

**MINUTES**  
**LANCASTER COUNTY BOARD OF COMMISSIONERS**  
**COUNTY-CITY BUILDING, ROOM 112**  
**TUESDAY, JULY 12, 2016**  
**9:00 A.M.**

*Advance public notice of the Board of Commissioners meeting was posted on the County-City Building bulletin board and the Lancaster County, Nebraska, web site and emailed to the media on July 8, 2016.*

Commissioners present: Roma Amundson, Chair; Todd Wiltgen, Vice-Chair; Bill Avery, Larry Hudkins and Deb Schorr

Others present: Kerry Eagan, Chief Administrative Officer; Gwen Thorpe, Deputy Chief Administrative Officer; David Derbin, Deputy County Attorney; Dan Nolte, County Clerk; and Kelly Lundgren, County Clerk's Office

*The Chair called the meeting to order at 9:00 a.m., the pledge of allegiance was recited and the location of the Nebraska Open Meetings Act was announced.*

**1) MINUTES: Approval of the minutes of the Board of Commissioners meeting held on Tuesday, July 5, 2016.**

**MOTION:** Wiltgen moved and Avery seconded approval of the minutes. Avery, Hudkins, Wiltgen and Amundson voted aye. Schorr was absent. Motion carried 4-0.

Schorr entered the meeting at 9:05 a.m.

**2) CLAIMS: Approval of all claims process through July 12, 2016.**

**MOTION:** Hudkins moved and Avery seconded approval of the claims. Hudkins, Schorr, Wiltgen, Avery and Amundson voted aye. Motion carried 5-0.

**3) PUBLIC HEARING:**

**A. Regarding the proposed sale of property generally located at 2201 South 17<sup>th</sup> Street, Lincoln, Nebraska. (See corresponding item 5A)**

The Chair opened the public hearing. Don Killeen, Facilities and Property Director, was administered the oath. He submitted the property appraisal performed on April 20, 2016 by Great Plains Appraisal (Exhibit A). Killeen stated the fair market value of the property was appraised at \$3,185,000.

Hudkins noted a number of concessions made to make the zoning compatible. He inquired if there was anything in those changes that would diminish the value of the property.

Tom Kubert, Great Plains Appraisal, was administered the oath. He stated the change from Residential "R" zoning with a special permit to Business "B" allowed the property to utilize all the space in order to have adequate parking and allows the County to maximize the value of the property.

No one appeared to testify in opposition or in a neutral position.

The Chair closed the public hearing.

The Board took action on item 5A.

**4) UNFINISHED BUSINESS:**

- A. Recommendation from the Purchasing Agent and County Sheriff to award a contract for the annual supply of Sheriff uniform clothing and accessories, Quote 5387 to Alamar Uniforms as the lowest, responsive, responsible bidder meeting the specifications. The estimated amount is \$17,000. (Quote 5387)**

**MOTION:** Avery moved and Hudkins seconded approval of the recommendation. Schorr, Wiltgen, Avery, Hudkins and Amundson voted aye. Motion carried 5-0.

**5) NEW BUSINESS:**

- A. Resolution regarding the proposed sale of property generally located at 2201 South 17<sup>th</sup> Street, Lincoln, Lancaster County, Nebraska, including declaring that the proposed property no longer serves a County purpose, determining fair market value and setting the date for sale of the property. (R-16-0037)**

Dave Derbin, Deputy County Attorney, said the Board will need to determine to the fair market value for the final version of the resolution. He stated it is the County Attorney's Office recommendation the Board adopt the fair market value of \$3,185,000 as noted in the appraisal.

**MOTION:** Wiltgen moved and Schorr seconded to adopt the fair market value at \$3,185,000. Wiltgen, Avery, Hudkins, Schorr and Amundson voted aye. Motion carried 5-0.

- B. Resolution authorizing the installation of the following sign in Lancaster County: Install a "Driveway Warning" sign (W2-1mod) on West Pella Road 500 feet east of 3240 West Pella Road for westbound traffic. (R-16-0038)**

Pam Dingman, County Engineer, stated a resident had requested the sign. She said a study was done that determine the placement was justified.

**MOTION:** Schorr moved and Avery seconded approval of the resolution. Wiltgen, Schorr, Hudkins, Avery and Amundson voted aye. Motion carried 5-0.

