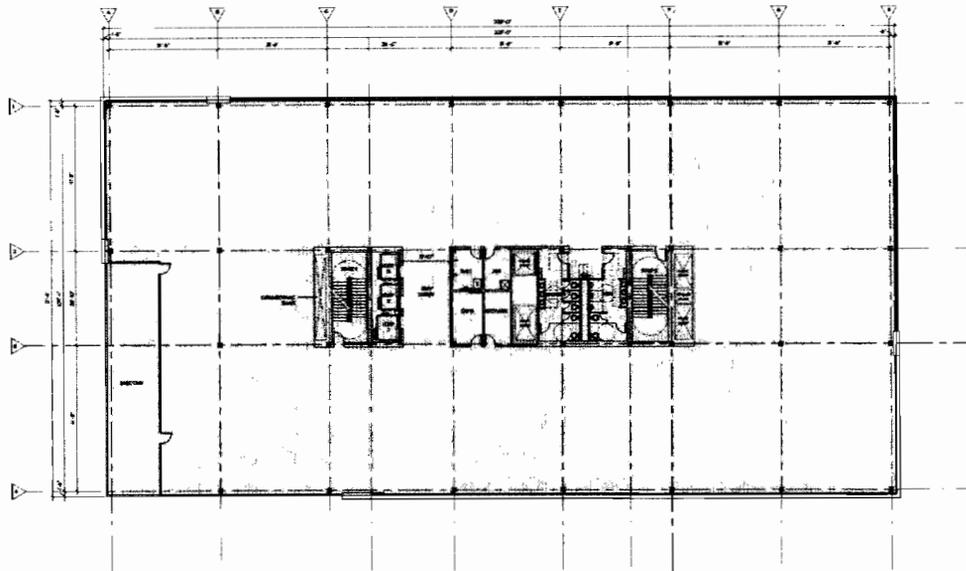
04/11/2014  
MCNEIL MAGNUM A/HBA  
ARCHITECTS



LEVEL 3



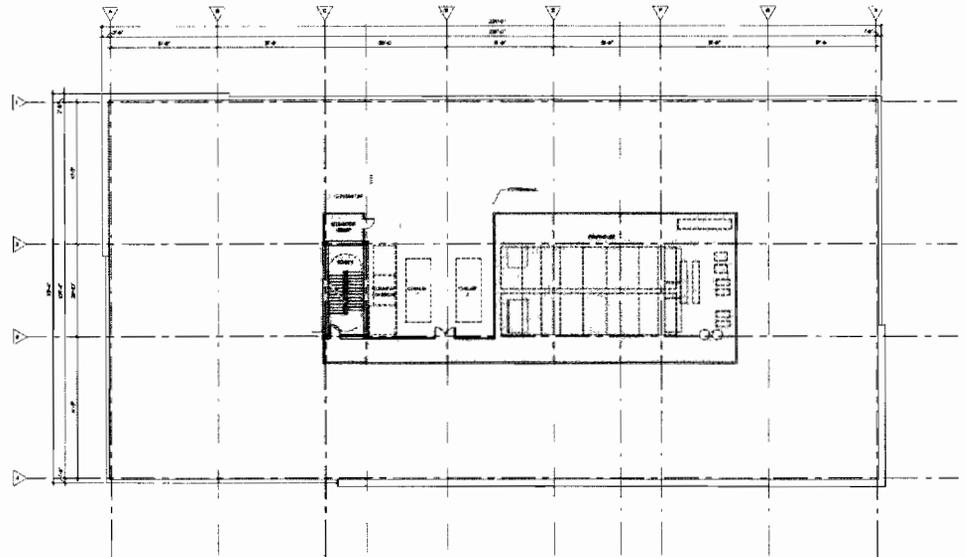
LEVEL 4



LEVEL 5  
 1/8" = 1'-0"

ZONE AKSARBEN SCHEMATIC  
 FIVE VILLAGE DESIGN

04/11/2014  
 MCNEIL MAGNUM HBA  
 ARCHITECTS ENGINEERS ARCHITECTS



LEVEL 6  
 1/8" = 1'-0"

ZONE AKSARBEN SCHEMATIC  
 FIVE VILLAGE DESIGN

04/11/2014  
 MCNEIL MAGNUM HBA  
 ARCHITECTS ENGINEERS ARCHITECTS

**Ownership and Organization Documentation**



**CERTIFICATE OF ORGANIZATION  
OF  
ZONE 5 OFFICE, LLC**

The undersigned, desiring to form a limited liability company for purposes hereinafter set forth, under and in conformity with the laws of the State of Nebraska does hereby make this written certificate in duplicate and hereby verify:

**ARTICLE 1  
NAME**

The name of the Company is Zone 5 Office, LLC.

**ARTICLE 2  
DURATION**

The period of duration of the Company is perpetual from the date of the filing of this Certificate of Organization with the Secretary of State.

**ARTICLE 3  
PURPOSES AND POWERS**

The purpose for which the Company is organized is to engage in any and all lawful business for which a limited liability company may be organized under the laws of the State of Nebraska. Company shall have and exercise all powers and rights conferred upon a limited liability company by the Nebraska Limited Liability Act (the "Act") and any enlargement of such powers conferred by subsequent legislative acts.

**ARTICLE 4  
INITIAL DESIGNATED OFFICE**

The Company's initial designated office is 11550 I Street, Suite 200, Omaha, Nebraska 68137.

**ARTICLE 5  
INITIAL AGENT FOR SERVICE OF PROCESS**

The name and address of the initial agent for service of process of the Company is John Hughes, 11550 I Street, Suite 200, Omaha, Nebraska 68137.

**ARTICLE 6  
REGULATION OF COMPANY**

The regulation of the internal affairs of the Company is set forth in the Operating Agreement of the Company to be adopted by all of the Members.

**ARTICLE 7  
ORGANIZERS OF COMPANY**

The name and address of the organizer of the Company is Teresa Barnes, 11550 "I" Street, Suite 200, Omaha, Nebraska.

Executed in duplicate by the undersigned on this 11 day of MARCH, 2014.

Teresa Barnes, Organizer

By: Teresa Barnes

# STATE OF NEBRASKA

United States of America,    } ss.  
State of Nebraska            }

Secretary of State  
State Capital  
Lincoln, Nebraska

I, John A. Gale, Secretary of State of the  
State of Nebraska, do hereby certify that

## **ZONE 5 OFFICE, LLC**

a limited liability company filed a Certificate of Organization on March 24,  
2014.

I further certify that attached is a true and correct copy of the above  
mentioned Certificate of Organization.

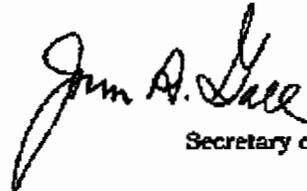
*This certificate is not to be construed as an endorsement,  
recommendation, or notice of approval of the entity's financial  
condition or business activities and practices.*

In Testimony Whereof,



I have hereunto set my hand and  
affixed the Great Seal of the  
State of Nebraska on this date of

March 24, 2014

  
Secretary of State

# *Building 1*

## *Lot 1 of Aksarben Village Replat 11*

Application for Tax Increment Financing



**Project Summary**

**Project Owner:** Home Base, LLC

**Project Developer:** Tetrad Property Group

**Project Address:** TBD

**Project Legal Description:** Aksarben Village Replat 11, Lot 1

**Estimated Total Project Cost:** \$18,965,045

**TIF Request:** \$3,117,599

**Current Use:** Vacant Land

**Current Zoning:** MU – CC

**Proposed Use:** Mixed-Use Office/Retail

**Current Annual Real Estate Taxes (2013 Tax Year):** \$15,257.39

**Current Assessed Tax Valuation (2013 Tax Year):** Land: \$693,600.00

**Improvements:** \$0.00

**Total** \$693,600.00

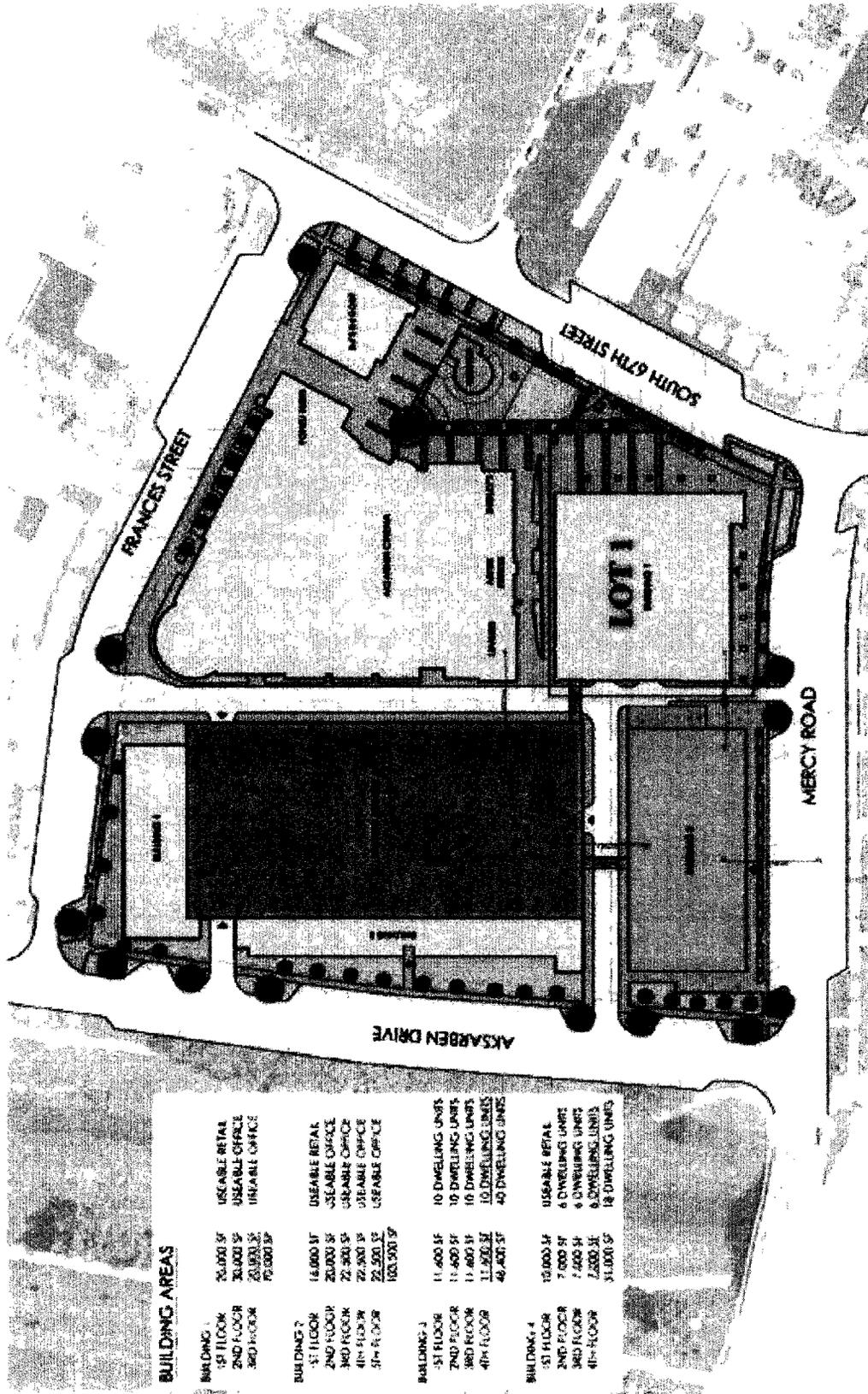
## Narrative

- A. The Building 1 mixed-use development will be complementary building to the Aksarben Village Redevelopment Area consisting of approximately 91,328 SF (gross) located on a site containing approximately 1.233 acres. The first floor of the building will consist of approximately 20,000 SF of retail space plus parking for approximately eighteen (18) vehicles. The second and third floors will be occupied by office users with the third floor currently under lease negotiation with a single tenant that will occupy the entire floor. The project site will further enhance AKSARBEN Village by adding additional professional jobs through the development of a mixed-use building. The project will be connected via skywalk to the public use parking structure being developed totaling approximately 880 stalls.

This application requests the approval of \$3,117,599 in Tax Increment Financing to support the development of the Building 1 Mixed-use development, which will create a large incremental increase in assessed property value.

- B. A Single Purpose Entity named Home Base, LLC, which has been formed by the principals of Tetrad Property Group & Zone 5, LLC, will own the Property.
- C. There are no existing structure(s) on this property. The 1.233-Acre project will consist of a 3-story 91,328 Square foot mixed-use building. It will be supported by eighteen (18) parking stalls included within the building footprint on the first floor and an attached parking structure approximately 880 parking stalls as well as ready access to public transportation. It will be heavily landscaped and pedestrian connections will be designed to blend in with the rest of Aksarben Village.
- D. Current zoning for the project is MU – C (community commercial/office), which will not need to be altered for the planned use.
- E. Existing storm water and electrical lines will be used as they were updated as part of the Aksarben Village Infrastructure Fund project.

**Site Plan**



**BUILDING AREAS**

<b>BUILDING 1</b>	1ST FLOOR	20,000 SF	USABLE RETAIL
	2ND FLOOR	20,000 SF	USABLE OFFICE
	3RD FLOOR	20,000 SF	USABLE OFFICE
<b>BUILDING 2</b>	1ST FLOOR	16,000 SF	USABLE RETAIL
	2ND FLOOR	20,000 SF	USABLE OFFICE
	3RD FLOOR	22,500 SF	USABLE OFFICE
	4TH FLOOR	22,500 SF	USABLE OFFICE
	5TH FLOOR	22,500 SF	USABLE OFFICE
	6TH FLOOR	100,000 SF	
<b>BUILDING 3</b>	1ST FLOOR	11,400 SF	10 DWELLING UNITS
	2ND FLOOR	11,400 SF	10 DWELLING UNITS
	3RD FLOOR	11,400 SF	10 DWELLING UNITS
	4TH FLOOR	11,400 SF	10 DWELLING UNITS
	5TH FLOOR	48,400 SF	40 DWELLING UNITS
<b>BUILDING 4</b>	1ST FLOOR	10,000 SF	USABLE RETAIL
	2ND FLOOR	7,000 SF	6 DWELLING UNITS
	3RD FLOOR	7,000 SF	6 DWELLING UNITS
	4TH FLOOR	7,000 SF	6 DWELLING UNITS
	5TH FLOOR	31,000 SF	18 DWELLING UNITS

SCALE  
1" = 50'

**ZONE ARKASBEN  
FIVE VILLAGE**

MCNEIL MAGNUM HBA  
ARCHITECTS

## Sources & Uses

Home Base, LLC

Sources & Uses

Omaha, NE

25-Apr-14

### Sources:

Tax Increment Financing	\$ 3,117,599
Financing from Financial Institution	\$ 14,223,784
Additional Cash Equity	\$ 1,623,663

**Total Sources** \$ 18,965,046

### Uses

#### Land

Land	\$ 1,400,000
Off-Site Improvements	\$ 408,760
	<u>\$ 1,808,760</u>

#### Construction

Site Preparation	\$ 300,000
Utility Infrastructure	\$ 95,000
Landscaping	\$ 187,688
Surface Parking	\$ 3,630,516
Building Shell & Core	\$ 10,510,714
	<u>\$ 14,723,918</u>

#### Consultants & Miscellaneous

Design	\$ 450,086
Legal   Acct   Misc.	\$ 237,225
Financing Costs	\$ 458,507
Project Management	\$ 745,750
Leasing	\$ 540,800
	<u>\$ 2,432,368</u>

**Total Uses** \$ 18,965,046

## Financing Term Letter



1620 Dodge Street  
Omaha NE 68197  
402.941.0600

April 28, 2014

Mr. Brian Diedrichsen  
Tetraal Property Group  
11422 Mirade Hills Drive, Suite 400  
Omaha, NE 68137

RE: *Tax Increment Financing  
Zone 5 – Lot 1 Aksarben Village  
Omaha, Nebraska*

Dear Brian:

First National Bank of Omaha ("FNBO") would favorably consider providing financing to construct a mixed used office / retail building and associated public improvements at Mercy Road & South 67th Street, Omaha, Nebraska. The financing package would include construction financing and Tax Increment Financing ("TIF"). Below is a brief summary of our proposed TIF loan structure. This is not a commitment to provide financing, but merely an expression of the financing terms we are considering.

