

**REDEVELOPMENT PLAN FOR  
THE KENSINGTON BUILDING REDEVELOPMENT PROJECT**

**PREPARED FEBRUARY, 2023**

**BY THE COMMUNITY DEVELOPMENT AGENCY  
OF THE CITY OF NORFOLK, NEBRASKA**

**A. Introduction**

This Redevelopment Plan for the Kensington Building Redevelopment Project (this “Redevelopment Plan”), prepared by the Community Development Agency of the City of Norfolk, Nebraska (the “Agency”), is a guide for redevelopment activities to remove or eliminate blight and substandard conditions within the City of Norfolk, Nebraska (“City”). The Mayor and City Council of the City (the "Council"), recognizing that blighted and substandard conditions are a threat to the continued stability and vitality of the City, designated certain areas of the City to be blighted and substandard and in need of redevelopment pursuant to the requirements of the Nebraska Community Development Law, sections 18-2101 et. seq., as amended (the "Act").

Prior to the preparation of this Redevelopment Plan, and in compliance with the Act, the Mayor and Council designated a portion of the City as a blighted and substandard community redevelopment area, such area being commonly referred to as the “Downtown District Redevelopment Area” (referred to herein as the “Redevelopment Area”). This Redevelopment Plan sets forth a proposed redevelopment project located within the Redevelopment Area to optimize the tax increment financing ("TIF") resources available to offset certain costs deemed eligible for reimbursement by TIF under the Act, and to remove existing and avoid future blighted and substandard conditions, all as further described herein. This Redevelopment Plan contemplates the rehabilitation and refurbishment of the Kensington Building, for use as a boutique hotel and mixed-use space, together with such public improvements associated therewith, within the Redevelopment Area (such public and private improvements are collectively referred to herein as the "Redevelopment Project").

**B. Redevelopment Area; Project Site; Existing Conditions**

Exhibit "A", attached hereto and incorporated herein, sets forth the boundaries of the Redevelopment Area. The Redevelopment Area is identical to the "Downtown District Redevelopment Area," which the Mayor and Council previously declared blighted and substandard and in need of redevelopment. Exhibit "A-1", attached hereto and incorporated herein, sets forth the boundaries and existing conditions of the area to be developed as part of the Redevelopment Project (the "Project Site"). The Project Site is located to the northeast of the intersection of N 4th Street and W Norfolk Ave, in the City. The Project Site is completely engrossed within the blighted and substandard Redevelopment Area and is in need of redevelopment.

**C. Conformance with the Comprehensive Plan**

It is essential to the City’s comprehensive plan for development (the “Comprehensive Plan”) that dilapidated, inadequate, or deteriorating portions of the City conform to the current

and future needs of the City as it continues to grow and expand. Exhibit "B", attached hereto and incorporated herein, shows a portion of the future use map (showing the Redevelopment Area and surrounding areas) included within the City's Comprehensive Plan. The map sets forth a "Mixed Use" designation for future use of the Project Site. Mixed Use allows for myriad of uses, including all such uses associated with the Redevelopment Project contemplated hereunder. Accordingly, the anticipated uses associated with the Redevelopment Project conform to the desired use of the Project Site set forth in the Comprehensive Plan's future use map.

In addition to the foregoing, the Comprehensive Plan further sets forth the following objectives with respect to the downtown area:

- The downtown district should serve as a central, commerce, governance, and gathering place; allowing for people to network and exchange ideas, goods, and services.
- The city should adopt a proactive stance in regenerating downtown buildings/blocks by establishing necessary financial and organizational structures. This may include the city partnering in key redevelopment sites or catalyst projects.
- Encourage the reuse and, when possible, the re-habitation of existing downtown buildings with special attention paid to encourage the maintenance of the building setbacks, on-street parking, and sidewalk access similar in appearance to the Norfolk Avenue Corridor. Re-use of existing buildings that fit the "main street" character should be a priority.
- Retail and/or entertainment based development types should be encouraged to locate within downtown. These development types should be programmed to provide increased night-time activity to the downtown area attracting college students, young adults, and families who desire such amenities and cultural attractions in their community.