- C. Resolution in the matter of County Special Permit No. 16021, expanded home occupation for Hillside Events on property generally located at 12400 West Denton Road, Lancaster County, Nebraska. (R-16-0039)**

Derek Zimmerman, Baylor Evnen Law Firm, appeared on behalf of the applicants. He presented the Board with modifications to the resolution (Exhibit B). Zimmerman said the applicant requests that item 1 under "site specific conditions" allow for gatherings such as rehearsals or clean up that is tied to the wedding event. He stated also the applicant requests to eliminate "site specific condition" item 8, which requires the permit be issued for two years. Zimmerman said there is a significant

investment involved with bringing the property into compliance only to possibly have the special permit revoked after two years.

Wiltgen asked if the applicant understands the Board has the authority to revoke the special permit at any time. Zimmerman said they are aware of the possibility.

In response to Wiltgen's inquiry regarding the Board's authority to revoke a special permit, Derbin stated there would have to be cause in order for revocation of the special permit. He added revocation would be complaint driven and require a public hearing to take place.

Wiltgen asked if the requirement for Board review in two years requires reapplication. Derbin said the applicant would need to go through the complete application procedure including public hearings again.

Schorr inquired if one violation would be enough to revoke the permit or is it the Board's obligation to determine the standard of proof. Derbin answered a clear violation such as exceeding the number of events per month would be the easiest to determine, however it would be more difficult to prove the number of people at event exceeded the maximum allowed. He noted that is the reason the Board decided to move away from very specific requirements in favor of broader ones, which will be easier to enforce.

In response to Schorr's question regarding security, Zimmerman said the owners are agreeable to the requirement of a special designated license in order to serve alcohol. He added that the applicants are also in agreement with having security present at all events.

Hudkins asked for clarification if revocation would be at the sole discretion of the Board based on complaints. Derbin stated the Board would have to show cause and proof of violation. He added public hearings regarding the reason of revocation would also be required.

Avery asked if the property owner has reviewed the resolution and agreed to all the requirements. Zimmerman answered they are aware of all modifications and ready to move forward.

In response to Avery's inquiry regarding a procedure for periodic review of special permits, Derbin answered there is not a current process but a briefing by Building and Safety or Planning could be incorporated.

Amundson expressed concern with the difficulty of ensuring that all conditions are met. She noted that citizens within the Village of Denton also have concerns with increased traffic. Amundson submitted a list of forty-four signatures obtained from the Denton area for the record (Exhibit C).

Hudkins asked why the applicant is requesting the requirement for gravel surface of overflow parking be waived. Zimmerman stated even the cost of gravel is very expensive and with the limitation on the number of events it would be cost prohibitive. He said they are not opposed to surfacing the lot with gravel but do not want it to be a requirement.

In response to Hudkins question regarding waiving the outside areas to be used for business not to exceed 1500 feet, Zimmerman said the owners wanted to provide adequate screening to the adjacent properties and still allow for a number of people to congregate before the wedding. This would meet the buffer and screening requirements.

Hudkins questioned waiving the requirement that all outside business activity be 200 feet from all property lines. Zimmerman responded there is a significant amount of screening already in place and that it meets the needs of the adjacent property owners. He stated that he could not offer a specific minimum buffer zone without going back to review the area.

Hudkins inquired as to waiving the requirement to allow more than two employed persons who are not members of the family residing on the premises. Zimmerman said the focus switched to limiting the number of events and limiting the number of people at those events. He stated limiting the number of events and number of people is a significant concession.

In response to Wiltgen's inquiry regarding the need to have a specific definition of an "event", Derbin said the applicant has requested that smaller, ancillary events such as rehearsal or decorating party uses not be counted against the event total. He stated they have asked for a limited amendment without defining broadly, what an event is.

Schorr proposed that all events conclude by midnight. She asked if there were options for reevaluating the permit after one year as opposed as the permit being granted for two years. Tom Cajka, Planning Commission, said if a special permit is granted it cannot be revoked unless there are documented violations. He added he is unsure what reevaluating in a year would accomplish.

Trev Peterson, Knudsen Berkheimer Law Firm, representing neighbors of Hillside Events stated that there has been no support of the venue. He outlined concerns from the neighbors as noise, the danger of fire with limited access to water, illegal wastewater and repeated calls to the Lancaster County Sheriff. Peterson said the applicants are currently operating in violation of the existing zoning regulations.