1. Borrower: To be determined ("Borrower").
2. Use of Funds: The TIF Loan funds will be used to finance Borrower's TIF contribution obligation in regard to the redevelopment of Replat 11, Lot 1, Zone 5 in Aksarben Village, 67<sup>th</sup> and Center Street, Omaha, Nebraska (the "Project").
3. Loan Amount: To be determined.
4. Loan Term: Fifteen (15) years.
5. Interest Rate: The interest rate will be fixed at 5.50% for the entire Loan Term.
6. Loan Amortment: Interest will accrue for the first two (2) years of the loan term, with semi-annual principal and interest payments commencing with the third loan year, with payments due in June and November of each year in an amount necessary to amortize the loan balance over the remaining term of the loan.
7. Collateral: First lien upon the tax increment financing proceeds, in the form of a Security and Pledge Agreement executed by the City of Omaha, assigning annual tax increment receipts as security for the Redevelopment Promissory Note.

The above terms and conditions are not a commitment to lend, but rather a general outline of how First National Bank of Omaha would proceed in underwriting the proposed transaction. The outlined terms and conditions are subject to Credit Approval and final documentation satisfactory to Borrower and Lender and complete legal review and approval of all pertinent matters by Lender and Lender's counsel.

A CREDIT AGREEMENT MUST BE IN WRITING TO BE ENFORCEABLE UNDER NEBRASKA LAW. TO PROTECT YOU AND US FROM ANY MISUNDERSTANDINGS OR DISAPPOINTMENTS, ANY CONTRACT, PROMISE, UNDERTAKING, OR OFFER TO FOREBEAR REPAYMENT OF MONEY OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION IN CONNECTION WITH THIS LOAN OF MONEY OR GRANT OR EXTENSION OF CREDIT, OR ANY AMENDMENT OF, CANCELLATION OF, WAIVER OF, OR SUBSTITUTION FOR ANY OR ALL OF THE TERMS OR PROVISIONS OF ANY INSTRUMENT OR DOCUMENT EXECUTED IN CONNECTION WITH THIS LOAN OF MONEY OR GRANT OR EXTENSION OF CREDIT, MUST BE IN WRITING TO BE EFFECTIVE.

FIRST NATIONAL BANK OF OMAHA, a national banking  
association



By: \_\_\_\_\_  
Scott W. Darrrow, Vice President

**Project Budget**

<b>Project Scope</b>						
Gross Building Area	91,328	Square Feet				
Floors	3					
Building Parking	18	Stalls				
Garage Parking	248	Stalls				
Land	1.233	Acres				
<b>Project Budget</b>						
	Quantity	Unit Price	Unit	Total	Estimated Tax Valuation	TIF Eligibility
<b>Land</b>						
Land	\$ 53,722	\$ 26.07	SF	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000
Lot Apportionment	1	\$ -		\$ 408,760	\$ -	\$ 408,760
<b>Total Land</b>				\$ 1,808,760	\$ 1,400,000	\$ 1,808,760
<b>Construction</b>						
Site Demo & Prep & Overex	1	\$ 300,000	LS	\$ 300,000	\$ 300,000	\$ 300,000
Utility Infrastructure	1	\$ 95,000	LS	\$ 95,000	\$ 95,000	\$ 95,000
Landscaping	1	\$ 52,190	LS	\$ 187,688	\$ 187,688	\$ -
Garage Parking	248	\$12,500.00	SF	\$ 3,630,516	\$ 3,100,000	\$ 3,630,516
Building Shell & Core	91,328	\$ 115.09	SF	\$ 10,510,714	\$ 10,510,714	\$ -
Footings & Foudations						\$ 275,000
Testing						\$ 30,000
Public Improvements						\$ 30,000
Developer OH & Profit						\$ 131,750
<b>Total Construction</b>				\$ 14,723,918	\$ 14,193,402	\$ 4,492,266
<b>Consultants &amp; Miscellaneous</b>						
Design & Consulting Fees	1	\$1,665,000	LS	\$ 450,086	\$ 450,086	\$ 45,000
Legal   Acct  Misc.	1	\$1,030,630	LS	\$ 237,225	\$ -	\$ 10,000
Financing Costs	1	\$ 828,000	LS	\$ 458,507	\$ -	\$ -
Project Management	1	\$1,030,630	LS	\$ 745,750	\$ 745,750	\$ 50,000
Leasing				\$ 540,800		
<b>Total Soft Costs</b>				\$ 2,432,368	\$ 1,195,836	\$ 105,000
<b>Total Project Costs</b>				\$ 18,965,046	\$ 16,789,238	\$ 6,406,026



### Three-Year Proforma

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Initial Gross Rent</b>	<b>2,109,200</b>	<b>2,392,364</b>	<b>2,405,725</b>
Less: Deductions			
Management Fee	(48,400)	(49,126)	(49,863)
Vacancy <span style="float: right;">7.00%</span>	(84,700)	(103,600)	(103,600)
Vacancy CAM	(56,350)	(57,195)	(58,053)
Operating Expense (including administration)	<u>(805,000)</u>	<u>(817,075)</u>	<u>(829,331)</u>
Total Expenses	(994,450)	(1,026,996)	(1,040,847)
<b>NET OPERATING INCOME</b>	<b>1,114,750</b>	<b>1,365,368</b>	<b>1,364,878</b>

### ROI "But For" Analysis

Home Base, LLC		
Operating Summary		
Omaha, Nebraska		
25-Apr-14		
	With TIF	Without TIF
Project Cost	\$ 18,965,046	\$ 18,965,046
Loan-to-Value Ratio	75%	75%
Financing from Financial Institution	\$ 14,223,785	\$ 14,223,785
TIF Qualified Financing	\$ 3,117,599	\$ -
Equity Required	\$ 1,623,663	\$ 4,741,262
Debt Coverage Ratio, 1st Mortgage	1.15x	1.15x
Financing Interest Rate, 1st Mortgage	5.50%	5.50%
	<u>\$ 18,965,046</u>	<u>\$ 18,965,046</u>
Total Financing and Equity		
Net Operating Income	\$ 1,221,500	\$ 1,221,500
Debt Service, 1st Mortgage P&I	\$ 1,060,374	\$ 1,060,374
Cash Flow After Debt Service	\$ 161,126	\$ 161,126
Cash on Cash Return on Equity	<u>9.92%</u>	<u>3.40%</u>

## **Evaluation Criteria**

The project meets the mandatory criteria set forth in the Tax Increment Financing Guidelines issued by the City of Omaha.

### **Mandatory Criteria:**

1. The 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.

The Building 1 Mixed-use development project is located in the Aksarben Business and Education Campus Redevelopment Plan Area, as area designated as a blighted and substandard area by the City of Omaha on December 17, 1996, Resolution No. 3325.

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

The Building 1 Mixed-Use project results in the development of 1.233 acres on vacant ground located on the NWC of South 67th Street and Mercy Road. The project will create approximately 91,328 gross square feet of retail and office space occupied by approximately 100 employees. It will further extend much needed public improvements to areas located north of Center Street. It will also compliment the ongoing re-development of the Aksarben Village area.

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.

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

The site was specifically selected because of the availability of TIF proceeds. If TIF proceeds are not available, the project is not feasible due to the lack of parking and the cost associated with structured parking. In addition the structured parking will benefit the public as it improves the parking for the entire AKSARBEN Village area and will be free of charge to the general public.

As detailed below, the Building 1 Mixed-use development project meets two of the discretionary criteria as set forth in the City of Omaha's Tax Increment Financing Guidelines and qualifies for a 15-year amortization period.

**Discretionary Criteria:**

1. As of the date of adoption of the original Redevelopment Plan, the undeveloped Building 1 mixed-use development project area displayed conditions of blight and constitutes an economic and social liability detrimental to the successful re-development of the Aksarben Village and the expanding University of Nebraska at Omaha Campus.
2. Home Base, LLC is a newly formed company whose purpose is the development and ownership of this real estate asset.
3. The project is part of the Aksarben Village master plan which, through its development, has or will eliminate an actual or potential hazard to the public. Hazards may include condemned or unsafe buildings, sites or structures. The site is currently un-developed and vacant but will be improved with a mixed-use project that will serve and enhance the area.

## Cost Benefit Analysis

1. **Tax Shifts resulting from the approval of the use of funds pursuant to section 18-2147 (of the Community Development Law):** Currently, the property is taxed at a value of \$693,600 for tax income of \$15,257.39 annually. After development, the property will be valued at approximately \$15,172,036 with estimated annual taxes of approximately \$326,290.
2. **Public infrastructure and community public service needs impacts and local tax impacts arising from projects receiving incentives:** The Project will provide new public infrastructure such as parking, sidewalks, lighting and landscaping immediately adjacent to the site. The extensive use of TIF funding has also supported the construction of over \$15 million in new infrastructure within the broader redevelopment area. The project will also benefit public service needs by providing employment opportunities in the Aksarben Village neighborhood. Over the long term, it will provide additional local property and sales tax revenues.
3. **Impacts on employers and employees of firms locating or expanding within the boundaries of the area of redevelopment project:** During development and construction, TIF incentives will create opportunities for the employers and employees involved in this project benefitting development, financing, design, construction and property management industries. Upon completion, TIF incentives will potentially support the retention of 30 FTE employee positions and the creation of 30 new FTE employment opportunities.
4. **Impacts on employers and employees within the city and the immediate area that is located outside of the boundaries of the area of the redevelopment project:** This project will stimulate economic activity and jobs which will have an indirect benefit on Nebraska employers and employees not receiving direct incentives or benefits. Employees of this property will spend wages at area retailers as well as other service related entities. This will benefit the employers, in the form of increased revenue and will increase the demand for employees, which will result in higher wages and/or more positions.
5. **Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the development project:** This project will help to further develop the Aksarben Village Redevelopment Area and be a catalyst for the development of underutilized areas south and west of Center Street and the expanding University of Nebraska at Omaha campus.

**Professional (Executive, Professional, Retail Sales)**

**EMPLOYMENT INFORMATION**

Permanent Jobs (FTE) to be CREATED new work force	20
Permanent Jobs (FTE) to be RETAINED existing jobs moved to new	30
Permanent Jobs (FTE) to be RELOCATED people brought in from out of town	10
TOTAL	60
Anticipated Annual Payroll	\$3,900,000.00
Estimated number of construction jobs to be created during construction phase	75
Anticipated Payroll for Construction Jobs	\$3,000,000.00

Renderings



**Ownership and Organization Documentation**



April 28, 2014

Paul Kratz  
Attorney - City of Omaha  
1819 Farnam Street  
Suite 804  
Omaha, NE 68183

***Re: Home Base, LLC's Financial Statements***

Dear Mr. Kratz:

This letter is in response to your request for a copy of the Tetrad Property Group or Entity to be formed, financial statements as a part of the TIF Application. Tetrad Property Group or Entity to be formed is privately held and was specifically formed for the ownership of the Mixed-Use Building in AKSARBEN Village. However, Tetrad Property Group or Entity to be formed agrees to permit access to such information for review at its offices, which are located at: 11422 Miracle Hills Drive, Suite 400, Omaha, NE.

The City of Omaha agrees that it will not disclose, communicate, or reveal to any other person, firm, or corporation and will not use Tetrad Property Group information, directly or indirectly, for any purpose other than to consider the proposed business relationship, without the prior written consent of Home Base.

If you have any questions or concerns regarding this matter, please feel free to contact me.

Sincerely,

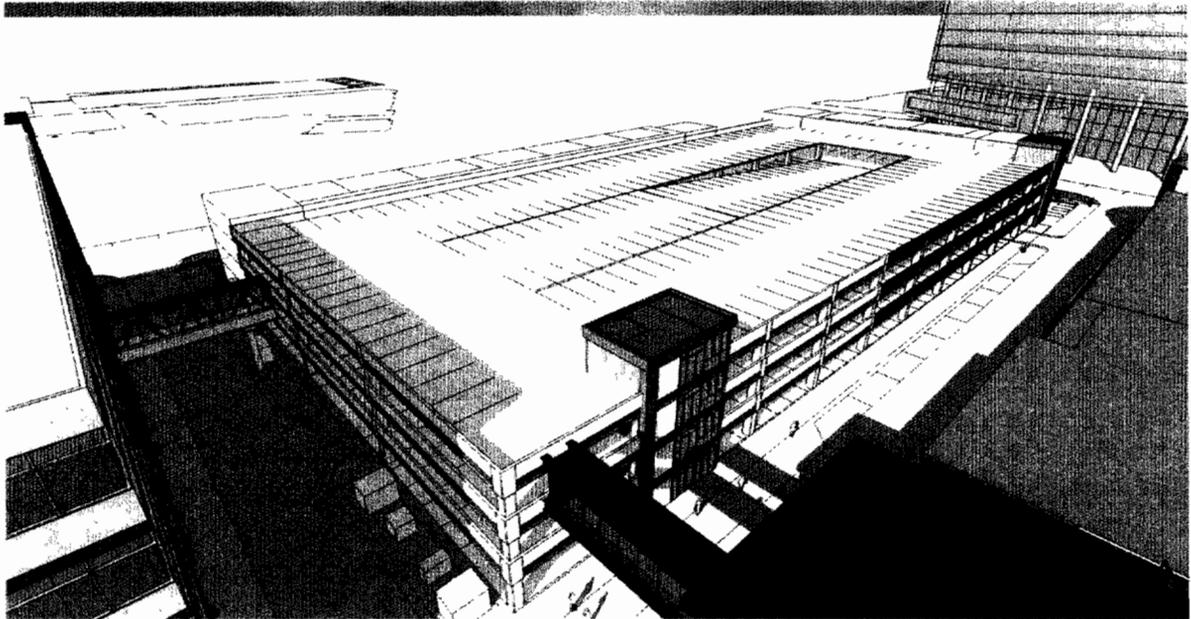
A handwritten signature in black ink, appearing to read 'Gail K. Hawkins', is written over a light blue horizontal line.

Gail K. Hawkins  
Chief Financial Officer  
Tetrad Property Group

# ***Parking Garage***

## ***Lot 5 of Aksarben Village Replat 11***

Application for Tax Increment Financing



**MAGNUM**  
DEVELOPMENT CORP.

  
**MCNEIL**  
COMPANY BUILDERS

**Project Summary**

**Project Owner:** Zone 5, LLC

**Project Developer:** Magnum Development Corp. & McNeil Company

**Project Address:** 6729 Frances Street

**Project Legal Description:** Aksarben Village Replat 11, Lot 5

**Estimated Total Project Cost:** \$13,293,700

**TIF Request:** \$811,000

**Current Use:** Vacant Land

**Current Zoning:** MU – CC

**Proposed Use:** Free Public Parking Garage

**Current Annual Real Estate Taxes (2013 Tax Year):** \$23,102.32

<b>Current Assessed Tax Valuation (2013 Tax Year):</b>	<b>Land:</b>	\$ 936,700.00
	<b>Improvements:</b>	\$ 146,000.00
	<b>Total</b>	<b>\$1,082,700.00</b>

**Narrative**

- A. The Parking Garage will be built to support parking for customers and employees of Zone 5 in the Aksarben Village Redevelopment Area. The four level parking garage will provide 880 parking stalls with 220 stalls located on the surface level and 220 stalls on each of the 3 raised levels. The garage will connect via pedestrian skywalks to the Building 1 located on Lot 1 at the 3<sup>rd</sup> level and Building 2 located on Lot 7 at the 3<sup>rd</sup> level.

This application requests the approval of \$811,000 in Tax Increment Financing to support the development of the Parking Garage, which will create a large incremental increase in assessed property value.