The Redevelopment Project will assist in carrying out the above objectives. Accordingly, the Redevelopment Project is in conformance with and furthers the objectives under the City's Comprehensive Plan.

#### **D. Redevelopment Project Overview**

The Redevelopment Project consists of the restoration and redevelopment of the Kensington Building to convert the same into a boutique hotel with approximately 62 rooms, restaurant, approximately 2,700 square feet of meeting space, a fitness room, and a business

center. Both parties understand that final plans are subject to some modifications in size or offering based on commercial reasonableness, final design practicality and franchise requirements from Marriot. Most recently, the Kensington Building was utilized as an apartment building owned by the City's housing authority. However, the building became too costly to maintain and was falling into disrepair, necessitating a new use involving private investment. The Redevelopment Project will revitalize an important location and landmark within the City's downtown area.

No public acquisition of the Project Site is anticipated. As stated above, the City's housing authority currently owns the building site and intends to sell the same to Redeveloper pending approval of this Redevelopment Plan. The proceeds from such sale are anticipated to be approximately \$1,500,000. Additionally, the City owns the parking lot that serves the building site, located to the north of the building. The City intends to convey the same in correlation with the above-described purchase and sale of the building site. The building's prior use as an apartment complex was discontinued prior to the consideration of this Redevelopment Plan. Accordingly, no families will be displaced as a result of the Redevelopment Project. The Developer shall not be responsible for any costs or liability associated with prior or current building tenants.

Exhibit "C", attached hereto and incorporated herein, sets forth the proposed preliminary site plan for the Redevelopment Project (the "Site Plan").

**E. Existing Conditions**

**1. Existing Land Use**

The Project Site currently consists of a vacant building previously used for residential apartments.

**2. Existing Zoning**

The Project Site is currently zoned as C-2 (Central Business District).

**3. Existing Public Improvements**

Public access to the Project Site currently exists from N 4th Street and W Norfolk Ave. The Project Site is served by existing paving, sewer, water, storm sewer, electrical service, public walks, and related infrastructure; provided, however, much of the services and/or infrastructure are in need of rehabilitation.

**F. Proposed Redevelopment**

**1. Public Improvements**

The Redevelopment Project will require significant infrastructure improvements and other public improvements. The anticipated public improvements (and costs related to the public improvements) for the Redevelopment Project are listed in Exhibit "E", attached hereto and incorporated herein. These improvements will include, but are not limited to:

a. Public Access; Traffic Flow, Street Layouts and Street Grades

Public access to the Project Site currently exists via N 4th Street and W Norfolk Ave. The Redevelopment Project contemplates a number of street and other right-of-way improvements, including, without limitation, reconfiguration of the right-of-way in front of the entrance to the building to incorporate a drop-off lane, conversion of the traffic signals at the intersection of N 4th Street and W Norfolk Ave to traffic signs, curb and gutter improvements, sidewalk improvements, and other landscaping and streetscape improvements within the right-of-way. The Redeveloper will pay for cost related to the drop-off lane, sidewalks, and related items. The City will pay for other street improvements such as traffic signal conversion to traffic signs and any changes in surrounding traffic signs, curb and gutter associated with the traffic signal area, as necessary in the discretion of the City. The foregoing and other public improvements for the Redevelopment Project will address any traffic and street infrastructure concerns that would otherwise be created by the Redevelopment Project. All streets and other public infrastructure constructed by Redeveloper will be subject to review and approval by the City's engineer or other designee of the City.

b. Construction of Water and Sewer Improvements.