In response to Avery's question regarding evidence that the owners have disregarded existing rules, Peterson answered eight events have been held after the Planning Department indicated their use was not in compliance of the zoning regulations. He added that five out of those eight events resulted in calls to the Sheriff's Office. Cajka noted that an email was sent on April 12, 2016 from the Planning Commission indicating that both approval of the building and the special permit would be necessary to hold events.

Wiltgen inquired if the Sheriff's Office was opposed to the special permit and if reports were available from any of the calls. Terry Wagner, County Sheriff, stated that he did not testify that the Sheriff's Office was opposed to the permit. He said all calls received are responded to but whether that results in any enforcement action or other action by the deputies depends upon the situation. Wagner said deputies were detailed to Hillside five times. He noted one call was during an event in which the Board had approved a special designated license (SDL). Wagner indicated the complaints were related to the noise level.

Hudkins questioned if this type of special permits were issued would it increase the Sheriff's Office workload. Wagner answered it is very difficult to say but generally weddings do not result in calls.

Roger Vollstedt, 550 Southwest 98<sup>th</sup> Street, Lancaster County, appeared in opposition of the special permit. He said the type of activity created by the venue does not belong in the rural area and he is totally against fireworks.

Luana Petsche, 7025 Cass Avenue, Denton, Nebraska, appeared in opposition of the special permit.

She expressed concern with the increase in traffic, the disruption to the farm animals and the lack of water within the area. Petsche noted the extended amount of time for emergency vehicles to respond.

Sean Fintel, 12401 West Denton Road, Denton, Nebraska, appeared in opposition of the special permit. He provided documents outlining the email the applicants received from Planning Commission advising them to cease operations, summary of events held in 2016 at Hillside and information related to "Citizens against Hillside" facebook page (Exhibit D). Fintel said he would approve of the venue just for wedding ceremonies without receptions.

Hudkins noted at the public hearing that outdoor lighting was a concern. He stated that he worked with the Planning and would offer a proposed amendment adding site specific lighting conditions.

Schorr commented that currently Hillside does not look like a commercial venture but with adding commercial lighting and a gravel parking lot it will take away from the rural appearance. Fintel said perhaps the lights could be built into the character.

In response to Amundson's inquiry regarding the Village of Denton meeting, Fintel said there had been concern raised not just from the neighbors of Hillside but also residents from the Village of Denton. He stated forty-four signatures were obtained from residents along the two routes from Denton to Hillside Events.

Amundson inquired if there were emergency services in Denton. Fintel said the area is split between Pleasant Dale and Southwest Rural Fire Department. He added that there is concern about wildfires and the lack of hydrants or access to water.

Hudkins asked Steve Henrichsen, Planning Commission, to discuss the proposed lighting standards. Henrichsen stated the proposed amendment follows the City of Lincoln lighting standard, which address both the intensity of the lights and ensures it does not shine beyond the property line.

Cajka said the term "cutoff" means the light fixture is shielded so the light is directed more downward. He added that any outdoor lighting must meet a certain criteria at the property line, which is 2 vertical foot candles and .5 horizontal foot candles. Cajka stated that lighting is not a requirement but if lighting is used it would need to meet these standards.

Terry Kathe, Building & Safety Manager, stated if there is an exterior light with a 150 watt light bulb it is required to be shielded with a cutoff or full cutoff fixture. The intent is to illuminate the area but not extend beyond the property line. He said the measurements are taken from the property line.

Wiltgen inquired if it would require light poles to accommodate those standards. Kathe stated yes if their intent is to properly light a parking lot. He added that lighting on a building would also require a cutoff fixture.

In response to Wiltgen's inquiry regarding the impact on roads, Pam Dingman, County Engineer, stated that West Denton has been on the One and Six-Year Road and Bridge Improvement Program plan for paving. She said a current traffic count was not available and they do not take counts during events because they want an overall picture of actual traffic. Dingman noted at the last traffic count in 2014 it was about 440 cars per day.

Marijane Hancock, 5504 Southwest 126<sup>th</sup> Street, Denton, Nebraska, appeared in opposition of the special permit. She expressed concerns with danger of fire and the lack of close emergency personnel.

The meeting was recessed at 10:50 a.m. Avery, Schorr and Hudkins exited meeting.

Avery, Schorr and Hudkins returned at 10:53 a.m. and the meeting resumed.