- B. A Single Purpose Entity, Zone 5, LLC or its to be formed assignee, will develop and own the Property.
- C. There are no existing structure(s) on this property. The 1.66 Acre project will consist of a 4 level parking garage. It will include one conditioned air stair tower with elevator on the NEC and one conditioned air stair tower with elevator on the SEC. The pedestrian connections to the surrounding Zone 5 buildings will be designed to blend in with the rest of the Aksarben Village development.
- D. Current zoning for the project is MU – CC (community commercial/office), which will not need to be altered for the planned use.
- E. Existing storm water and electrical lines will be used as they were updated as part of the Aksarben Village Infrastructure Fund development project.



**Sources & Uses**

Parking Garage  
***Sources & Uses***  
***4/27/2014***

<b>Sources of Funds</b>	
Owner Equity	\$ 1,082,700
Construction Loan	\$ 1,400,000
TIF Financing	\$ 811,000
Contributions from Adjacent Developments	\$ 10,000,000
<b>Total Sources</b>	<b>\$ 13,293,700</b>
<b>Uses of Funds</b>	
Land Acquisition	\$ 1,082,700
Construction Hard Costs	\$ 10,370,000
Sitework Construction Costs and Off-Site Improvements	\$ 911,500
Construction Soft Costs	\$ 455,000
Tenant Improvements/Build-Outs	\$ -
Developer Fees	\$ 224,500
Financing Fees	\$ 250,000
<b>Total Uses of Funds and Total Project Costs</b>	<b>\$ 13,293,700</b>

## Financing



1620 Dodge Street  
Omaha NE 68197  
402.341.0600

April 28, 2014

Mr. John J. Hughes, Jr.  
Magnum Development Corp.  
11500 "T" Street, Suite 200  
Omaha, NE 68137

RE: *Tax Increment Financing  
Zone 5 Aksarben Village  
Omaha, Nebraska*

Dear John:

First National Bank of Omaha ("FNBO") is pleased to provide this proposal for Tax Increment Financing ("TIF") for Zone 5 in Aksarben Village. This is not a commitment to provide financing, but merely an expression of the financing terms we are considering.

### A. TERMS

1. Borrower: To be determined. It is anticipated that there may be up to four (4) separate borrowing entities for each individual Lot ("Borrower" or "Borrowers").
2. Use of Funds: The TIF Loan funds will be used to finance Borrower's TIF contribution obligation in regard to the redevelopment of Zone 5 in Aksarben Village, 67<sup>th</sup> and Center Street, Omaha, Nebraska (the "Project").
3. Loan Amount: Total loan amount of \$5,970,600.00, which is anticipated to be allocated as follows:

a)	Lot 7, Building 2	Mixed-Use Office/Retail Building	\$3,986,200.00
b)	Lot 5, Parking Structure	Free Public Parking Facility	\$811,000.00
c)	Lot 4, Building 4	Retail / Residential – Frances St.	\$615,400.00
d)	Lot 6, Building 3	Aksarben Dr. Apartments	\$558,000.00
4. Loan Term: Fifteen (15) years.
5. Interest Rate: The interest rate will be fixed at 5.50% for the entire Loan Term.
6. Loan Fee: Borrowers will pay Lender at loan closing a \$14,926.50 loan fee (1/4% of Loan Amount), which may be funded from loan proceeds.
7. Loan Repayment: Interest will accrue for the first two (2) years of the loan term, with semi-annual principal and interest payments commencing with the third loan year, with payments due in June and November of each year in an amount necessary to amortize the loan balance over the remaining term of the loan.

8. **Collateral:** First lien upon the tax increment financing proceeds, in the form of a Security and Pledge Agreement executed by the City of Omaha, assigning annual tax increment receipts as security for the Redevelopment Promissory Note.
9. **Late Payment:** Any payment of principal, interest or other amounts payable under the loan documents that is not received by Lender within ten (10) days of the due date, shall be subject to a late charge equal to the greater of 3% of the delinquent amount or \$25.00. The default rate under the loan documents shall be 6% above the note rate.
10. **Guaranty:** To be determined once the Borrower or Borrowers are finalized.

#### **B. CONDITIONS AND REQUIREMENTS**

1. **Loan Documents:** The Loan shall be evidenced and secured by:
  - a. Promissory Note (TIF Loan) payable to Lender;
  - b. TIF Loan Agreement;
  - c. Collateral Assignment and Pledge Agreement executed by Borrower (assigning Redevelopment Promissory Note issued by City of Omaha, possession of which shall be delivered to Lender, and Redevelopment Agreement between Borrower and City of Omaha) to Lender;
  - d. Security and Pledge Agreement executed by City of Omaha giving Lender a security interest in TIF funds generated by the redevelopment Project;
  - e. Uniform Commercial Code Financing Statement executed by City of Omaha in favor of Lender, covering the TIF funds;
  - f. Opinion letter issued by City Attorney of Omaha in form and content satisfactory to Lender's counsel with respect to the TIF financing;
  - g. Guaranty of Payment and Performance executed by Guarantors; and
  - h. Such other documents as required by Lender or Lender's counsel.
  - i. The form and content of all above mentioned loan documents shall be reasonably satisfactory to Lender's counsel.

#### **C. Requirements Prior to Loan Closing**

At least ten (10) business days prior to the closing date, Borrower shall have furnished to Lender each of the following in form and content acceptable to Lender:

1. **Title:** A certificate of title evidencing that title to the Collateral shall be good and marketable, free and clear of all defects, liens, encumbrances, security interests, restrictions and easements which Lender has not otherwise approved. Such evidence shall specifically include:
  - i. Copies of all documents affecting title to the Collateral;
  - ii. Evidence that ingress and egress from the Project is by public streets; and
  - iii. Evidence that all utilities serving the Project are located in the public right-of-way abutting the Project and if connected to the Project by passing over property which is not public right-of-way, are connected to the Project by means of easements which

have been granted, are acceptable to Lender, and which will be insured through proper title insurance.

2. **Taxes and Assessments:** Evidence that all installments of general real estate taxes, special taxes or assessments and the file are paid.
3. **Financial Statements:** The Borrower's and Guarantors' financial statements shall be signed by Borrower and Guarantors, as appropriate, and addressed to Lender.
4. **U.C.C./Tax Lien/Judgment Searches:** U.C.C., tax lien and judgment searches against Borrower and such other parties as Lender may require, showing that the personal property owned by the Borrower, whether or not attached to the Real Property, is free from all security interests, liens, encumbrances, and judgments, except the prior security interest to Lender prior to closing at the Secretary of State and County where Project is located or such other location as Lender requires.
5. **Legal Capacity:** Lender will be given copies of Borrower's and New Borrower's organizational documents to include the Articles of Organization and Operating Agreement and satisfactory borrowing resolutions providing that the persons executing the loan documents on behalf of the Borrower and New Borrower have legal capacity and authority to enter into this mortgage transaction and to execute the loan documents.
6. **TIF Documents:** Lender will be given copies of the Redevelopment Agreement, and all amendments thereto, the Redevelopment Promissory Note, and resolutions of the City of Omaha approving the same.
7. **Special Mortgage Provisions:** The loan documents shall provide, in addition to all other provisions required by Lender:
8. **Financial Statements and Reports:** Borrower shall furnish to Lender, within one hundred twenty (120) days after the close of each fiscal year of Borrower and thereafter upon request current operating and financial statements of Borrower, and financial statements of Guarantors in form satisfactory to Lender, and copies of federal tax returns of Borrower and Guarantors.
9. **Conditions of Closing:** The Lender's obligation to disburse the loan contemplated hereunder, or any portion thereof, shall be conditioned upon the following occurring:
10. **Delivery of Loan Documents; Compliance:** Borrower shall have delivered to Lender all documents and other items required hereunder, which shall be in such form and content as Lender shall prescribe. Borrower shall have satisfied each provision and condition of this commitment in a manner reasonably acceptable to Lender, or Lender shall have waived, in writing, Borrower's compliance with a specific provision.
11. **Payment of Costs by Borrower:** Regardless of whether the loan closes, except for default by Lender, Borrower shall pay all of the Lender's costs in connection with the preparation, closing and disbursement of the loan, including but not limited to, title insurance premiums, survey costs, recording fees and taxes, fees and expenses of Lender's counsel and all other out-of-pocket costs and expenses incurred by Lender in connection with this loan.
12. **No Adverse Change:** Borrower shall warrant that there has been no deterioration in the financial condition of Borrower or Guarantors and that the financial information heretofore submitted to Lender by Borrower and Guarantors is accurate and complete in all material respects. Lender will be promptly notified of any event that has, or with the passage of time could, cause a material adverse change in the financial condition of the Borrower or Guarantors, so long as any indebtedness represented by loan documents remain unpaid.

The above terms and conditions are not a commitment to lend, but rather a general outline of how First National Bank of Omaha would proceed in underwriting the proposed transaction. The outlined terms and conditions are subject to Credit Approval and final documentation satisfactory to Borrower and Lender and complete legal review and approval of all pertinent matters by Lender and Lender's counsel.

**A CREDIT AGREEMENT MUST BE IN WRITING TO BE ENFORCEABLE UNDER NEBRASKA LAW. TO PROTECT YOU AND US FROM ANY MISUNDERSTANDINGS OR DISAPPOINTMENTS, ANY CONTRACT, PROMISE, UNDERTAKING, OR OFFER TO FOREBEAR REPAYMENT OF MONEY OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION IN CONNECTION WITH THIS LOAN OF MONEY OR GRANT OR EXTENSION OF CREDIT, OR ANY AMENDMENT OF, CANCELLATION OF, WAIVER OF, OR SUBSTITUTION FOR ANY OR ALL OF THE TERMS OR PROVISIONS OF ANY INSTRUMENT OR DOCUMENT EXECUTED IN CONNECTION WITH THIS LOAN OF MONEY OR GRANT OR EXTENSION OF CREDIT, MUST BE IN WRITING TO BE EFFECTIVE.**

FIRST NATIONAL BANK OF OMAHA, a national banking  
association



By: \_\_\_\_\_

Scott W. Damrow, Vice President

Project Budget



**3-Year Proforma**

Parking Garage  
3 Year Proforma

Developer: Zone 5, LLC

Lot 5, Free Public Parking Facility	per sf per month	monthly rent per unit	Total Income per Year	YEAR 1	YEAR 2	YEAR 3
Rental Income Not Applicable				\$0.00	\$0.00	\$0.00
Maintenanc Income from Zone 5 Businesses		\$ 40,000.00	\$ 480,000	\$ 480,000	\$ 484,800	\$ 489,648
Gross Income			\$ 480,000	\$ 480,000	\$ 484,800	\$ 489,648
Operating Costs						
Operations	70.00%		\$ 336,000	\$ 336,000	\$ 339,360	\$ 342,754
Real Estate Taxes based on Assessed Value of			\$ 120,000	\$ 120,000	\$ 121,200	\$ 122,412
Other Expense			\$ 24,000	\$ 24,000	\$ 24,240	\$ 24,482
<b>TOTAL OPERATING COSTS</b>	100%		\$ 480,000	\$ 480,000	\$ 484,800	\$ 489,648
<b>NET OPERATING INCOME</b>			\$ -	\$ -	\$ -	\$ -

**ROI "But For" Analysis**

Zone 5, LLC

4/28/14

Parking Garage

Financial Assessment Supporting Tax Increment Financing

This is a free parking, open-to-the-public, 4 level parking garage constructed to support the development in Zone 5 and Aksarben Village as a whole. The structure will be privately owned and therefore subject to Real Estate Tax.

	With TIF		Without TIF	
Project Cost	\$	13,293,700	\$	13,293,700
Loan-to-Value Ratio		n/a		n/a
Financing from Financial Institution	\$	1,400,000	\$	1,400,000
TIF Qualified Expenses	\$	811,000		\$0.00
Equity Required	\$	11,082,700	\$	11,893,700
Debt Coverage Ratio, 1st Mortgage		n/a		n/a
Financing Interest Rate, 1st Mortgage		5.0%		5.0%
Total Financing and Equity	\$	13,293,700	\$	13,293,700
Net Operating Income		n/a		n/a
Debt Service, 1st Mortgage P&I	\$	110,873	\$	110,873
Cash Flow After Debt Service		n/a		n/a
Cash on Cash Return on Equity		n/a		n/a

# TIF Payment Schedule

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	Debt Service Payments		Total	Loan Balance	Capitalized Interest	Interest at 5.50%
								Principal	Interest at 5.50%				
0											\$811,000		
0.5	0	0	0	2.19974	0	0	0	\$0	\$0	\$0	\$833,303	22303	22303
1	0	0	0	2.19974	0	0	0	\$0	\$0	\$0	\$866,219	22916	22916
1.5	0	0	0	2.19974	0	0	0	\$0	\$0	\$0	\$879,785	23546	23546
2	3,459,104	0	3,459,104	2.19974	390,466	390	379,666	\$13,472	\$24,194	\$37,666	\$866,293	0	0
2.5	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$23,299	\$23,823	\$47,081	\$843,035	0	0
3	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$23,299	\$23,183	\$47,081	\$819,137	0	0
3.5	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$24,566	\$22,626	\$47,081	\$784,582	0	0
4	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$25,230	\$21,861	\$47,081	\$768,352	0	0
4.5	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$26,924	\$21,157	\$47,081	\$743,428	0	0
5	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$28,637	\$20,444	\$47,081	\$716,781	0	0
5.5	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$26,122	\$19,712	\$47,081	\$688,422	0	0
6	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$28,866	\$18,959	\$47,081	\$661,300	0	0
6.5	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$28,866	\$18,188	\$47,081	\$632,406	0	0
7	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$30,699	\$17,381	\$47,081	\$602,715	0	0
7.5	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$31,346	\$16,576	\$47,081	\$572,209	0	0
8	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$32,207	\$15,736	\$47,081	\$540,884	0	0
8.5	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$33,093	\$14,874	\$47,081	\$508,667	0	0
9	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$34,003	\$13,988	\$47,081	\$476,664	0	0
9.5	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$34,938	\$13,078	\$47,081	\$444,881	0	0
10	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$35,899	\$12,143	\$47,081	\$408,623	0	0
10.5	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$36,888	\$11,182	\$47,081	\$370,724	0	0
11	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$37,900	\$10,186	\$47,081	\$333,839	0	0
11.5	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$38,943	\$9,139	\$47,081	\$298,838	0	0
12	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$40,014	\$8,067	\$47,081	\$266,866	0	0
12.5	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$41,114	\$6,967	\$47,081	\$236,967	0	0
13	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$42,246	\$5,836	\$47,081	\$209,216	0	0
13.5	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$43,406	\$4,675	\$47,081	\$183,622	0	0
14	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$44,600	\$3,481	\$47,081	\$159,141	0	0
14.5	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811	\$45,827	\$2,254	\$47,081	\$135,876	0	0
15	4,323,880.3	0	4,323,880.3	2.19974	476,577	476	470,811				\$0	0	0
					\$1,274,528	\$12,756	\$1,261,772	\$879,876	\$381,796	\$1,261,772	\$68,795		

ASSUMPTIONS:

1. Assumes a \$1,082,700 Pre-Development Base
2. Loan Amount: \$811,000
3. Interest Rate: 5.50%
4. Project Hard Costs: \$5,086,918
5. Increment Base: \$4,323,880

Annual revenues:

\$85,114

Original Loan Amount

\$811,000  
Capitalized Interest \$68,795  
Loan Balance Remaining \$0

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 1.15 debt coverage ratio. This schedule is for illustration purposes only. The results contained herein are not guaranteed and include information from others which has not been verified for accuracy. Actual results may vary. The TIF and financing programs referenced herein have specific requirements and availability or receipt of TIF or financing is contingent on numerous factors and decisions of governmental agencies and financial institutions. No likelihood of financial feasibility or success is expressed or implied.

## **Evaluation Criteria**

The project meets the mandatory criteria set forth in the Tax Increment Financing Guidelines issued by the City of Omaha.

### **Mandatory Criteria:**

1. The 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.

The Parking Garage project is located in the Aksarben Business and Education Campus Redevelopment Plan Area, an area designated as a blighted and substandard area by the City of Omaha on December 17, 1996, Resolution No. 3325.

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

The Parking Garage project results in the development of 1.66 acres on the existing surface parking lot located on Lot 5 of Aksarben Village Replat 11. The project will create approximately 660 new parking stalls within Zone 5 and will further extend much needed public improvements to areas located north of Center Street. It will also compliment the ongoing re-development of the Aksarben Village area.