It is anticipated that the water infrastructure currently serving the building is adequate, and no changes or additions thereto will be necessary as a result of the Redevelopment Project.

c. Other incidental improvements

Due to the age of the utility infrastructure serving the building and the building itself, it is anticipated that some additional work will be required in relation to the same – the exact nature

of which is unknown at this time and will be determined as over the course of the construction process.

d. Additional public facilities or utilities

Other than the items detailed above, Redeveloper and the City anticipate that the existing public facilities and utilities can adequately meet the demands of the Redevelopment Project.

e. Property Acquisition, Demolition and Disposal

No public acquisition of private property or relocation of families or businesses is necessary to accomplish the Redevelopment Project. The Redevelopment Project does not involve the demolition of existing structures.

f. Population Density

The Project Site currently consists of a vacant building previously used for residential apartments. The Redevelopment Project is commercial in nature and will not increase population density in the area.

g. Land Coverage

The Project Site consists of 0.3 acre lot occupied by a five-story, approximately 67,000 square foot building along with the parking lot to the north and the adjacent alley. The total project site is approximately 1 acre. Because the Redevelopment Project consists of rehabilitation of the existing building, land coverage is not expected to change.

h. Parking

As shown on the Site Plan, the parking lot serving the building consists of approximately 72 stalls, which is consistent with the parking requirements under the City's zoning code.

i. Zoning, Building Code and Ordinance

The Project Site is currently zoned as C-2 (Central Business District). C-2 allows for the various hospitality and mixed-use commercial uses which are contemplated as part of the Redevelopment Project. Accordingly, no zoning change will be required as part of the

Redevelopment Project. Notwithstanding, Redeveloper will be responsible for all zoning, building code, or ordinance changes that are necessary for the Redevelopment Project.

## **2. Private Improvements**

Private improvements for the Redevelopment Project Area consist of the conversion of the Kensington Building into a boutique hotel with approximately 62 rooms, restaurant, approximately 2,700 square feet of meeting space, a fitness room, and a business center, in addition to the related facilities and improvements ancillary thereto. Redeveloper or other builders taking conveyance from Redeveloper will construct the private improvements. Paragraph H of this Redevelopment Plan details the anticipated construction schedule for the private improvements.

### **G. Project Costs**

The total estimated cost of the Redevelopment Project is \$14,350,000. The estimated costs of the Redevelopment Project are attached and incorporated herein as Exhibit "D". Such figures are only estimates based upon 2023 pricing, and are subject to change without further amendment of this Redevelopment Plan.

### **H. Implementation**

Redeveloper anticipates that construction of the Redevelopment Project will commence in late 2023, and will be substantially completed by approximately January 1, 2025. Notwithstanding the foregoing, Redeveloper's timely completion of the Redevelopment Project is subject to extraneous factors, which may necessitate that Redeveloper completes the Redevelopment Project later than the projected date. As such, the anticipated start and completion dates are preliminary and subject to change based upon market conditions, availability of materials, workforce availability and other extraneous factors.

### **I. Financing**

The City and the Agency contemplate the use of TIF for the Redevelopment Project. Section 18-2147 of the Act authorizes the use of TIF. It provides that any ad valorem tax levied upon real property, or any portion thereof, in a redevelopment project shall be divided, for a period not to exceed fifteen years after the effective date as identified in the Redevelopment Contract, or amendment thereof, or in the resolution(s) of the authority authorizing the issuance of bonds pursuant to the Act, as follows:

- (a) That portion of the ad valorem tax the levy produces at the rate fixed each year by or for each public body upon the redevelopment project valuation shall be paid into the funds of each such public body in the same proportion as are all other taxes collected by or for the body (“Base Tax Amount”); and
- (b) That portion of the ad valorem tax on real property, as provided in the Redevelopment Contract or bond/note resolution, in the redevelopment project in excess of the Base Tax Amount, if any, (referred to herein as “TIF Revenues”) shall be allocated to and, when collected, paid into a special fund of the authority to be used solely to pay the principal of, the interest on, and any premiums due in connection with the bonds of, loans, notes, or advances of money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such authority for financing or refinancing, in whole or in part, the redevelopment project.

With respect to the Redevelopment Project, the actual base tax year and Base Tax Amount for the Redevelopment Project will be set forth in the Redevelopment Contract and/or the resolution authorizing the TIF Indebtedness (defined below).

### **1. Necessity of TIF**

Redeveloper has represented and warranted to the City that it would not be economically feasible to develop the Redevelopment Project without TIF. In support thereof, Redeveloper represented and warranted in its TIF application that:

“The cost of renovating and rehabilitating an historic building significantly increases the development costs. Construction costs continue to increase and the cost of all construction labor and materials make the project not financially feasible without assistance from TIF. Site acquisition is contingent upon TIF approval, and redeveloper is not willing to move forward with this redevelopment project without TIF.”