Chet Bennetts, 12121 West Denton Road, Denton, Nebraska, appeared in opposition of the special permit. He stated that he does not feel that the applicants will comply with the proposed regulations. Bennetts noted that the residence is owned by a limited liability company (LLC). He stated he has made calls personally to the County Sheriff regarding individuals trespassing following an event held at Hillside.

**MOTION:** Hudkins moved and Amundson seconded to deny the special permit application due to the fact it is not a home occupancy and lack of support for the venue.

Schorr requested clarification on the LLC. Derbin stated that regardless what kind of organization holds the legal title to the property it does not disqualify the individuals from obtaining a home occupancy permit. He noted the applicants do reside in the home on the property.

Amundson stated that she will be voting to deny the special permit based on the fact that there has been no support, lack of access to immediate emergency services and concern with the residence being owned by a LLC. She felt it would not be good governance to be dependent upon citizen complaints.

**ROLL CALL:** Hudkins and Amundson voted aye. Avery, Schorr and Wiltgen voted no. Motion failed 2-3.

**MOTION:** Wiltgen moved and Avery seconded to amend the resolution to revise site specific condition item #1 to include language provided by applicant (see Exhibit B). Schorr, Wiltgen and Avery voted aye. Hudkins and Amundson voted no. Motion carried 3-2.

**MOTION:** Schorr moved and Hudkins seconded to amend the resolution to revise site specific condition item #4 for outdoor events to be concluded by 10 p.m. and all events to be concluded by 12:00 a.m. Schorr, Wiltgen, Avery, Hudkins and Amundson voted aye. Motion carried 5-0.

**MOTION:** Hudkins moved and Wiltgen seconded to amend the resolution to state that outdoor lighting shall be cutoff as defined in Section 3 of the City of Lincoln design standards and shall meet the light trespass requirement defined in Section 9 of the City of Lincoln design standards. Wiltgen, Avery, Hudkins, Schorr and Amundson voted aye. Motion carried 5-0.

**MOTION:** Wiltgen moved and Avery seconded to strike site specific condition item #6 of the resolution granting the special permit for two years. Wiltgen, Schorr, Hudkins, Avery and Amundson voted aye. Motion carried 5-0.

**MOTION:** Hudkins offered an amendment that events up 250 people be allowed one day in any one calendar month with unlimited events of 100 people or less from April 1<sup>st</sup> through September

30<sup>th</sup> and no events be allowed between September 30<sup>th</sup> and April 1<sup>st</sup>. Motion failed for lack of a second.

**MOTION:** Avery moved and Wiltgen seconded to approve the resolution as amended.

Schorr stated that she felt the Board has worked very hard to provide a protected environment, by limiting the number of days and limiting the size of events. She noted site specific condition #7 which states, "Prior to occupancy, as required by Article 13.001aa(11) of the Lancaster County Zoning Resolution, the Lincoln-Lancaster Building and Safety Department must approve the final certificate of occupancy for all new construction and/or remodeling of existing buildings under this special permit."

Avery said that new business should be encouraged in the County. He stated that peace and tranquility is important but cannot trump all other regulated activity. Avery said the rules are reasonable and fair and should serve the interest of all persons in the County and he will be voting yes on the amended resolution.

Wiltgen said he would be voting yes on the amended resolution as well. He stated he felt very strongly about including the requirement of alcohol being served by individuals licensed by Nebraska Liquor Control Commission.

Hudkins stated that he opposes the permit. He is pro-enterprise but does not feel this venue fits in the category of expanded home occupancy. Hudkins is concerned with the number of people using the roadway and limited access to the property for emergency services

Amundson said she would be voting no. She agreed with Hudkins with the lack of immediate emergency service available. Amundson stated it is very important that with the serving of alcohol at these events be regulated and that security be provided. She expressed concern with the effect the noise and the event activities will have on the horses and livestock on the neighboring farms.

**ROLL CALL:** Avery, Wiltgen and Schorr voted aye. Hudkins and Amundson voted no. Motion carried 3-2.

**D. Resolution in the matter of witness fees paid by Lancaster County, which have remained unclaimed for six months or more. (R-16-0040)**

**MOTION:** Hudkins moved and Wiltgen seconded approval of the resolution. Hudkins, Avery, Wiltgen, Schorr and Amundson voted aye. Motion carried 5-0.