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.

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

The site was specifically selected because of the availability of TIF proceeds. If TIF proceeds are not available, the project is not feasible due to the property being located within a flood plain and the cost associated with the existing poor soils conditions such as over excavation and surcharge and the requirement to use auger cast piles to support the structure. The structured parking will benefit the public as it improves the parking for the entire Aksarben Village area.

As detailed below, the Parking Garage project meets two of the discretionary criteria as set forth in the City of Omaha's Tax Increment Financing Guidelines and qualifies for a 15-year amortization period.

### Discretionary Criteria:

1. As of the date of adoption of the original Redevelopment Plan, the undeveloped Parking Garage project area displayed conditions of blight and constitutes an economic and social liability detrimental to the successful redevelopment of the Aksarben Village and the expanding University of Nebraska at Omaha Campus.
2. The ownership Zone 5, LLC entity is a newly formed company whose purpose is the development and ownership of this real estate asset.
3. The project is part of the Aksarben Village master plan which, through its development, has or will eliminate an actual or potential hazard to the public. Hazards may include condemned or unsafe buildings, sites or structures. The site is currently under-developed as a surface parking lot, with poor soil conditions, within a flood plain and would be improved with a structured 4 level parking garage project that will serve and enhance the area.

### Cost Benefit Analysis

1. **Tax Shifts resulting from the approval of the use of funds pursuant to section 18-2147 (of the Community Development Law):** Currently, the property is taxed at a value of \$1,082,700 for tax income of \$23,102 annually. After developed, the property will be valued at approximately \$5,086,918 with estimated annual taxes of approximately \$95,114.
2. **Public infrastructure and community public service needs impacts and local tax impacts arising from projects receiving incentives:** The Project will provide new public infrastructure such as parking, sidewalks, lighting and landscaping immediately adjacent to the site. The extensive use of TIF funding has also supported the construction of over \$15 million in new infrastructure within the broader redevelopment area. The project will also benefit public service needs by providing employment opportunities in the Aksarben Village neighborhood. Over the long term, it will provide additional local property and sales tax revenues.
3. **Impacts on employers and employees of firms locating or expanding within the boundaries of the area of redevelopment project:** During development and construction, TIF incentives will create opportunities for the employers and employees involved in this project benefitting development, financing, design, construction and property management industries.
4. **Impacts on employers and employees within the city and the immediate area that is located outside of the boundaries of the area of the redevelopment project:** This project will stimulate economic activity and jobs which will have an indirect benefit on Nebraska employers and employees not receiving direct incentives or benefits. Employees of this property will spend wages at area retailers as well as other service related

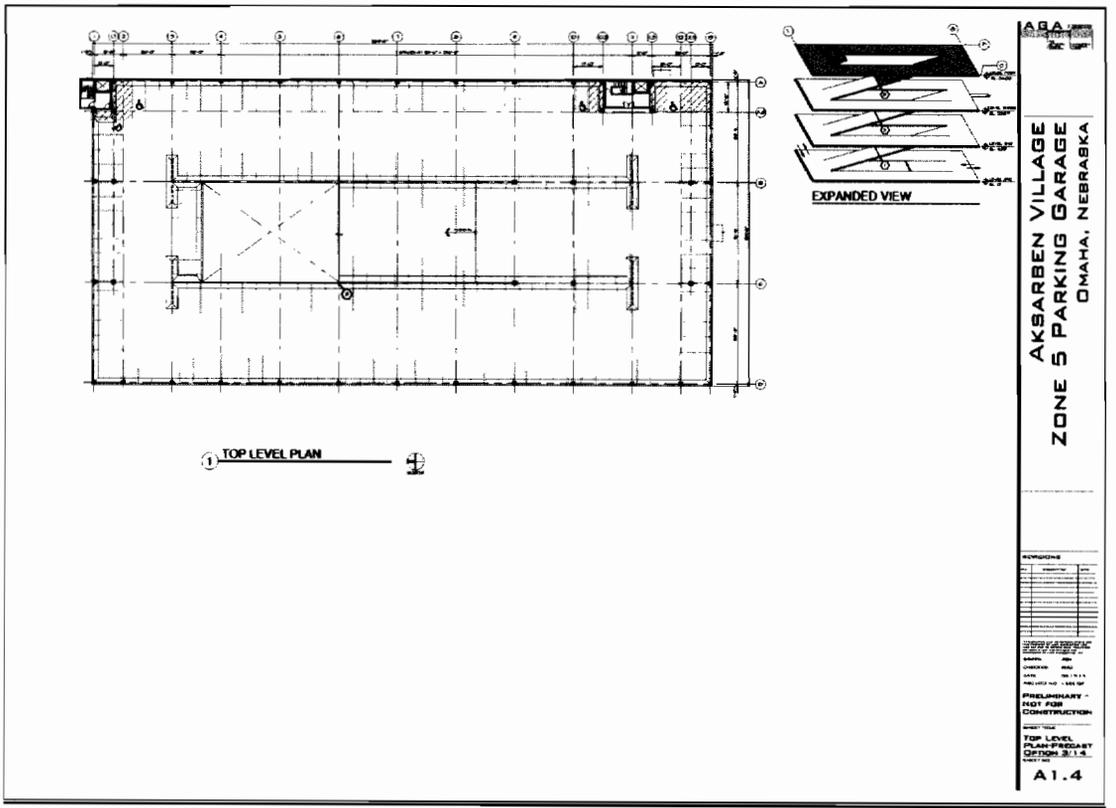
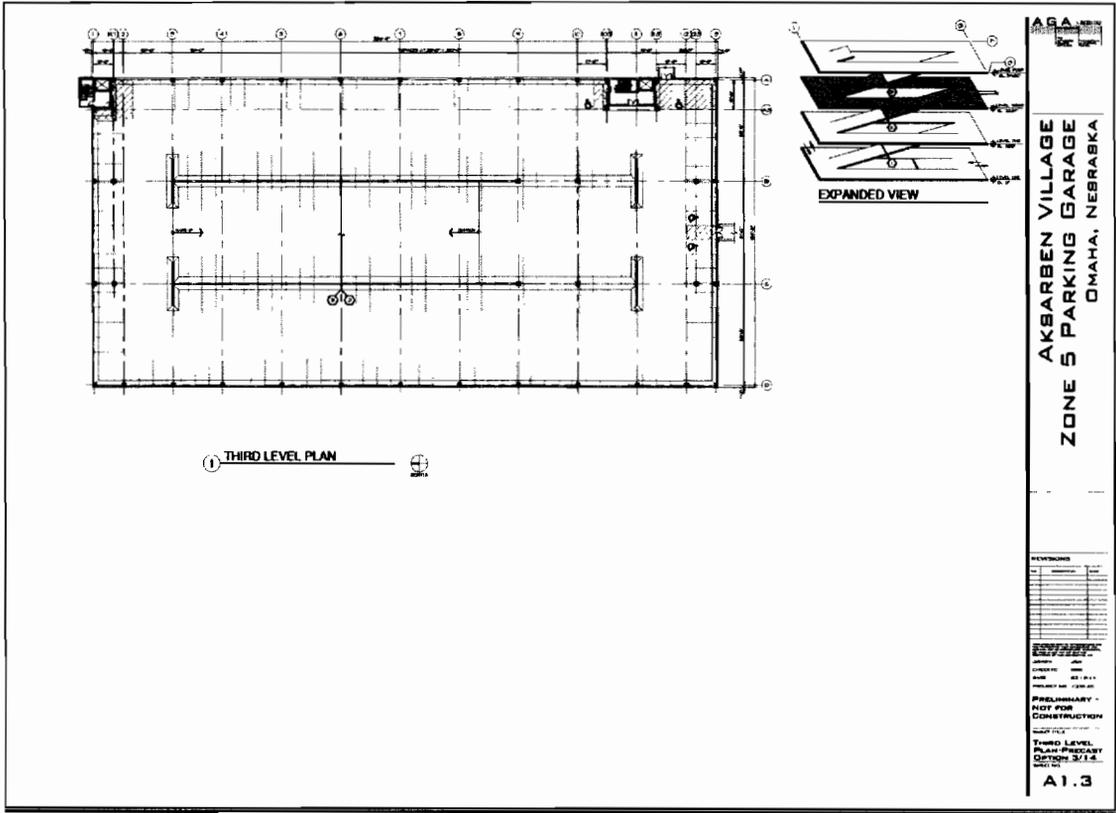
entities. This will benefit the employers, in the form of increased revenue and will increase the demand for employees, which will result in higher wages and/or more positions.

5. **Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the development project:** This project will help to further develop the Aksarben Village Redevelopment Area and be a catalyst for the development of underutilized areas south and west of Center Street and the expending University of Nebraska at Omaha campus.

**Employment Information**

Permanent Jobs (FTE) to be CREATED new work force	0
Permanent Jobs (FTE) to be RETAINED existing jobs moved to new	0
Permanent Jobs (FTE) to be RELOCATED people brought in from out of town	0
TOTAL	0
Anticipated Annual Payroll	\$0.00
Estimated number of construction jobs to be created during construction phase	50
Anticipated Payroll for Construction Jobs	\$2,000,000.00





**Ownership & Organization Documentation**

Corporation Inquiry

Page 1 of 2

**Page 1**

**ARTICLES OF ORGANIZATION**



**OF**

**ZONE 5, LLC**

The undersigned, for the purpose of organizing a limited liability company under the Nebraska Limited Liability Company Act, does hereby certify and adopt the following Articles of Organization:

**ARTICLE 1**

**Name**

The name of the Company is Zone 5, LLC.

**ARTICLE 2**

**Purposes**

The purposes for which the Company is organized is to buy, hold, develop and sell real estate, and engage in any and all lawful business for which limited liability companies may be organized under the Nebraska Limited Liability Company Act.

**ARTICLE 3**

**Address**

The address of the Company's principal place of business is 11550 I Street, Suite 200, Omaha, Nebraska 68137. The name and address of the registered agent of the Company is Richard J. Coenen, 1620 Dodge Street, Suite 1800, Omaha, Nebraska 68102.

**ARTICLE 4**

**Contributions To Capital**

The total amount of cash contributed to stated capital is \$1,000.00. No member has agreed to make additional contributions to the Company.

**ARTICLE 5**

**Additional Members**

The members shall have the right to admit additional members from time to time, upon approval by members owning at least a majority of the capital interests of the Company, and upon such additional terms and conditions of admission as may be specified in the Company's Operating Agreement.

**ARTICLE 6**

**Management**

The Company shall be managed by its members, pursuant to the terms of the Company's Operating Agreement. The initial members who shall manage the Company are:

Magnum Development Corp.  
a Nebraska corporation  
11550 I Street, Suite 200  
Omaha, NE 68137

McNeil Company, Incorporated  
a Nebraska corporation  
4444 S. 132<sup>nd</sup>  
Omaha, NE 68137

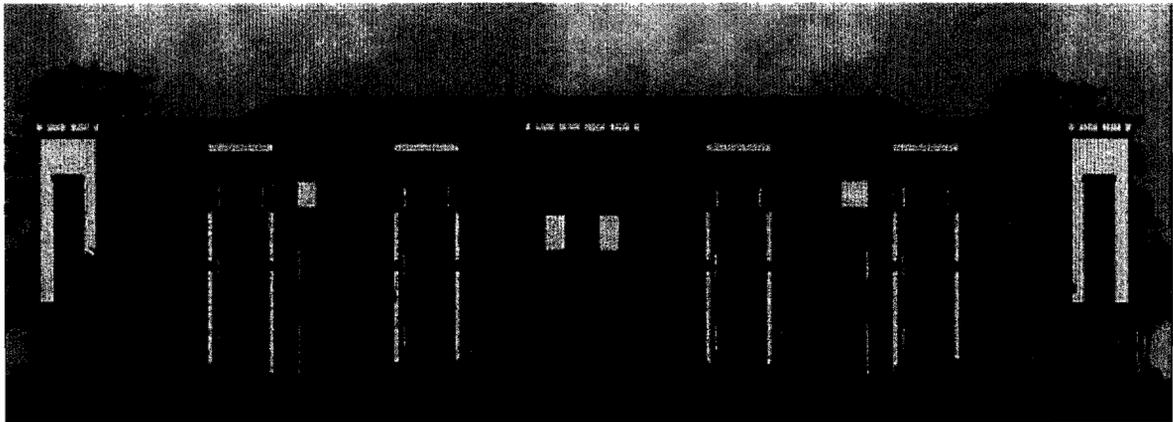
5396



# *Building 3*

## *Lot 6 of Aksarben Village Replat 11*

Application for Tax Increment Financing



**M**MAGNUM  
DEVELOPMENT CORP.

  
**MCNEIL**  
COMPANY BUILDERS

**Project Summary**

**Project Owner:** Zone 5, LLC

**Project Developer:** Magnum Development Corp. & McNeil Company

**Project Address:** 2211 Aksarben Drive, Omaha, NE 68106

**Project Legal Description:** Aksarben Village Replat 11, Lot 6

**Estimated Total Project Cost:** \$5,158,727

**TIF Request:** \$558,000

**Current Use:** Vacant Land

**Current Zoning:** MU – CC

**Proposed Use:** Residential Apartments

**Current Annual Real Estate Taxes (2013 Tax Year):** \$7,231.36

**Current Assessed Tax Valuation (2013 Tax Year):**

**Land:** \$338,900

**Improvements:** \$ 0

**Total** \$338,900

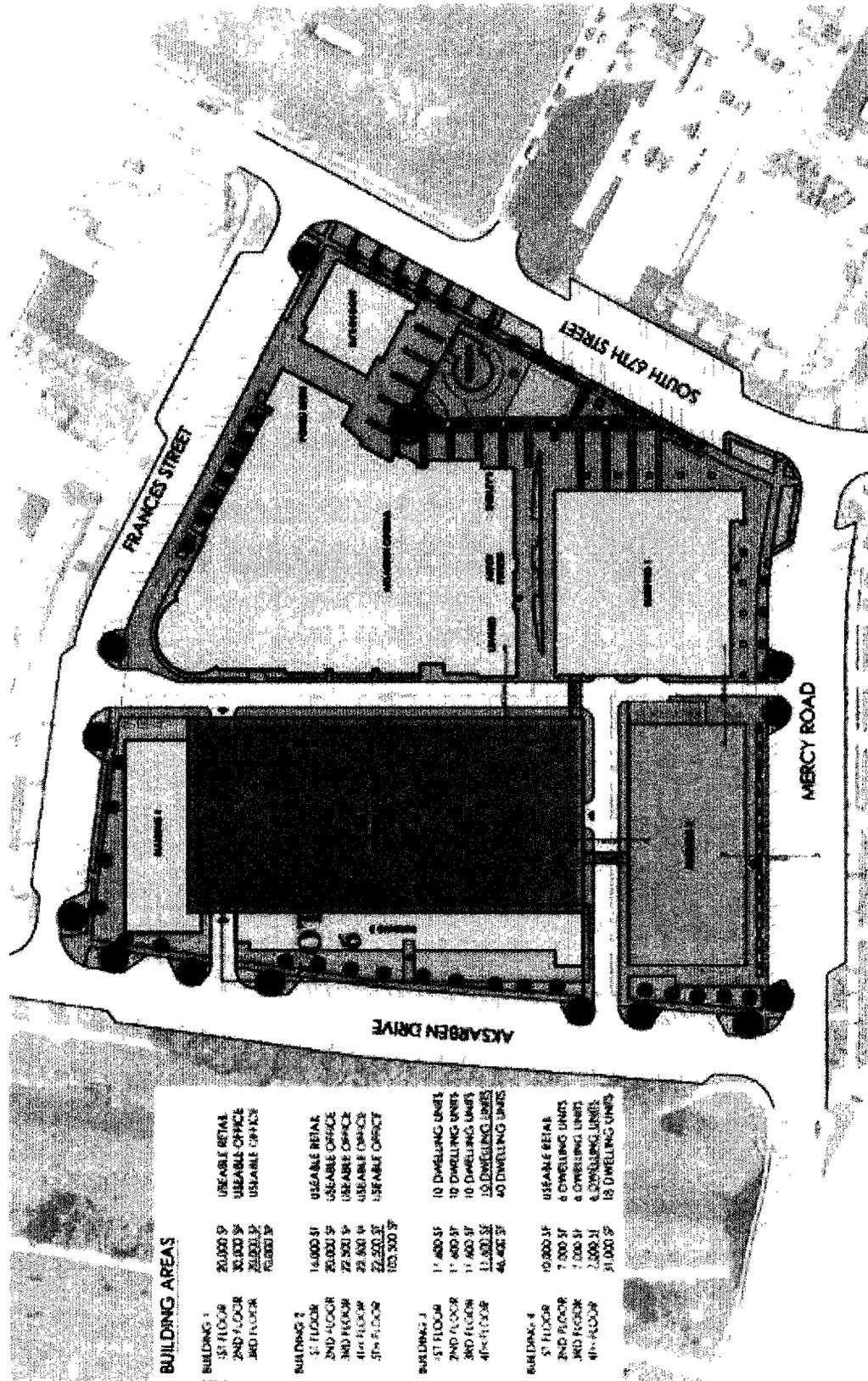
## Narrative

- A. The Building 3 development will be a complementary building to the Aksarben Village Redevelopment Area consisting of a four story apartment building located on a site containing approximately .541 acres. The building will accommodate 40 loft style apartment units which will face west and provide views of the College of Saint Mary campus, the Papio Creek and the Keystone trail system. The housing will be adjacent to the west elevation of the parking garage screening it from Aksarben Drive and Stinson Park. The project site will further enhance Aksarben Village by adding additional full time residents who will enjoy the option to live, work and play all within the Village's urban setting. The project will be connected to the public use parking structure being developed totaling approximately 880 stalls.