Additionally, Redeveloper provided in its application a projected return on investment (“ROI”) for the Redevelopment Project, both with and without TIF. Without TIF, the projected ROI ranged from -.7% to 6.4% over the first five years following stabilization. With TIF, the projected ROI ranged from -1.2% to 10.3% over the first five years following stabilization. Redeveloper asserts that prudent lenders and investors are not willing to invest in a project of this type with a ROI below 7%. And even with the assistance of TIF, a ROI of 10.3% after five years is a modest, but acceptable return.

The City and Agency accepts and agrees with Redeveloper's above representations. Accordingly, the Redevelopment Project, as proposed herein, is not economically viable without the assistance of TIF and Redeveloper would not construct the same without TIF.

## **2. Sources and Uses of Financing**

Based upon the projections provided in Exhibit "E", attached hereto and incorporated herein, the Agency and Redeveloper contemplate issuance of one TIF bond or note (the "TIF Indebtedness") in the principal amount of \$1,950,000. The TIF Indebtedness shall bear interest at a rate not to exceed 0% per annum. The final principal and interest amount comprising the TIF Indebtedness shall be determined by the Agency and set forth in the Redevelopment Contract or resolution authorizing the issuance of the TIF Indebtedness. All TIF Revenues generated by the Redevelopment Project shall only be divided and allocated over the applicable 15-year increment period or until full payment of the TIF Indebtedness, whichever occurs first.

The total estimated cost of the Redevelopment Project is \$14,350,000. Redeveloper anticipates that the balance of the public and private costs exceeding the TIF Indebtedness will be financed by a mix of equity, new market tax credits, and traditional bank financing. The above figures are only projections and are subject to change as a result of market conditions and other extraneous factors.

### **J. Cost-Benefit Analysis**

A cost-benefit analysis for the Redevelopment Project is attached as Exhibit "F" and incorporated herein.

#### Exhibits:

- Exhibit A: Redevelopment Area
- Exhibit A-1: Project Site and Existing Land Use
- Exhibit B: Future Land Use Map
- Exhibit C: Site Plan and Future Land Use
- Exhibit D: Estimated Construction Cost of the Redevelopment Project
- Exhibit E: Sources and Uses of TIF
- Exhibit F: Cost-Benefit Analysis

## EXHIBIT "A"

### Redevelopment Area and Existing Land Use

Depiction of Boundaries and Existing Condition of Redevelopment Area:



Exhibit "A"

**EXHIBIT "A-1"**

**Project Site and Existing Land Use**

Legal Description:

Lot 9 and the West 1/2 of Lot 10, Block 4, Original Town of Norfolk, Madison County, Nebraska; AND

The West 22 feet of Lot 5 and all of Lots 6, 7 & 8, Block 4, Original Town of Norfolk, Madison County, Nebraska.

\* In the event Redeveloper subdivides or replats the Project Site, the legal description(s) of such subdivided or replatted parcel(s) comprising the Project Site, upon final approval of the City with respect thereto, shall replace and supersede the above legal description.