**E. Setting the annual salary for Captain Joshua Clark in the amount of \$91,436.96, effective July 7, 2016.**

Kerry Eagan, Chief Administrative Officer, said a letter was sent to the Board with Sheriff Wagner's recommendation. He stated that Clark is being promoted from Sergeant to Captain.

**MOTION:** Hudkins moved and Wiltgen seconded approval of the salary. Avery, Wiltgen, Schorr, Hudkins and Amundson voted aye. Motion carried 5-0.

- F. Acceptance of proposal from Felsburg Holt and Ullevig (FHU) by the County Engineer to prepare wetlands reports and permitting materials in support of twenty-six culvert replacements. All reports and applications to be completed and submitted on or before July 29, 2016. Cost the County is \$72,800. (C-16-0362)**

Dingman said this list of pipe culverts is actually from last year, however replacement had to be delayed as the funds budgeted for this project went towards flooding repairs. She stated the Army Corps of Engineers require wetland reports. Dingman said a request for proposal was put out as the Engineer's Department does not currently have an environmental expert on staff. She noted the money for this project is from fiscal year 2016-17.

**MOTION:** Hudkins moved and Schorr seconded approval of the proposal. Wiltgen, Hudkins, Avery, Schorr and Amundson voted aye. Motion carried 5-0.

- G. Adoption of Whistleblower Protection Policy for Lancaster County, Nebraska. As a sub-recipient of several federal awards, Lancaster County is required to comply with the provisions of 41 U.S.C. 4712 and inform its employees that it is subject to whistleblower rights and remedies.**

Schorr inquired if the policy should be amended to designate the Chief Executive Officer as the contact person or their designee.

Gwen Thorpe, Deputy Chief Administrative Officer, stated that she will make the recommended changes.

The Chair stated this item will be held until next week.

- H. Agreement between Southeast Community College and Lancaster County on behalf of the Juvenile Youth Services Center to establish an internship program through the Youth Services Center. Term of the agreement is from July 1, 2016 through June 30, 2017. (C-16-0363)**

Avery inquired if there was a cost to the County. Derbin stated this is an unpaid position.

**MOTION:** Hudkins moved and Avery seconded approval of the agreement. Hudkins, Wiltgen, Schorr, Avery and Amundson voted aye. Motion carried 5-0.

- I. Agreement between Parallels and Lancaster County, on behalf of the Lancaster County Drug Court, for substance use evaluation services for persons placed in the Adult Drug Court. The County will pay \$175 per participant. Term of the agreement is July 1, 2016 through June 30, 2017. (C-16-0364)**

Kim Etherton, Community Corrections Director, told the Board this is a contract renewal. She stated the service is only utilized when there are no funds available through the Probation Department for evaluations.

**MOTION:** Schorr moved and Hudkins seconded approval of the agreement. Schorr, Avery, Wiltgen, Hudkins and Amundson voted aye. Motion carried 5-0.

**J. Request from Russell D. Smith for refund of real property tax.**

Scott Gaines, Deputy Assessor/Register of Deeds, recommended approval. He stated there was a miscommunication regarding the completion of a remodeling project as opposed to an addition project. Gaines said the owners decided to forego the addition and just completed the remodeling, which was confirmed with a physical inspection.

**MOTION:** Wiltgen moved and Avery seconded approval of the request. Avery, Hudkins, Schorr, Wiltgen and Amundson voted aye. Motion carried 5-0.

6) **CONSENT ITEMS:** These are routine business items that are expected to be adopted without dissent. Any individual item may be removed for special discussion and consideration by a Commissioner or by any member of the public without prior notice. Unless there is an exception, these items will be approved as one with a single vote of the Board of Commissioners. These items are approval of:

**A. Receive and place on file the following reports for June, 2016:**

1. Assessor/Register of Deeds
2. Clerk of the District Court
3. Records and Information Management

**B. Setting a public hearing for Tuesday, July 19, 2016 at 9:00 a.m., in Room 112 of the County-City Building (555 S. 10<sup>th</sup> Street, Lincoln) regarding a manager application for Craig Keaschall in connection with a Class I liquor license for Izaak Walton League Chapter 65, 10801 South 134<sup>th</sup> Street, Bennet, Nebraska.**

**MOTION:** Schorr moved and Hudkins seconded approval of the consent items. Hudkins, Schorr, Wiltgen, Avery and Amundson voted aye. Motion carried 5-0.