This application requests the approval of \$558,000 in Tax Increment Financing to support the development of the Building 3 project, which will create a large incremental increase in assessed property value.

- B. A Single Purpose Entity, Zone 5, LLC or it's to be formed assignee, will develop and own the Property.
- C. There are no existing structure(s) on this property. The 0.541-Acre project will consist of a 4-story 40 loft apartment unit building. It will be supported by an adjacent parking structure providing approximately 880 parking stalls as well as ready access to public transportation and on street parking. It will be heavily landscaped and pedestrian connections will be designed to blend in with the rest of Aksarben Village.
- D. Current zoning for the project is MU – CC (community commercial/office), which will not need to be altered for the planned use.
- E. Existing storm water and electrical lines will be used as they were updated as part of the Aksarben Village Infrastructure Fund development project.

**Site Plan**



**BUILDING AREAS**

<b>BUILDING 1</b>	1ST FLOOR	20,000 SF	USABLE RETAIL
	2ND FLOOR	30,000 SF	USABLE OFFICE
	3RD FLOOR	20,000 SF	USABLE OFFICE
	4TH FLOOR	20,000 SF	USABLE OFFICE
<b>BUILDING 2</b>	1ST FLOOR	16,000 SF	USABLE RETAIL
	2ND FLOOR	20,000 SF	USABLE OFFICE
	3RD FLOOR	22,500 SF	USABLE OFFICE
	4TH FLOOR	22,500 SF	USABLE OFFICE
	5TH FLOOR	100,000 SF	USABLE OFFICE
<b>BUILDING 3</b>	1ST FLOOR	11,400 SF	10 DWELLING UNITS
	2ND FLOOR	11,400 SF	10 DWELLING UNITS
	3RD FLOOR	11,400 SF	10 DWELLING UNITS
	4TH FLOOR	44,400 SF	40 DWELLING UNITS
<b>BUILDING 4</b>	1ST FLOOR	10,000 SF	USABLE RETAIL
	2ND FLOOR	7,000 SF	6 DWELLING UNITS
	3RD FLOOR	7,000 SF	6 DWELLING UNITS
	4TH FLOOR	2,000 SF	2 DWELLING UNITS
	5TH FLOOR	31,000 SF	18 DWELLING UNITS

SR PLAN

ZONE AKSARBEN  
FIVE VILLAGE

MCNEILL  
MAGNUM AHBA

**Sources & Uses**

Building 3

***Sources & Uses***

***4/27/2014***

Developer: Zone 5, LLC

<b>Sources of Funds</b>	
Owner Equity	\$ 700,727
Construction Loan	\$ 3,900,000
TIF Financing	\$ 558,000
<b>Total Sources</b>	<b>\$ 5,158,727</b>
<b>Uses of Funds</b>	
Land Acquisition	\$ 750,000
Construction Hard Costs	\$ 3,233,793
Sitework Construction Costs and Off-Site Improvements	\$ 646,500
Construction Soft Costs	\$ 194,318
Tenant Improvements/Build-Outs	\$ -
Developer Fees	\$ 96,000
Financing Fees	\$ 238,116
<b>Total Uses of Funds and Total Project Costs</b>	<b>\$ 5,158,727</b>

## Financing



1620 Dodge Street  
Omaha NE 68197  
402.941.0600

April 28, 2014

Mr. John J. Hughes, Jr.  
Magnum Development Corp.  
11500 "T" Street, Suite 200  
Omaha, NE 68137

RE: *Tax Increment Financing  
Zone 5 Aksarben Village  
Omaha, Nebraska*

Dear John:

First National Bank of Omaha ("FNBO") is pleased to provide this proposal for Tax Increment Financing ("TIF") for Zone 5 in Aksarben Village. This is not a commitment to provide financing, but merely an expression of the financing terms we are considering.

### A. TERMS

1. **Borrower:** To be determined. It is anticipated that there may be up to four (4) separate borrowing entities for each individual Lot ("Borrower" or "Borrowers").
2. **Use of Funds:** The TIF Loan funds will be used to finance Borrower's TIF contribution obligation in regard to the redevelopment of Zone 5 in Aksarben Village, 67<sup>th</sup> and Center Street, Omaha, Nebraska (the "Project").
3. **Loan Amount:** Total loan amount of \$5,970,600.00, which is anticipated to be allocated as follows:

a)	Lot 7, Building 2	Mixed-Use Office/Retail Building	\$3,986,200.00
b)	Lot 5, Parking Structure	Free Public Parking Facility	\$811,000.00
c)	Lot 4, Building 4	Retail / Residential – Frances St.	\$615,000.00
d)	Lot 6, Building 3	Aksarben Dr. Apartments	\$558,000.00
4. **Loan Term:** Fifteen (15) years.
5. **Interest Rate:** The interest rate will be fixed at 5.50% for the entire Loan Term.
6. **Loan Fee:** Borrowers will pay Lender at loan closing a \$14,926.50 loan fee (1/4% of Loan Amount), which may be funded from loan proceeds.
7. **Loan Repayment:** Interest will accrue for the first two (2) years of the loan term, with semi-annual principal and interest payments commencing with the third loan year, with payments due in June and November of each year in an amount necessary to amortize the loan balance over the remaining term of the loan.

8. **Collateral:** First lien upon the tax increment financing proceeds, in the form of a Security and Pledge Agreement executed by the City of Omaha, assigning annual tax increment receipts as security for the Redevelopment Promissory Note.
9. **Late Payment:** Any payment of principal, interest or other amounts payable under the loan documents that is not received by Lender within ten (10) days of the due date, shall be subject to a late charge equal to the greater of 3% of the delinquent amount or \$25.00. The default rate under the loan documents shall be 6% above the note rate.
10. **Guaranty:** To be determined once the Borrower or Borrowers are finalized.

#### **B. CONDITIONS AND REQUIREMENTS**

1. **Loan Documents:** The Loan shall be evidenced and secured by:
  - a. Promissory Note (TIF Loan) payable to Lender;
  - b. TIF Loan Agreement;
  - c. Collateral Assignment and Pledge Agreement executed by Borrower (assigning Redevelopment Promissory Note issued by City of Omaha, possession of which shall be delivered to Lender, and Redevelopment Agreement between Borrower and City of Omaha) to Lender;
  - d. Security and Pledge Agreement executed by City of Omaha giving Lender a security interest in TIF funds generated by the redevelopment Project;
  - e. Uniform Commercial Code Financing Statement executed by City of Omaha in favor of Lender, covering the TIF funds;
  - f. Opinion letter issued by City Attorney of Omaha in form and content satisfactory to Lender's counsel with respect to the TIF financing;
  - g. Guaranty of Payment and Performance executed by Guarantors; and
  - h. Such other documents as required by Lender or Lender's counsel.
  - i. The form and content of all above mentioned loan documents shall be reasonably satisfactory to Lender's counsel.

#### **C. Requirements Prior to Loan Closing**

At least ten (10) business days prior to the closing date, Borrower shall have furnished to Lender each of the following in form and content acceptable to Lender:

1. **Title:** A certificate of title evidencing that title to the Collateral shall be good and marketable, free and clear of all defects, liens, encumbrances, security interests, restrictions and easements which Lender has not otherwise approved. Such evidence shall specifically include:
  - i. Copies of all documents affecting title to the Collateral;
  - ii. Evidence that ingress and egress from the Project is by public streets; and
  - iii. Evidence that all utilities serving the Project are located in the public right-of-way abutting the Project and if connected to the Project by passing over property which is not public right-of-way, are connected to the Project by means of easements which

have been granted, are acceptable to Lender, and which will be insured through proper title insurance.

2. **Taxes and Assessments:** Evidence that all installments of general real estate taxes, special taxes or assessments and the file are paid.
3. **Financial Statements:** The Borrower's and Guarantors' financial statements shall be signed by Borrower and Guarantors, as appropriate, and addressed to Lender.
4. **U.C.C./Tax Lien/Judgment Searches:** U.C.C., tax lien and judgment searches against Borrower and such other parties as Lender may require, showing that the personal property owned by the Borrower, whether or not attached to the Real Property, is free from all security interests, liens, encumbrances, and judgments, except the prior security interest to Lender prior to closing at the Secretary of State and County where Project is located or such other location as Lender requires.
5. **Legal Capacity:** Lender will be given copies of Borrower's and New Borrower's organizational documents to include the Articles of Organization and Operating Agreement and satisfactory borrowing resolutions providing that the persons executing the loan documents on behalf of the Borrower and New Borrower have legal capacity and authority to enter into this mortgage transaction and to execute the loan documents.
6. **TIF Documents:** Lender will be given copies of the Redevelopment Agreement, and all amendments thereto, the Redevelopment Promissory Note, and resolutions of the City of Omaha approving the same.
7. **Special Mortgage Provisions:** The loan documents shall provide, in addition to all other provisions required by Lender:
8. **Financial Statements and Reports:** Borrower shall furnish to Lender, within one hundred twenty (120) days after the close of each fiscal year of Borrower and thereafter upon request current operating and financial statements of Borrower, and financial statements of Guarantors in form satisfactory to Lender, and copies of federal tax returns of Borrower and Guarantors.
9. **Conditions of Closing:** The Lender's obligation to disburse the loan contemplated hereunder, or any portion thereof, shall be conditioned upon the following occurring:
10. **Delivery of Loan Documents; Compliance:** Borrower shall have delivered to Lender all documents and other items required hereunder, which shall be in such form and content as Lender shall prescribe. Borrower shall have satisfied each provision and condition of this commitment in a manner reasonably acceptable to Lender, or Lender shall have waived, in writing, Borrower's compliance with a specific provision.
11. **Payment of Costs by Borrower:** Regardless of whether the loan closes, except for default by Lender, Borrower shall pay all of the Lender's costs in connection with the preparation, closing and disbursement of the loan, including but not limited to, title insurance premiums, survey costs, recording fees and taxes, fees and expenses of Lender's counsel and all other out-of-pocket costs and expenses incurred by Lender in connection with this loan.
12. **No Adverse Change:** Borrower shall warrant that there has been no deterioration in the financial condition of Borrower or Guarantors and that the financial information heretofore submitted to Lender by Borrower and Guarantors is accurate and complete in all material respects. Lender will be promptly notified of any event that has, or with the passage of time could, cause a material adverse change in the financial condition of the Borrower or Guarantors, so long as any indebtedness represented by loan documents remain unpaid.

The above terms and conditions are not a commitment to lend, but rather a general outline of how First National Bank of Omaha would proceed in underwriting the proposed transaction. The outlined terms and conditions are subject to Credit Approval and final documentation satisfactory to Borrower and Lender and complete legal review and approval of all pertinent matters by Lender and Lender's counsel.

**A CREDIT AGREEMENT MUST BE IN WRITING TO BE ENFORCEABLE UNDER NEBRASKA LAW. TO PROTECT YOU AND US FROM ANY MISUNDERSTANDINGS OR DISAPPOINTMENTS, ANY CONTRACT, PROMISE, UNDERTAKING, OR OFFER TO FOREBEAR REPAYMENT OF MONEY OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION IN CONNECTION WITH THIS LOAN OF MONEY OR GRANT OR EXTENSION OF CREDIT, OR ANY AMENDMENT OF, CANCELLATION OF, WAIVER OF, OR SUBSTITUTION FOR ANY OR ALL OF THE TERMS OR PROVISIONS OF ANY INSTRUMENT OR DOCUMENT EXECUTED IN CONNECTION WITH THIS LOAN OF MONEY OR GRANT OR EXTENSION OF CREDIT, MUST BE IN WRITING TO BE EFFECTIVE.**

FIRST NATIONAL BANK OF OMAHA, a national banking  
association



By:

\_\_\_\_\_  
Scott W. Damrow, Vice President

**Project Budget**

40 Units Total				\$	750,000.00
				\$	5,000.00
				\$	20,000.00
	-	Sq Ft @	\$ -	\$	30,000.00
10 1 - Bedroom w/ den	900	Sq Ft @	\$ 80.00	\$	720,000.00
10 1 - Bedroom w/ den	900	Sq Ft @	\$ 80.00	\$	720,000.00
10 1 - Bedroom w/ den	900	Sq Ft @	\$ 80.00	\$	720,000.00
10 1 - Bedroom w/ den	900	Sq Ft @	\$ 80.00	\$	720,000.00
				\$	10,500.00
				\$	558,000.00
	400	Sq Ft @	\$ 100.00	\$	40,000.00
	400	Sq Ft @	\$ 50.00	\$	20,000.00
	400	Sq Ft @	\$ 50.00	\$	20,000.00
	400	Sq Ft @	\$ 50.00	\$	20,000.00
				\$	5,000.00
				\$	15,000.00
				\$	50,000.00
				\$	10,000.00
				\$	-
				\$	4,000.00
				\$	18,000.00
				\$	10,000.00
		3.5%		\$	128,817.50
				\$	2,500.00
				\$	3,500.00
Exterior				\$	3,000.00
				\$	2,000.00
				\$	3,000.00
				\$	5,000.00
				\$	1,500.00
				\$	5,000.00
				\$	3,500.00
10 1 - Bedroom w/ den	Level 1	Sq Ft @	\$ 200.00	\$	2,000.00
10 1 - Bedroom w/ den	Level 2	Sq Ft @	\$ 200.00	\$	2,000.00
10 1 - Bedroom w/ den	Level 3	Sq Ft @	\$ 200.00	\$	2,000.00
10 1 - Bedroom w/ den	Level 4	Sq Ft @	\$ 200.00	\$	2,000.00
				\$	96,000.00
				\$	10,000.00
				\$	-
				\$	15,000.00
				\$	10,000.00
				\$	4,762,317.50
during construction		5% of total		\$	238,115.88
excluding acquisition			4%	\$	158,292.70
				\$	<b>5,158,726.08</b>