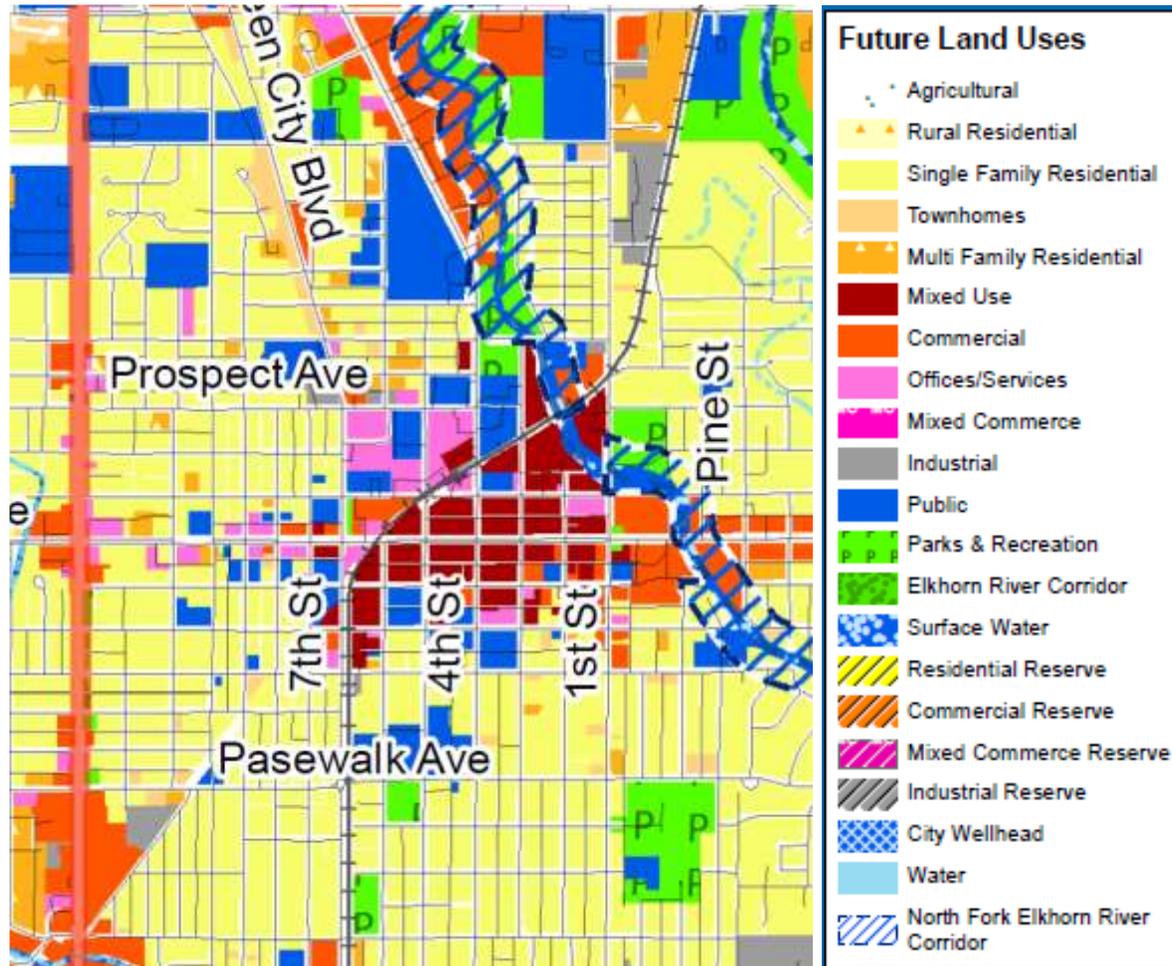
Depiction and Current Condition (outlined in red):



\* Project Site located to the northeast of the intersection of N 4th Street and W Norfolk Ave.