7) **PUBLIC COMMENT:** Those wishing to speak on items relating to County business not on the agenda may do so at this time.

Gary Aldridge, 7112 South 45<sup>th</sup> Street, Lincoln, Nebraska appeared and commented on recent grant applications submitted by Visitors Promotion Committee and approved by the Board. He noted that the Visitors Improvement fund is a 2% tax on lodging within the County.

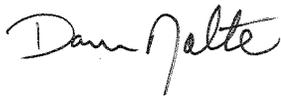
**8) ANNOUNCEMENTS:**

- A. The Lancaster County Board of Commissioners will hold a staff meeting on Thursday, July 14, 2016 at 8:30 a.m., in the Bill Luxford Studio (Room 113) of the County-City Building (555 S. 10<sup>th</sup> Street, Lincoln).**

- B. The Lancaster County Board of Commissioners will hold their next regular meeting on Tuesday, July 19, 2016 at 9:00 a.m., in Room 112 of the County-City Building (555 S. 10<sup>th</sup> Street, Lincoln) with the Board of Equalization immediately following.
- C. The Lancaster County Board of Commissioners will hold a public hearing on Tuesday, July 19, 2016 at 9:00 a.m., in Room 112 of the County-City Building (555 S. 10<sup>th</sup> Street, Lincoln) regarding an amusement license application for the Nebraska Land Improvement Contractors Association Construction Expo & Field Day, July 28, 2016 at 18060 Old Cheney Road, Walton, Nebraska.
- D. The County Commissioners can be reached at 402-441-7447 or [commish@lancaster.ne.gov](mailto:commish@lancaster.ne.gov).
- E. The Lancaster County Board of Commissioners meeting is broadcast live. It is rebroadcast on Tuesdays (1:30 p.m. and 7:00 p.m.), Wednesdays (12:00 a.m. midnight) and Saturdays (3:30 p.m.) on 5 City-TV, Cable Channel 5. In addition, the meeting may be viewed on the internet at [lancaster.ne.gov](http://lancaster.ne.gov) under 5 City-TV, Video on Demand or 5 City-TV on YouTube.

9) **ADJOURNMENT**

**MOTION:** Schorr moved and Wiltgen seconded to adjourn the Lancaster County Board of Commissioners meeting at 11:43 a.m. Schorr, Wiltgen, Avery, Hudkins and Amundson voted aye. Motion carried 5-0.



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Dan Nolte, County Clerk



**APPRAISAL OF:  
LANCASTER MENTAL HEALTH CENTER  
LOCATED AT  
2201 SOUTH 17<sup>TH</sup> STREET  
LINCOLN, NEBRASKA**

**PREPARED FOR:  
MR. DON KILLEEN  
LANCASTER COUNTY  
555 SOUTH 10<sup>TH</sup> STREET  
LINCOLN, NE. 68508**

**PREPARED BY:  
THOMAS W. KUBERT, MAI, CCIM  
GREAT PLAINS APPRAISAL, INC.  
115 CHERRY HILL BOULEVARD  
LINCOLN, NEBRASKA 68510**

**FILE NUMBER: 16-0019-A**





Thomas W. Kubert, MAI, CCIM  
Cody Gerdes, MAI  
Lori L. Johnson, MAI  
Wayne W. Kubert, MAI  
Cay Lacey, MAI

April 20, 2016

Mr. Don Killeen  
Lancaster County  
555 South 10<sup>th</sup> Street  
Lincoln, Nebraska 68508

RE: Appraisal of Fee Simple Estate in real property located at:  
2201 South 17<sup>th</sup> Street, Lincoln, Nebraska.

Dear Mr. Killeen:

As requested, I have prepared the attached appraisal report on the above-referenced property to be used by Mr. Don Killeen and representatives of Lancaster County for internal planning and potential sale purposes. The purpose of the appraisal report is to estimate the market value of the Fee Simple Estate of the subject property in its current condition as of the effective date of this analysis. This report sets forth the valuation premise and data utilized in the value estimate.

The scope of the appraisal process includes research of information that is adequate to support a credible analysis. This report is presented in appraisal report format. I have experience appraising similar properties in the Lincoln market and no additional study or assistance was needed in order to comply with the Competency Rule of the *Uniform Standards of Professional Appraisal Practice*.