**Project Timeline**

Project Start  
Project Completion

September 1, 2015  
August 1, 2016

**3-Year Proforma**

Building 3  
 3-Year Proforma  
 Developer: Zone 5, LLC

	per unit/ per month	gross revenue per month	YEAR 1			YEAR 2			YEAR 3			
			per unit/ per month	gross revenue per month	gross revenue per year	per unit/ per month	gross revenue per month	gross revenue per year	per unit/ per month	gross revenue per month	gross revenue per year	
INCOME												
1 - Bedroom w/ den	\$ 1.40	\$ 1,260	\$ 12,600.00	\$ 151,200	\$ 152,712	\$ 154,239						
1 - Bedroom w/ den	\$ 1.25	\$ 1,125	\$ 11,250.00	\$ 135,000	\$ 136,350	\$ 137,714						
1 - Bedroom w/ den	\$ 1.30	\$ 1,170	\$ 11,700.00	\$ 140,400	\$ 141,804	\$ 143,222						
1 - Bedroom w/ den	\$ 1.40	\$ 1,260	\$ 12,600.00	\$ 151,200	\$ 152,712	\$ 154,239						
Vacancy Allowance	5%		\$ (1,777.50)	\$ (21,330)	\$ (21,543)	\$ (21,759)						
Gross Monthly Income	\$ 4,815	\$ 46,372.50	\$ 556,470	\$ 562,035	\$ 567,655							

**MONTHLY OPERATING EXPENSES**

	monthly	annual
Vacancy Percentage		
Vacancy Expense	\$ 350.00	\$ 4,200
Master Owner's Association	\$ 100.00	\$ 1,200
Fire/Life Safety CAM	\$ 2,318.63	\$ 27,824
Management Fee CAM	\$ 2,000.00	\$ 24,000
Part-Time Facilities Personal	\$ 1,000.00	\$ 12,000
Building Maintenance and Repair	\$ 500.00	\$ 6,000
Landscaping & Holiday Décor	\$ 400.00	\$ 4,800
Marketing	\$ 500.00	\$ 6,000
Janitorial	\$ 200.00	\$ 2,400
Parking Lot	\$ 300.00	\$ 3,600
Snow Removal	\$ 100.00	\$ 1,200
Sewer Maintenance	\$ 400.00	\$ 4,800
Trash CAM	\$ 85.00	\$ 1,020
Pest Control CAM	\$ 50.00	\$ 600
Elevator Maintenance	\$ 600.00	\$ 7,200
Electricity CAM	\$ 100.00	\$ 1,200
Lawn Sprinkler CAM	\$ 300.00	\$ 3,600
Security CAM	\$ 200.00	\$ 2,400
HVAC CAM Repair & maintenance	\$ 500.00	\$ 6,000
Water/Sewer Utility	\$ 300.00	\$ 3,600
INSURANCE EXPENSE	\$ 5,500.00	\$ 66,000
REAL ESTATE TAX EXPENSE	40 units 75000 per unit \$ 3,000,000	\$ 189,644
TOTAL MONTHLY OPERATING EXPENSES	% of income 34.1%	\$ 191,540
NET MONTHLY OPERATING INCOME	\$ 30,568.88	\$ 374,200

**ROI "But For" Analysis**

Zone 5, LLC

4/28/14

Building 3

Financial Assessment Supporting Tax Increment Financing

	With TIF		Without TIF	
Project Cost	\$	5,158,727	\$	5,158,727
Loan-to-Value Ratio		75.6%		75.6%
Financing from Financial Institution	\$	3,900,000	\$	3,900,000
TIF Qualified Expenses	\$	558,000		\$0.00
Equity Required	\$	700,727	\$	1,258,727
Debt Coverage Ratio, 1st Mortgage		1.23		1.23
Financing Interest Rate, 1st Mortgage		4.75%		4.75%
Total Financing and Equity	\$	5,158,727	\$	5,158,727
Net Operating Income	\$	370,495	\$	370,495
Debt Service, 1st Mortgage P&I	\$	302,433	\$	302,433
Cash Flow After Debt Service	\$	68,062	\$	68,062
Cash on Cash Return on Equity		9.7%		5.4%

# TIF Payment Schedule

DATE	Total Taxable Valuation	Less Pre-Development Base	TIF Taxable Valuation	\$3,600,000 construction 5.60% interest		100% valuation		Debt Service Payments		Loan Balance	Capitalized Interest	Interest at 5.60%
				Tax Levy	Tax Revenues	Treasurer's 1% Collection Fee	Revenues Available For TIF Loan	Principal	Interest at 5.60%			
0	0	0	0	0	0	0	0	0	0	\$668,000	15346	15346
0.5	0	0	0	2,18974	0	0	0	0	0	\$673,346	15767	16767
1	0	0	0	2,18974	0	0	0	0	0	\$678,692	16201	17201
1.5	2380000	0	2380000	2,18974	26177	262	25915	\$9,289	\$18,648	\$686,112	16646	18646
2	2876000	0	2876000	2,18974	32721	327	32384	\$18,003	\$18,391	\$696,044	0	18646
2.5	2876000	0	2876000	2,18974	32721	327	32384	\$16,443	\$15,861	\$690,041	0	18391
3	2876000	0	2876000	2,18974	32721	327	32384	\$16,886	\$16,498	\$683,988	0	18651
3.5	2876000	0	2876000	2,18974	32721	327	32384	\$17,390	\$16,054	\$668,703	0	16489
4	2876000	0	2876000	2,18974	32721	327	32384	\$17,857	\$14,557	\$658,343	0	16054
4.5	2876000	0	2876000	2,18974	32721	327	32384	\$18,328	\$13,062	\$648,178	0	14657
5	2876000	0	2876000	2,18974	32721	327	32384	\$18,832	\$11,562	\$638,394	0	13662
5.5	2876000	0	2876000	2,18974	32721	327	32384	\$19,349	\$10,062	\$629,097	0	13045
6	2876000	0	2876000	2,18974	32721	327	32384	\$19,882	\$8,562	\$620,394	0	12512
6.5	2876000	0	2876000	2,18974	32721	327	32384	\$20,428	\$7,062	\$612,196	0	11968
7	2876000	0	2876000	2,18974	32721	327	32384	\$20,989	\$5,562	\$604,507	0	11404
7.5	2876000	0	2876000	2,18974	32721	327	32384	\$21,567	\$4,062	\$597,324	0	10827
8	2876000	0	2876000	2,18974	32721	327	32384	\$22,160	\$2,562	\$590,664	0	10234
8.5	2876000	0	2876000	2,18974	32721	327	32384	\$22,770	\$1,062	\$584,534	0	9624
9	2876000	0	2876000	2,18974	32721	327	32384	\$23,396	0	\$578,944	0	8988
9.5	2876000	0	2876000	2,18974	32721	327	32384	\$24,039	0	\$573,895	0	8335
10	2876000	0	2876000	2,18974	32721	327	32384	\$24,700	0	\$569,395	0	7684
10.5	2876000	0	2876000	2,18974	32721	327	32384	\$25,380	0	\$565,445	0	7014
11	2876000	0	2876000	2,18974	32721	327	32384	\$26,078	0	\$562,167	0	6316
11.5	2876000	0	2876000	2,18974	32721	327	32384	\$26,795	0	\$559,552	0	5599
12	2876000	0	2876000	2,18974	32721	327	32384	\$27,532	0	\$557,596	0	4862
12.5	2876000	0	2876000	2,18974	32721	327	32384	\$28,289	0	\$556,299	0	4106
13	2876000	0	2876000	2,18974	32721	327	32384	\$29,067	0	\$555,662	0	3327
13.5	2876000	0	2876000	2,18974	32721	327	32384	\$29,866	0	\$555,686	0	2528
14	2876000	0	2876000	2,18974	32721	327	32384	\$30,687	0	\$556,371	0	1707
14.5	2876000	0	2876000	2,18974	32721	327	32384	\$31,531	0	\$557,720	0	863
15	2876000	0	2876000	2,18974	32721	327	32384	\$32,400	0	\$559,740	0	0
*****												
										\$606,473	\$262,888	\$869,361
*****												
										\$668,000	\$47,313	\$715,313
*****												

Applicant: TIF Projection/Zone 5 40 Apts. @ \$75K/Unit: \$58,000 TIF supported

ASSUMPTIONS:

- Assumes a \$339,800 Pre-Development Base
- Loan Amount: \$668,000
- Interest Rate: 5.60%
- Project Hard Costs: \$3,500,000
- Increment Base: \$2,875,000

Original Loan Amount: \$668,000  
 Capitalized Interest: \$47,313  
 Loan Balance Remaining: \$0

Annual revenues: \$85,442

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 1.16 debt coverage ratio. This schedule is for illustration purposes only. The results contained herein are not guaranteed and include information from others which has not been verified for accuracy. Actual results may vary. The TIF and financing programs referenced herein have specific requirements and availability or receipt of TIF or financing is contingent on numerous factors and decisions of governmental agencies and financial institutions. No likelihood of financial feasibility or success is expressed or implied.

## **Evaluation Criteria**

The project meets the mandatory criteria set forth in the Tax Increment Financing Guidelines issued by the City of Omaha.

### **Mandatory Criteria:**

1. The 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.

The Building 3 project is located in the Aksarben Business and Education Campus Redevelopment Plan Area, an area designated as a blighted and substandard area by the City of Omaha on December 17, 1996, Resolution No. 3325.

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

The Building 3 project results in the development of 0.541 acres on vacant ground located along the east boundary of Aksarben Drive between Mercy Road and Frances Street. The project will create approximately 40 loft style apartments. It will further extend much needed public improvements to areas located north of Center Street. It will also compliment the ongoing re-development of the Aksarben Village area.

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.

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

The site was specifically selected because of the availability of TIF proceeds. If TIF proceeds are not available, the project is not feasible due to the cost associated with structured parking, the property being located within a flood plain, over excavation and surcharge requirements due to unacceptable soil and extraordinary foundation/structural slab requirements. In addition the structured parking will benefit the public as it improves the parking for the entire Aksarben Village area.

As detailed below, the Building 3 project meets two of the discretionary criteria as set forth in the City of Omaha's Tax Increment Financing Guidelines and qualifies for a 15-year amortization period.

### **Discretionary Criteria:**

1. As of the date of adoption of the original Redevelopment Plan, the undeveloped Building 3 mixed-use development project area displayed conditions of blight and constitutes an economic and social liability detrimental to the successful re-development of the Aksarben Village and the expanding University of Nebraska at Omaha Campus.
2. The ownership Zone 5, LLC entity is a newly formed company whose purpose is the development and ownership of this real estate asset.
3. The project is part of the Aksarben Village master plan which, through its development, has or will eliminate an actual or potential hazard to the public. Hazards may include condemned or unsafe buildings, sites or structures. The site is currently un-developed, with poor soil conditions, within a flood plain and vacant but will be improved with a residential apartment project that will serve and enhance the area.

### **Cost Benefit Analysis**

1. **Tax Shifts resulting from the approval of the use of funds pursuant to section 18-2147 (of the Community Development Law):** Currently, the property is taxed at a value of \$338,900 for tax income of \$7,231.36 annually. After developed, the property will be valued at approximately \$3,500,000 with estimated annual taxes of approximately \$65,442.
2. **Public infrastructure and community public service needs impacts and local tax impacts arising from projects receiving incentives:** The Project will provide new public infrastructure such as parking, sidewalks, lighting and landscaping immediately adjacent to the site. The extensive use of TIF funding has also supported the construction of over \$15 million in new infrastructure within the broader redevelopment area. The project will also benefit public service needs by providing employment opportunities in the Aksarben Village neighborhood. Over the long term, it will provide additional local property and sales tax revenues.
3. **Impacts on employers and employees of firms locating or expanding within the boundaries of the area of redevelopment project:** During development and construction, TIF incentives will create opportunities for the employers and employees involved in this project benefitting development, financing, design, construction and property management industries.
4. **Impacts on employers and employees within the city and the immediate area that is located outside of the boundaries of the area of the redevelopment project:** This project will stimulate economic activity and jobs which will have an indirect benefit on Nebraska employers and employees not receiving direct incentives or benefits. Employees of this

property will spend wages at area retailers as well as other service related entities. This will benefit the employers, in the form of increased revenue and will increase the demand for employees, which will result in higher wages and/or more positions.

5. **Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the development project:** This project will help to further develop the Aksarben Village Redevelopment Area and be a catalyst for the development of underutilized areas south and west of Center Street and the expanding University of Nebraska at Omaha campus.

**Employment Information**

Permanent Jobs (FTE) to be CREATED new work force	20
Permanent Jobs (FTE) to be RETAINED existing jobs moved to new	0
Permanent Jobs (FTE) to be RELOCATED people brought in from out of town	0
TOTAL	20
Anticipated Annual Payroll	\$700,000.00
Estimated number of construction jobs to be created during construction phase	100
Anticipated Payroll for Construction Jobs	\$2,000,000.00

**Residential Unit Information**

		Unit Mix		Monthly Rents
Multi-Family	Rental	40	1 bedroom	
			2 bedroom	\$1,125 - 1,260
			3 bedroom	
	Owner Occupied		1 bedroom	
			2 bedroom	
			3 bedroom	
Total Units				

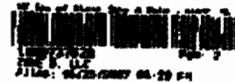
**Ownership & Organization Documentation**

Corporation Inquiry

Page 1 of 2

**Page 1**

**ARTICLES OF ORGANIZATION  
OF  
ZONE 5, LLC**



The undersigned, for the purpose of organizing a limited liability company under the Nebraska Limited Liability Company Act, does hereby certify and adopt the following Articles of Organization:

**ARTICLE 1  
Name**

The name of the Company is Zone 5, LLC.

**ARTICLE 2  
Purposes**

The purposes for which the Company is organized is to buy, hold, develop and sell real estate, and engage in any and all lawful business for which limited liability companies may be organized under the Nebraska Limited Liability Company Act.

**ARTICLE 3  
Addresses**

The address of the Company's principal place of business is 11550 I Street, Suite 200, Omaha, Nebraska 68137. The name and address of the registered agent of the Company is Richard J. Cosman, 1620 Dodge Street, Suite 1800, Omaha, Nebraska 68102.

**ARTICLE 4  
Contributions To Capital**

The total amount of cash contributed to stated capital is \$1,000.00. No member has agreed to make additional contributions to the Company.

**ARTICLE 5  
Additional Members**

The members shall have the right to admit additional members from time to time, upon approval by members owning at least a majority of the capital interests of the Company, and upon such additional terms and conditions of admission as may be specified in the Company's Operating Agreement.

**ARTICLE 6  
Management**

The Company shall be managed by its members, pursuant to the terms of the Company's Operating Agreement. The initial members who shall manage the Company are:

Magnum Development Corp.  
a Nebraska corporation  
11550 I Street, Suite 200  
Omaha, NE 68137

McNeil Company, Incorporated  
a Nebraska corporation  
4646 S. 132<sup>nd</sup>  
Omaha, NE 68137

1/20/16

**Page 2**

**ARTICLE 7  
Duration**

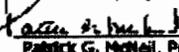
The period of duration of the Company shall be perpetual.

Executed in duplicate by the undersigned on the 21<sup>st</sup> day of June, 2007.