**EXHIBIT "B"**

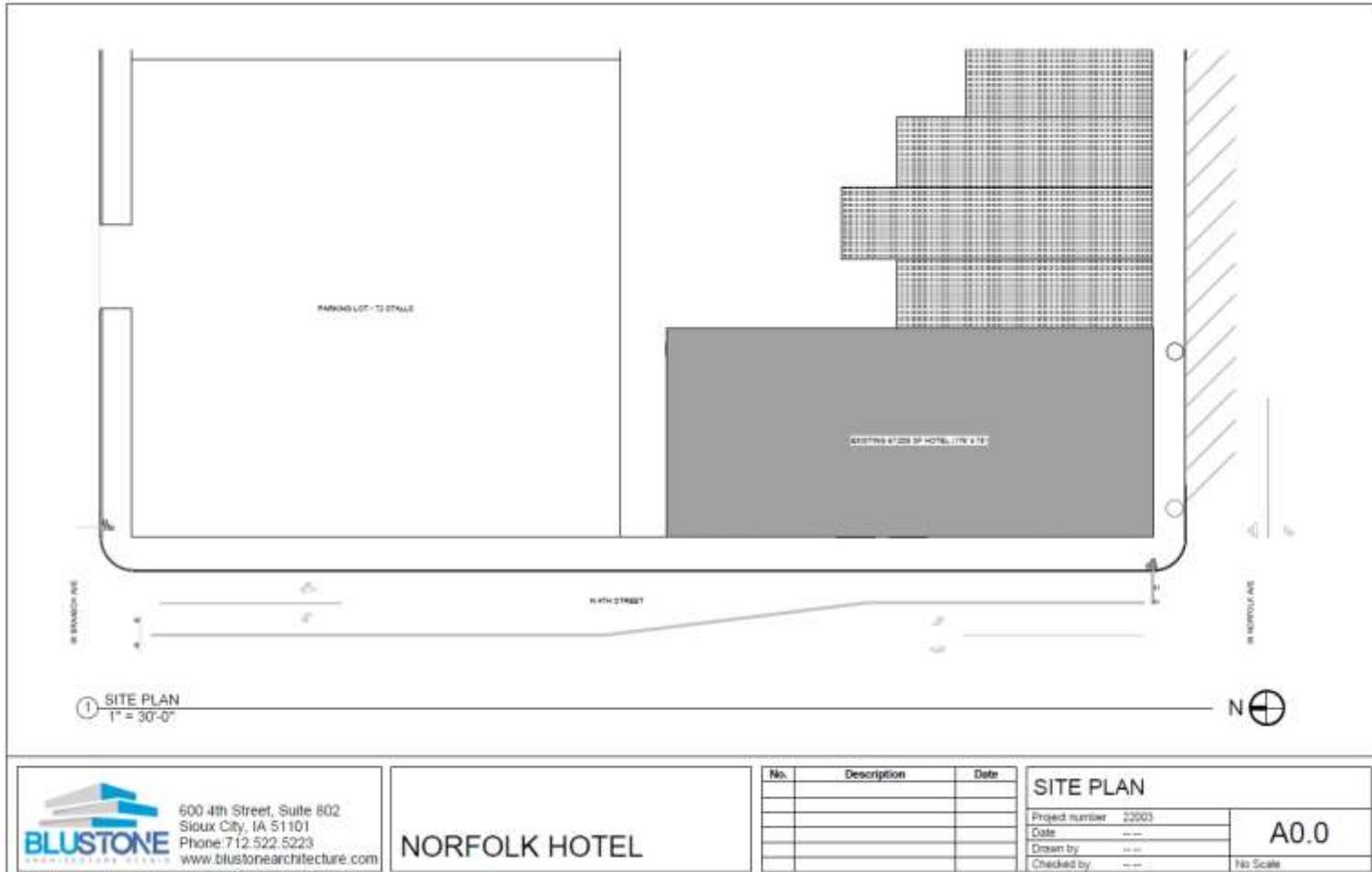
**Future Land Use Map**



\* Project Site designated as Mixed Use.

## EXHIBIT "C"

### Site Plan and Future Land Use




 600 4th Street, Suite 802  
 Sioux City, IA 51101  
 Phone: 712.522.5223  
 www.blustonearchitecture.com

NORFOLK HOTEL

No.	Description	Date

**SITE PLAN**

Project number 22003  
 Date ---  
 Drawn by ---  
 Checked by ---

A0.0

No Scale

\* The above is a preliminary site plan and is subject to change.

## EXHIBIT "D"

### Estimate of Construction Costs

ACQUISITION COST	
KENSINGTON BUILDING	\$1,500,000
HARD COSTS	
GENERAL CONSTRUCTION (incl. site work)	\$8,383,008
DEMO	\$460,000
PARKING LOT	\$0
CONSTRUCTION MGMT	\$32,500
FF&E	\$1,550,000
4% PROCUREMENT FEE	\$62,000
OS&E	\$218,631
<b>TOTAL</b>	<b>\$12,206,139</b>
SOFT COSTS	
FRANCHISE UPFRONT	\$10,000
BRANDING	\$125,000
INTERIOR DESIGN	\$390,000
DEVELOPMENT FEES	\$450,000
<b>TOTAL</b>	<b>\$975,000</b>
PRE-OPENING COSTS	
OPERATING EXPENSE	\$205,050
PAYROLL & TRAINING	\$79,100
BUSINESS LICENSE/PERMITS	\$6,354
WORKING CAPITAL	\$100,000
INSURANCE	\$62,500
PROJECT CONTINGENCY	\$377,707
MANAGEMENT START-UP FEE	\$55,000
<b>TOTAL</b>	<b>\$885,711</b>
CLOSING COSTS	
LENDER ORIGATION FEE	\$58,150
LEGAL/ACCOUNTING	\$14,500
CONSTRUCTION PERIOD INTEREST	\$210,500
<b>TOTAL</b>	<b>\$283,150</b>
PROJECT TOTALS	
<b>TOTAL</b>	<b>\$14,350,000</b>

\* The above figures are estimated values based on current pricing. These preliminary estimates are subject to change, as Redeveloper has no control over the change in cost of materials and services between the time of the approval of this Redevelopment Plan and commencement of construction.

**EXHIBIT "E"**

**Sources and Uses of TIF**

**USES:**

Land Acquisition	\$1,500,000
Building Rehabilitation Costs	\$450,000+
Paving & Street Improvements	\$100,000
Landscape & Streetscape Improvements	\$10,000
Curb & Gutter Improvements	\$67,000
Sidewalk Improvements	TBD
Architecture, Engineering & Legal Costs	\$100,000
City Fees	\$15,000
<b>TOTAL</b>	<b>\$2,242,000+</b>

\* The above "Uses" are preliminary estimates based on current pricing and are subject to change.

**SOURCES:**

General Assumptions:

Base Value:	\$500,000
Final Value:	\$6,200,000
Tax Levy (2021):	2.307619%
TIF Indebtedness:	\$1,950,000
Interest Rate:	0%

Amortization:

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			Loan Balance	Capitalized Interest	Interest at 0.00%
								Principal	Interest at 0.00%	Total			
0											\$1,950,000		
0.5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$1,884,891	0	0
1	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$1,819,782	0	0
1.5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$1,754,673	0	0
2	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$1,689,564	0	0
2.5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$1,624,455	0	0
3	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$1,559,346	0	0
3.5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$1,494,237	0	0
4	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$1,429,128	0	0
4.5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$1,364,019	0	0
5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$1,298,910	0	0
5.5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$1,233,801	0	0
6	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$1,168,692	0	0
6.5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$1,103,583	0	0
7	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$1,038,474	0	0
7.5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$973,365	0	0
8	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$908,256	0	0
8.5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$843,147	0	0
9	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$778,038	0	0
9.5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$712,929	0	0
10	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$647,820	0	0
10.5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$582,711	0	0
11	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$517,602	0	0
11.5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$452,493	0	0
12	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$387,384	0	0
12.5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$322,275	0	0
13	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$257,166	0	0
13.5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$192,057	0	0
14	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$126,948	0	0
14.5	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$61,839	0	0
15	\$ 5,700,000	0	\$ 5,700,000	2.307619	\$ 65,767	\$ 658	\$ 65,109	\$65,109	\$0	\$65,109	\$0	0	0
	=====	=====	=====								=====		
					\$1,973,010	\$19,740	\$1,953,270	\$1,953,270	\$0	\$1,953,270			\$0
					=====	=====	=====	=====	=====	=====			
													( F9 = calculate )
							Original Loan Amount	\$1,950,000					
							Capitalized Interest	\$0			ASSUMPTIONS:		
							Loan Balance Remaining	\$0			1. Loan Amount:	\$1,950,000	
											2. Interest Rate:		*
											3. Increment Base:	\$5,700,000	**

\* The above figures are estimates based upon the assumptions in this Exhibit "E" and are subject to change.