BY: Magnum Development Corp., Organizer

BY:  \_\_\_\_\_  
John Higgins, President

Magnum Company Incorporated, Organizer

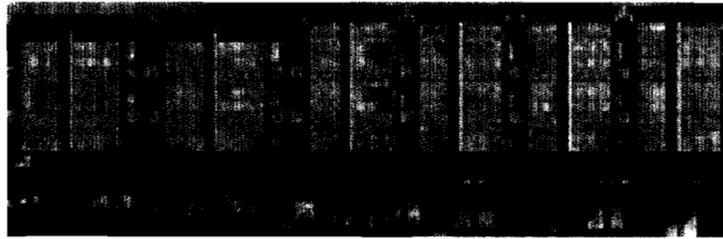
BY:  \_\_\_\_\_  
Patrick G. McNeil, President

53846

# ***Building 4***

## ***Lot 4 of Aksarben Village Replat 11***

Application for Tax Increment Financing



**M**MAGNUM  
DEVELOPMENT CORP.

  
**MCNEIL**  
COMPANY BUILDERS

**Project Summary**

**Project Owner:** Zone 5, LLC

**Project Developer:** Magnum Development Corp. & McNeil Company

**Project Address:** TBD Frances Street, Omaha, NE 68106

**Project Legal Description:** Aksarben Village Replat 11, Lot 4

**Estimated Total Project Cost:** \$5,296,583

**TIF Request:** \$615,400

**Current Use:** Vacant Land

**Current Zoning:** MU – CC

**Proposed Use:** Residential Apartments

**Current Annual Real Estate Taxes (2013 Tax Year):** \$8,500.94

**Current Assessed Tax Valuation (2013 Tax Year):**

**Land:** \$398,400.00

**Improvements:** \$ 0.00

**Total** \$398,400.00

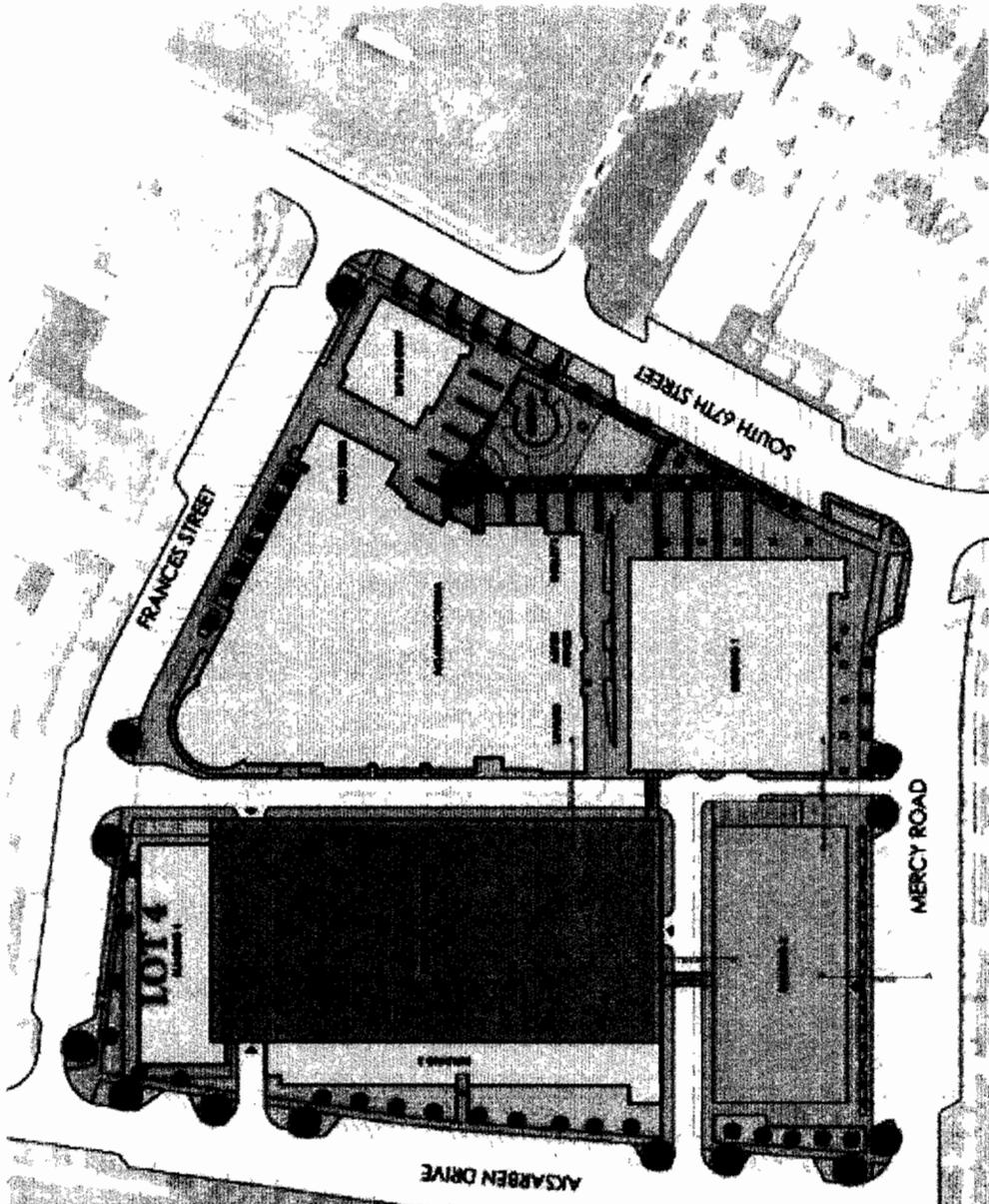
**Narrative**

- A. The Building 4 development will be a complementary building to the Aksarben Village Redevelopment Area consisting of a mixed use residential/retail building located on a site containing approximately .706 acres. The approximately 10,000 square foot ground level will consist of retail and a small lobby for access to the upper floors. Each of the three floors above will accommodate 7 apartments for a total of 21 units. This building will complete the “frame” around the 4 level parking structure which will provide approximately 880 parking stalls within Zone 5. The project site will further enhance Aksarben Village by adding additional customers, employees and residents who will enjoy the option to live, work and play all within the Village’s urban setting.

This application requests the approval of \$615,400 in Tax Increment Financing to support the development of the Building 4 development, which will create a large incremental increase in assessed property value.

- B. A Single Purpose Entity, Zone 5, LLC or it’s to be formed assignee, will develop and own the Property.
- C. There are no existing structure(s) on this property. The 0.706 acre project will consist of a 4-story mixed use residential/retail building. It will be supported by an adjacent parking structure providing approximately 880 parking stalls as well as ready access to public transportation and on street parking. It will be heavily landscaped and pedestrian connections will be designed to blend in with the rest of Aksarben Village.
- D. Current zoning for the project is MU – CC (community commercial/office), which will not need to be altered for the planned use.
- E. Existing storm water and electrical lines will be used as they were updated as part of the Aksarben Village Infrastructure Fund development project.

**Site Plan**



**BUILDING AREAS**

Building	Floor	Area (SF)	Use
BUILDING 1	1ST FLOOR	20,000 SF	USABLE RETAIL
	2ND FLOOR	20,000 SF	USABLE OFFICE
	3RD FLOOR	20,000 SF	USABLE OFFICE
BUILDING 2	1ST FLOOR	16,000 SF	USABLE RETAIL
	2ND FLOOR	20,000 SF	USABLE OFFICE
	3RD FLOOR	22,500 SF	USABLE OFFICE
	4TH FLOOR	22,500 SF	USABLE OFFICE
BUILDING 3	1ST FLOOR	11,000 SF	10 DWELLING UNITS
	2ND FLOOR	11,000 SF	10 DWELLING UNITS
	3RD FLOOR	11,000 SF	10 DWELLING UNITS
BUILDING 4	1ST FLOOR	10,000 SF	USABLE RETAIL
	2ND FLOOR	7,000 SF	6 DWELLING UNITS
	3RD FLOOR	7,000 SF	6 DWELLING UNITS



**ZONE ARKARBEN FIVE VILLAGE**

MCNEIL MAGNUM A/HBA

**Sources & Uses**

Building 4

***Sources & Uses***

**4/27/2014**

<b>Sources of Funds</b>	
Owner Equity	\$ 681,183
Construction Loan	\$ 4,000,000
TIF Financing	\$ 615,400
<b>Total Sources</b>	<b>\$ 5,296,583</b>
<b>Uses of Funds</b>	
Land Acquisition	\$ 750,000
Construction Hard Costs	\$ 3,163,013
Sitework Construction Costs and Off-Site Improvements	\$ 729,400
Construction Soft Costs	\$ 209,296
Tenant Improvements/Build-Outs	\$ -
Developer Fees	\$ 162,468
Financing Fees	\$ 282,407
<b>Total Uses of Funds and Total Project Costs</b>	<b>\$ 5,296,584</b>

## Financing



1620 Dodge Street  
Omaha, NE 68137  
402.343.0600

April 28, 2014

Mr. John J. Hughes, Jr.  
Magnum Development Corp.  
11500 "I" Street, Suite 200  
Omaha, NE 68137

RE: *Tax Increment Financing  
Zone 5 Aksarben Village  
Omaha, Nebraska*

Dear John:

First National Bank of Omaha ("FNBO") is pleased to provide this proposal for Tax Increment Financing ("TIF") for Zone 5 in Aksarben Village. This is not a commitment to provide financing, but merely an expression of the financing terms we are considering.

### A. TERMS

1. **Borrower:** To be determined. It is anticipated that there may be up to four (4) separate borrowing entities for each individual Lot ("Borrower" or "Borrowers").
2. **Use of Funds:** The TIF Loan funds will be used to finance Borrower's TIF contribution obligation in regard to the redevelopment of Zone 5 in Aksarben Village, 67<sup>th</sup> and Center Street, Omaha, Nebraska (the "Project").
3. **Loan Amount:** Total loan amount of \$5,970,600.00, which is anticipated to be allocated as follows:

a)	Lot 7, Building 2	Mixed-Use Office/Retail Building	\$3,986,200.00
b)	Lot 5, Parking Structure	Free Public Parking Facility	\$811,000.00
c)	Lot 4, Building 4	Retail / Residential – Frances St.	\$615,400.00
d)	Lot 6, Building 3	Aksarben Dr. Apartments	\$558,000.00
4. **Loan Term:** Fifteen (15) years.
5. **Interest Rate:** The interest rate will be fixed at 5.50% for the entire Loan Term.
6. **Loan Fee:** Borrowers will pay Lender at loan closing a \$14,926.50 loan fee (1/4% of Loan Amount), which may be funded from loan proceeds.
7. **Loan Repayment:** Interest will accrue for the first two (2) years of the loan term, with semi-annual principal and interest payments commencing with the third loan year, with payments due in June and November of each year in an amount necessary to amortize the loan balance over the remaining term of the loan.

8. **Collateral:** First lien upon the tax increment financing proceeds, in the form of a Security and Pledge Agreement executed by the City of Omaha, assigning annual tax increment receipts as security for the Redevelopment Promissory Note.
9. **Late Payment:** Any payment of principal, interest or other amounts payable under the loan documents that is not received by Lender within ten (10) days of the due date, shall be subject to a late charge equal to the greater of 3% of the delinquent amount or \$25.00. The default rate under the loan documents shall be 6% above the note rate.
10. **Guaranty:** To be determined once the Borrower or Borrowers are finalized.

#### **B. CONDITIONS AND REQUIREMENTS**

1. **Loan Documents:** The Loan shall be evidenced and secured by:
  - a. Promissory Note (TIF Loan) payable to Lender;
  - b. TIF Loan Agreement;
  - c. Collateral Assignment and Pledge Agreement executed by Borrower (assigning Redevelopment Promissory Note issued by City of Omaha, possession of which shall be delivered to Lender, and Redevelopment Agreement between Borrower and City of Omaha) to Lender;
  - d. Security and Pledge Agreement executed by City of Omaha giving Lender a security interest in TIF funds generated by the redevelopment Project;
  - e. Uniform Commercial Code Financing Statement executed by City of Omaha in favor of Lender, covering the TIF funds;
  - f. Opinion letter issued by City Attorney of Omaha in form and content satisfactory to Lender's counsel with respect to the TIF financing;
  - g. Guaranty of Payment and Performance executed by Guarantors; and
  - h. Such other documents as required by Lender or Lender's counsel.
  - i. The form and content of all above mentioned loan documents shall be reasonably satisfactory to Lender's counsel.

#### **C. Requirements Prior to Loan Closing**

At least ten (10) business days prior to the closing date, Borrower shall have furnished to Lender each of the following in form and content acceptable to Lender:

1. **Title:** A certificate of title evidencing that title to the Collateral shall be good and marketable, free and clear of all defects, liens, encumbrances, security interests, restrictions and easements which Lender has not otherwise approved. Such evidence shall specifically include:
  - i. Copies of all documents affecting title to the Collateral;
  - ii. Evidence that ingress and egress from the Project is by public streets; and
  - iii. Evidence that all utilities serving the Project are located in the public right-of-way abutting the Project and if connected to the Project by passing over property which is not public right-of-way, are connected to the Project by means of easements which

have been granted, are acceptable to Lender, and which will be insured through proper title insurance.

2. **Taxes and Assessments:** Evidence that all installments of general real estate taxes, special taxes or assessments and the like are paid.
3. **Financial Statements:** The Borrower's and Guarantors' financial statements shall be signed by Borrower and Guarantors, as appropriate, and addressed to Lender.
4. **U.C.C./Tax Lien/Judgment Searches:** U.C.C., tax lien and judgment searches against Borrower and such other parties as Lender may require, showing that the personal property owned by the Borrower, whether or not attached to the Real Property, is free from all security interests, liens, encumbrances, and judgments, except the prior security interest to Lender prior to closing at the Secretary of State and County where Project is located or such other location as Lender requires.
5. **Legal Capacity:** Lender will be given copies of Borrower's and New Borrower's organizational documents to include the Articles of Organization and Operating Agreement and satisfactory borrowing resolutions providing that the persons executing the loan documents on behalf of the Borrower and New Borrower have legal capacity and authority to enter into this mortgage transaction and to execute the loan documents.
6. **TIF Documents:** Lender will be given copies of the Redevelopment Agreement, and all amendments thereto, the Redevelopment Promissory Note, and resolutions of the City of Omaha approving the same.
7. **Special Mortgage Provisions:** The loan documents shall provide, in addition to all other provisions required by Lender:
8. **Financial Statements and Reports:** Borrower shall furnish to Lender, within one hundred twenty (120) days after the close of each fiscal year of Borrower and thereafter upon request current operating and financial statements of Borrower, and financial statements of Guarantors in form satisfactory to Lender, and copies of federal tax returns of Borrower and Guarantors.
9. **Conditions of Closing:** The Lender's obligation to disburse the loan contemplated hereunder, or any portion thereof, shall be conditioned upon the following occurring:
10. **Delivery of Loan Documents; Compliance:** Borrower shall have delivered to Lender all documents and other items required hereunder, which shall be in such form and content as Lender shall prescribe. Borrower shall have satisfied each provision and condition of this commitment in a manner reasonably acceptable to Lender, or Lender shall have waived, in writing, Borrower's compliance with a specific provision.
11. **Payment of Costs by Borrower:** Regardless of whether the loan closes, except for default by Lender, Borrower shall pay all of the Lender's costs in connection with the preparation, closing and disbursement of the loan, including but not limited to, title insurance premiums, survey costs, recording fees and taxes, fees and expenses of Lender's counsel and all other out-of-pocket costs and expenses incurred by Lender in connection with this loan.
12. **No Adverse Change:** Borrower shall warrant that there has been no deterioration in the financial condition of Borrower or Guarantors and that the financial information heretofore submitted to Lender by Borrower and Guarantors is accurate and complete in all material respects. Lender will be promptly notified of any event that has, or with the passage of time could, cause a material adverse change in the financial condition of the Borrower or Guarantors, so long as any indebtedness represented by loan documents remain unpaid.

The above terms and conditions are not a commitment to lend, but rather a general outline of how First National Bank of Omaha would proceed in underwriting the proposed transaction. The outlined terms and conditions are subject to Credit Approval and final documentation satisfactory to Borrower and Lender and complete legal review and approval of all pertinent matters by Lender and Lender's counsel.

**A CREDIT AGREEMENT MUST BE IN WRITING TO BE ENFORCEABLE UNDER NEBRASKA LAW. TO PROTECT YOU AND US FROM ANY MISUNDERSTANDINGS OR DISAPPOINTMENTS, ANY CONTRACT, PROMISE, UNDERTAKING, OR OFFER TO FOREBEAR REPAYMENT OF MONEY OR TO MAKE ANY OTHER FINANCIAL ACCOMMODATION IN CONNECTION WITH THIS LOAN OF MONEY OR GRANT OR EXTENSION OF CREDIT, OR ANY AMENDMENT OF, CANCELLATION OF, WAIVER OF, OR SUBSTITUTION FOR ANY OR ALL OF THE TERMS OR PROVISIONS OF ANY INSTRUMENT OR DOCUMENT EXECUTED IN CONNECTION WITH THIS LOAN OF MONEY OR GRANT OR EXTENSION OF CREDIT, MUST BE IN WRITING TO BE EFFECTIVE.**

FIRST NATIONAL BANK OF OMAHA, a national banking  
association



By: \_\_\_\_\_  
Scott W. Damrow, Vice President

## Project Budget

### Building 4 Detailed Project Budget

Developer: Zone 5, LLC

#### PROJECT COSTS

Land Acquisition										\$	750,000
Due Diligence										\$	10,000
Sitework										\$	50,000
Off-Site Parking Contribution										\$	615,400
Building Structure	Retail	level	1	12,000	SF footprint			\$	85.00	PSF	\$ 1,020,000
	Apartments	level	2	5,600	7 units	800	SF each	\$	80.00	PSF	\$ 448,000
	Apartments	level	3	5,600	7 units	800	SF each	\$	80.00	PSF	\$ 448,000
	Apartments	level	4 with lofts	7,000	7 units	1000	SF each	\$	80.00	PSF	\$ 560,000
Building Exterior Enhancement										\$	25,000
Building Interior Improvements		Level 1			Lobby Access	600	Sq Ft @	\$	50.00		\$ 100,000
		Level 1			Retail	11,400	Sq Ft @	\$	40.00		\$ 456,000
		Level 2			Lobby and Common	500	Sq Ft @	\$	40.00		\$ 20,000
		Level 3			Lobby and Common	500	Sq Ft @	\$	40.00		\$ 20,000
		Level 4			Lobby and Common	500	Sq Ft @	\$	40.00		\$ 20,000
Off-Site Road Improvement										\$	5,000
Sidewalks										\$	5,000
Retaining Wall										\$	12,000
Parking Lot Modification										\$	-
Fence										\$	10,000
Parking Lot Lighting										\$	-
Exterior Signage										\$	6,000
Landscaping & Irrigation										\$	12,000
Common Area Amenities		Patios								\$	20,000
Architecture & Engineering								4.0%		\$	154,096
Environmental										\$	2,500
Geo-Tech Engineering										\$	3,000
Survey & Staking					Exterior					\$	3,000
Insurance during Construction										\$	1,200
Builders Risk										\$	12,000
Taxes During Construction										\$	15,000
City Fees										\$	1,500
Title Insurance/Closing Cost										\$	4,000
Appraisal										\$	3,000
Development Fee								4.0%		\$	162,468
Utility Tap Fees										\$	6,000
Loan Fee										\$	50,000
Legal Fee										\$	30,000
SUB TOTAL										\$	5,060,164
Interest Reserve					during construction			4% of total		\$	202,407
Contingency					excluding acquisition			3%		\$	34,013
TOTAL ACCUMULATED COST			30,200	SF	BLDG UNDER ROOF					\$	5,296,583

## Project Timeline

Project Start  
Project Completion

September 1, 2015  
August 1, 2016

### 3-Year Proforma

Building 4 Mixed-Use Building  
3 Year Proforma

Developer: Zone 5, LLC

Lot 4, Building 4 Income Proforma				per sf per month	monthly rent per unit	Total Income per Year	YEAR 1	YEAR 2	YEAR 3
Retail Income	Level 1	2 Units	5,700 SF each	\$ 2.00	\$ 11,400.00	\$ 273,600	\$ 273,600	\$ 279,072	\$ 284,653
Rental Income	Level 2	7 Units	800 SF	\$ 1.35	\$ 1,080.00	\$ 90,720	\$ 90,720	\$ 92,534	\$ 94,385
Rental Income	Level 3	7 Units	800 SF	\$ 1.35	\$ 1,080.00	\$ 90,720	\$ 90,720	\$ 92,534	\$ 94,385
Rental Income	Level 4	7 Units	1,000 SF	\$ 1.40	\$ 1,400.00	\$ 117,600	\$ 117,600	\$ 119,952	\$ 122,351
Gross RENTAL Income						\$ 572,640	\$ 572,640	\$ 578,366	\$ 584,150
Operating Costs									
Operations				20.00%		\$ 114,528	\$ 114,528	\$ 115,673	\$ 116,830
Real Estate Taxes based on Assessed Value of			\$ 3,869,000	2.2% rate		\$ 85,118	\$ 85,118	\$ 85,118	\$ 85,118
Other Expense				1.0%		\$ 5,726	\$ 5,726	\$ 5,784	\$ 5,842
<b>TOTAL OPERATING COSTS</b>				36%		\$ 205,372	\$ 205,372	\$ 206,575	\$ 207,790
<b>NET OPERATING INCOME</b>						\$ 367,268	\$ 367,268	\$ 371,791	\$ 376,361

**ROI "But For" Analysis**

Zone 5, LLC

4/28/14

Building 4

Financial Assessment Supporting Tax Increment Financing

	With TIF		Without TIF	
Project Cost	\$	5,296,583	\$	5,296,583
Loan-to-Value Ratio		75.5%		75.5%
Financing from Financial Institution	\$	4,000,000	\$	4,000,000
TIF Qualified Expenses	\$	615,400		\$0.00
Equity Required	\$	681,183	\$	1,296,583
Debt Coverage Ratio, 1st Mortgage		1.17		1.17
Financing Interest Rate, 1st Mortgage		5.0%		5.0%
Total Financing and Equity	\$	5,296,583	\$	5,296,583
Net Operating Income	\$	371,791	\$	371,791
Debt Service, 1st Mortgage P&I	\$	316,779	\$	316,779
Cash Flow After Debt Service	\$	55,012	\$	55,012
Cash on Cash Return on Equity		8.1%		4.2%

# TIF Payment Schedule

DATE	Total Taxable Valuation		TIF Taxable Valuation	100% valuation		Debt Service Payments		Loan Balance	Capitalized Interest	Interest at 5.50%
	Less Pre-Development Base	Total Taxable Valuation		Tax Levy	Tax Revenues	Treasurer's 1% Collection Fee	Revenues Available For TIF Loan			
0	0	0	0	2.1974	0	0	\$0	\$815,400	0	0
0.5	0	0	0	2.1974	0	0	\$0	\$832,324	18924	18924
1	0	0	0	2.1974	0	0	\$0	\$849,713	17389	17389
1.5	0	0	0	2.1974	0	0	\$0	\$867,680	17867	17867
2	262,490	0	262,490	2.1974	26989	289	\$10,222	\$887,368	0	0
2.5	3281000	0	3281000	2.1974	36087	361	\$17,649	\$898,709	0	0
3	3281000	0	3281000	2.1974	36087	361	\$18,134	\$902,942	0	0
3.5	3281000	0	3281000	2.1974	36087	361	\$18,633	\$907,368	0	0
4	3281000	0	3281000	2.1974	36087	361	\$19,145	\$912,042	0	0
4.5	3281000	0	3281000	2.1974	36087	361	\$19,672	\$916,977	0	0
5	3281000	0	3281000	2.1974	36087	361	\$20,213	\$922,172	0	0
5.5	3281000	0	3281000	2.1974	36087	361	\$20,768	\$927,630	0	0
6	3281000	0	3281000	2.1974	36087	361	\$21,340	\$933,364	0	0
6.5	3281000	0	3281000	2.1974	36087	361	\$21,928	\$939,378	0	0
7	3281000	0	3281000	2.1974	36087	361	\$22,529	\$945,677	0	0
7.5	3281000	0	3281000	2.1974	36087	361	\$23,148	\$952,266	0	0
8	3281000	0	3281000	2.1974	36087	361	\$23,786	\$959,150	0	0
8.5	3281000	0	3281000	2.1974	36087	361	\$24,440	\$966,345	0	0
9	3281000	0	3281000	2.1974	36087	361	\$25,112	\$973,858	0	0
9.5	3281000	0	3281000	2.1974	36087	361	\$25,802	\$981,696	0	0
10	3281000	0	3281000	2.1974	36087	361	\$26,512	\$989,865	0	0
10.5	3281000	0	3281000	2.1974	36087	361	\$27,241	\$998,372	0	0
11	3281000	0	3281000	2.1974	36087	361	\$28,000	\$1,007,225	0	0
11.5	3281000	0	3281000	2.1974	36087	361	\$28,789	\$1,016,432	0	0
12	3281000	0	3281000	2.1974	36087	361	\$29,607	\$1,025,992	0	0
12.5	3281000	0	3281000	2.1974	36087	361	\$30,455	\$1,035,914	0	0
13	3281000	0	3281000	2.1974	36087	361	\$31,334	\$1,046,205	0	0
13.5	3281000	0	3281000	2.1974	36087	361	\$32,245	\$1,056,874	0	0
14	3281000	0	3281000	2.1974	36087	361	\$33,189	\$1,067,929	0	0
14.5	3281000	0	3281000	2.1974	36087	361	\$34,167	\$1,079,379	0	0
15	3281000	0	3281000	2.1974	36087	361	\$35,180	\$1,091,233	0	0
							\$987,131	\$887,456	\$289,710	\$987,456
							\$815,400	\$815,400	\$52,180	\$815,400
							\$0	\$0	\$0	\$0
							\$687,680	\$687,680	\$0	\$687,680

Applicant: TIF Projection/Zone 5: 21 Apts @ \$75K; 10K Retail: \$3,980,000 construction 100% valuation  
 \$815,400 TIF supported 5.50% interest

ASSUMPTIONS:  
 1. Assurnee s \$398,400 Pre-Development Base  
 2. Loan Amount: \$815,400  
 3. Interest Rate: 5.50%  
 4. Project Hard Costs: \$3,980,000  
 5. Increment Base: \$3,281,000

Original Loan Amount: \$815,400  
 Capitalized Interest: \$52,180  
 Loan Balance Remaining: \$0

Annual revenues: \$72,174

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 1.15 debt coverage ratio. This schedule is for illustration purposes only. The results contained herein are not guaranteed and include information from others which has not been verified for accuracy. Actual results may vary. The TIF and financing programs referenced herein have specific requirements and availability or receipt of TIF or financing is contingent on numerous factors and decisions of governmental agencies and financial institutions. No likelihood of financial feasibility or success is expressed or implied.

## **Evaluation Criteria**

The project meets the mandatory criteria set forth in the Tax Increment Financing Guidelines issued by the City of Omaha.

### **Mandatory Criteria:**

1. The 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.

The Building 4 development project is located in the Aksarben Business and Education Campus Redevelopment Plan Area, an area designated as a blighted and substandard area by the City of Omaha on December 17, 1996, Resolution No. 3325.

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

The Building 4 project results in the development of 0.706 acres on vacant ground located along the south boundary of Frances Street between 67<sup>th</sup> Street and Aksarben Drive. The project will create approximately 10,000 square feet of retail and 21 apartments. It will further extend much needed public improvements to areas located north of Center Street. It will also compliment the ongoing re-development of the Aksarben Village area.

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.

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

The site was specifically selected because of the availability of TIF proceeds. If TIF proceeds are not available, the project is not feasible due to the cost associated with structured parking, the property being located within a flood plain, over excavation and surcharge requirements due to unacceptable soil and extraordinary foundation/structural slab requirements. In addition the structured parking will benefit the public as it improves the parking for the entire Aksarben Village area.

As detailed below, the Building 4 project meets two of the discretionary criteria as set forth in the City of Omaha's Tax Increment Financing Guidelines and qualifies for a 15-year amortization period.

## Discretionary Criteria

1. As of the date of adoption of the original Redevelopment Plan, the undeveloped Building 4 mixed-use development project area displayed conditions of blight and constitutes an economic and social liability detrimental to the successful re-development of the Aksarben Village and the expanding University of Nebraska at Omaha Campus.
2. The ownership entity, Zone 5, LLC or its to be formed assignee, whose purpose is the development and ownership of this real estate asset.
3. The project is part of the Aksarben Village master plan which, through its development, has or will eliminate an actual or potential hazard to the public. Hazards may include condemned or unsafe buildings, sites or structures. The site is currently un-developed, with poor soil conditions, within a flood plain and vacant but would be improved with a mixed-use residential/retail project that will serve and enhance the area.

## Cost Benefit Analysis

1. **Tax Shifts resulting from the approval of the use of funds pursuant to section 18-2147 (of the Community Development Law):** Currently, the property is taxed at a value of \$398,400 for tax income of \$8,500.94 annually. After developed, the property will be valued at approximately \$3,860,000 with estimated annual taxes of approximately \$72,174.
2. **Public infrastructure and community public service needs impacts and local tax impacts arising from projects receiving incentives:** The Project will provide new public infrastructure such as parking, sidewalks, lighting and landscaping immediately adjacent to the site. The extensive use of TIF funding has also supported the construction of over \$15 million in new infrastructure within the broader redevelopment area. The project will also benefit public service needs by providing employment opportunities in the Aksarben Village neighborhood. Over the long term, it will provide additional local property and sales tax revenues.
3. **Impacts on employers and employees of firms locating or expanding within the boundaries of the area of redevelopment project:** During development and construction, TIF incentives will create opportunities for the employers and employees involved in this project benefitting development, financing, design, construction and property management industries. Upon completion, TIF incentives will potentially support the creation of 50 new FTE employment opportunities.
4. **Impacts on employers and employees within the city and the immediate area that is located outside of the boundaries of the area of the redevelopment project:** This project will stimulate economic activity and jobs which will have an indirect benefit on Nebraska employers and

employees not receiving direct incentives or benefits. Employees of this property will spend wages at area retailers as well as other service related entities. This will benefit the employers, in the form of increased revenue and will increase the demand for employees, which will result in higher wages and/or more positions.

5. **Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the development project:** This project will help to further develop the Aksarben Village Redevelopment Area and be a catalyst for the development of underutilized areas south and west of Center Street and the expending University of Nebraska at Omaha campus.

**Employment Information**

Permanent Jobs (FTE) to be CREATED new work force	50
Permanent Jobs (FTE) to be RETAINED existing jobs moved to new	0
Permanent Jobs (FTE) to be RELOCATED people brought in from out of town	0
TOTAL	50
Anticipated Annual Payroll	\$1,900,000.00
Estimated number of construction jobs to be created during construction phase	100
Anticipated Payroll for Construction Jobs	\$2,000,000.00

**Residential Unit Information**

		Unit Mix		Monthly Rents
Multi-Family	Rental	14	1 bedroom	\$1,080.00
		7	2 bedroom	\$1,400.00
			3 bedroom	
	Owner Occupied		1 bedroom	
			2 bedroom	
			3 bedroom	
Total Units				

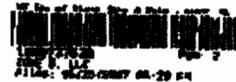
**Ownership & Organization Documentation**

Corporation Inquiry

Page 1 of 2

**Page 1**

**ARTICLES OF ORGANIZATION**



**OF**

**ZONE 5, LLC**

The undersigned, for the purpose of organizing a limited liability company under the Nebraska Limited Liability Company Act, does hereby certify and adopt the following Articles of Organization:

**ARTICLE 1**

**Name**

The name of the Company is Zone 5, LLC.

**ARTICLE 2**

**Purposes**

The purposes for which the Company is organized is to buy, hold, develop and sell real estate, and engage in any and all lawful business for which limited liability companies may be organized under the Nebraska Limited Liability Company Act.

**ARTICLE 3**

**Addresses**

The address of the Company's principal place of business is 11550 I Street, Suite 200, Omaha, Nebraska 68137. The name and address of the registered agent of the Company is Richard J. Coenen, 1630 Dodge Street, Suite 1800, Omaha, Nebraska 68102.

**ARTICLE 4**

**Contributions To Capital**

The total amount of cash contributed to stated capital is \$1,000.00. No member has agreed to make additional contributions to the Company.

**ARTICLE 5**

**Additional Members**

The members shall have the right to admit additional members from time to time, upon approval by members owning at least a majority of the capital interests of the Company, and upon such additional terms and conditions of admission as may be specified in the Company's Operating Agreement.

**ARTICLE 6**

**Management**

The Company shall be managed by its members, pursuant to the terms of the Company's Operating Agreement. The initial members who shall manage the Company are:

Magnum Development Corp.  
a Nebraska corporation  
11550 I Street, Suite 200  
Omaha, NE 68137

McNeil Company, Incorporated  
a Nebraska corporation  
4444 S. 132<sup>nd</sup>  
Omaha, NE 68137

2008

Page 2

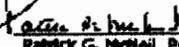
ARTICLE 7  
Duration

The period of duration of the Company shall be perpetual.

Executed in duplicate by the undersigned on the 21<sup>st</sup> day of June, 2007.

BY: Magnum Development Corp., Organizer

BY:  \_\_\_\_\_  
John Stighias, President  
Magnum Company Incorporated, Organizer

BY:  \_\_\_\_\_  
Patrick G. McNeil, President

53846