## **EXHIBIT "F"**

### **Cost-Benefit Analysis (Pursuant to Neb. Rev. Stat. § 18-2113)**

The cost-benefit analysis for the Redevelopment Project, as described in the attached Redevelopment Plan, which will utilize funds authorized by section 18-2147 of the Act, is provided below:

#### **1. Tax shifts resulting from the approval of the use of funds pursuant to Section 18-2147:**

The taxes generated by the base value of the Project Site will continue to be allocated between the relevant taxing jurisdictions pursuant to the Act. Only the incremental taxes created by the Redevelopment Project will be captured to pay for the project's eligible public expenditures. Since the incremental taxes would not exist without the use of TIF to support the Redevelopment Project, the true tax shift of the Redevelopment Project is a positive shift in taxes after 15 years. However, for the purposes of illustrating the incremental taxes used for TIF, the estimated 15 year tax shift for the Redevelopment Project is set forth in Exhibit "E" of the Redevelopment Plan, and is adopted hereby.

*Notes:*

- 1. The Projected Tax Increment is based on assumed values and levy rates; actual amounts and rates will vary from those assumptions, and it is understood that the actual tax shift may vary materially from the projected amount. The levy rate is assumed to be the 2021 levy rate. There has been no accounting for incremental growth over the 15 year TIF period.*

#### **2. Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the Redevelopment Project:**

##### **a. Public infrastructure improvements and impacts:**

The Redevelopment Project requires considerable street and other right-of-way improvements, including, without limitation, reconfiguration of the right-of-way in front of the entrance to the building to incorporate a drop-off lane, conversion of the traffic signals at the intersection of N 4th Street and W Norfolk Ave to traffic signs, curb and gutter improvements, sidewalk improvements, and other landscaping and streetscape improvements within the right-of-way. The public improvements for the Redevelopment Project will address any traffic and

street infrastructure concerns that would otherwise be created by the Redevelopment Project. The Agency and Redeveloper do not anticipate that the Redevelopment Project will have a negative impact on now-existing City infrastructure.

b. Local Tax impacts (in addition to impacts of Tax Shifts described above):

The Redevelopment Project should create material tax and other public revenue for the City and other local taxing jurisdictions. While the use of TIF will defer receipt of a majority of new ad valorem real property taxes generated by the Redevelopment Project, the Redevelopment Project should generate immediate tax growth for the City. The City will collect sales tax on a portion of the materials used for the Redevelopment Project during construction. Following construction, the hotel and other commercial facilities will require and pay for City services, and will also attract visitors to the area, resulting in a boost to sales tax. It is not anticipated that the Redevelopment Project will have any material adverse impact on such City services, but will generate revenue providing support for those services.

**3. Impacts on employers and employees of firms locating or expanding within the boundaries of the Project Site:**

The Redevelopment Project will result in new and expanded business within the Project Site via the operation of the hotel and other commercial facilities included therewith. Redeveloper anticipates such businesses will generate approximately 55 new jobs (both full time and part time) within the Project Site. Accordingly, it is anticipated that the Redevelopment Project will have a positive impact on employers and employees locating or expanding within the boundaries of the Project Site.

**4. Impacts on other employers and employees within the City and the immediate area that is located outside of the boundaries of the Project Site:**

The Redevelopment Project will have a substantial positive impact on surrounding employers and employees. The hotel and other facilities will result in an increase of visitors to the downtown area, which will be a considerable benefit to surrounding employers. As detailed above, such facilities are estimated to result in the creation of approximately 55 new jobs, which will benefit surrounding employees and the City's workforce in general.

**5. Impacts on student populations of school districts within the City:**

The Redevelopment Project is commercial in nature and will not impact student populations in the City.

**6. Other impacts determined by the Agency to be relevant to the consideration of costs and benefits arising from the redevelopment project:**

The Project Site is blighted and contains substandard conditions that are a detriment to the City as a whole. The Redevelopment Project will revitalize and occupy a deteriorating space without negatively impacting the surrounding businesses, residents or straining the public infrastructure. There are no other material impacts determined by the Agency relevant to the consideration of the costs or benefits arising from the Redevelopment Project. As such, the costs of the Redevelopment Project are outweighed by its benefits.

DOCS/2927303.2  
4869-0125-0644, v. 1