The property to be appraised includes an existing mental health center located near South 17<sup>th</sup> and South Streets adjacent to the Bryan Medical Center West Campus in Lincoln, Nebraska. The descriptions are based on a physical inspection of the property and on drawings provided by the owner.

The subject property includes a lower level and two floors above grade. The property includes 28,641 square feet of above grade area, with an additional 14,774 square feet of lower level area, and a total gross building area of 43,415 square feet.

The subject property is located in an R-4 Residential District zone but has been granted a special permit. The assumptions of Special Permit SP14001 do not allow for use of the subject improvement as a non-residential health care facility. Additional special use permits for office use are considered to be probable. However, future office use permits are likely to be limited to office areas that can be supported by the existing on-site parking.

The appraisal includes a value based on the existing R-4 Residential District zoning. A separate value, based on the hypothetical condition of B-3 Commercial District zoning, is also included in the appraisal. The hypothetical condition expands the legally allowable commercial uses of the subject property. The effect of the hypothetical condition is considered throughout this report and reflected in the appraiser's estimate of value.

Mr. Don Killeen  
Lancaster County  
April 20, 2016  
Letter Page 2

The appraiser is not an expert on hazardous materials. The inspection of the property revealed no known hazardous materials. The appraiser cautions that if present, such materials could affect the value of the property.

Your attention is directed toward the sections titled *Extraordinary Assumptions*, *Hypothetical Conditions*, and *General Limiting Conditions*, and *Appraiser's Certification*, which address contingencies of the appraisal report. Additional contingencies may be interspersed throughout the report where appropriate. Therefore, the document should be considered in its entirety.

The following report conforms with the *Uniform Standards of Professional Appraisal Practice* (USPAP), as promulgated by the Appraisal Foundation and in conformity with FIRREA, in conducting the research and analysis, and in formulating the value conclusion(s) contained in this report to the best of my knowledge and understanding.

Based on the data and analysis included in the attached report, my opinion of the current market value of the Fee Simple Estate of the subject property, with existing R-4 Residential District zoning, subject to *Extraordinary Assumptions*, *Hypothetical Conditions*, and *General Limiting Conditions* herein cited, in accordance with the exposure period herein noted, and as of February 10, 2016, is estimated to be:

TWO MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS  
(\$2,550,000.00)

Based on the data and analysis included in the attached report, my opinion of the current market value of the Fee Simple Estate of the subject property, with hypothetical B-3 Commercial District zoning, subject to *Extraordinary Assumptions*, *Hypothetical Conditions*, and *General Limiting Conditions* herein cited, in accordance with the exposure period herein noted, and as of February 10, 2016, is estimated to be:

THREE MILLION ONE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS  
(\$3,185,000.00)

Yours truly,



Thomas W. Kubert, MAI, CCIM  
Certified General Real Property Appraiser  
Nebraska CG950191

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**ADDENDA**

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Location:	2201 South 17 <sup>th</sup> Street, Lincoln, Nebraska
Property Type:	Office Building
Property Rights:	Fee Simple Estate
Current Zoning:	R-4 Residential District Special Permit SP14001
Hypothetical Zoning:	B-3 Commercial District
Highest and Best Use:	Office Building
Gross Site Area:	70,576 square feet
Effective Site Area:	70,262 square feet
Above Grade:	28,641 square feet
Lower Level:	<u>14,774 square feet</u>
Total Gross Building Area:	43,415 square feet
Net Rentable Area:	35,035 square feet

<b>Value Estimates:</b>	<u>Existing Zoning</u>	<u>Hypothetical Zoning</u>
• By Cost Approach:	Not Applicable	Not Applicable
• By Sales Comparison Approach:	\$2,580,000	\$3,210,000
• By Income Capitalization Approach:	\$2,506,000	\$3,140,000
<b>Final Value Estimate:</b>	<b>\$2,550,000</b>	<b>\$3,185,000</b>
<b>Effective Date of Appraisal:</b>	<b>February 10, 2016</b>	

**This appraisal is subject to Extraordinary Assumptions, Hypothetical Conditions and General Limiting Conditions herein cited. Any user of this appraisal report should be thoroughly familiar with both sections of the report.**

## EXTRAORDINARY ASSUMPTIONS

**Extraordinary Assumption:** *An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.*

*(Source: The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, 2016-2017 Edition.)*

1. The appraisal is based on inspection, information provided by the client and/or subject ownership as well as additional information and data relative to the property obtained from City officials, County officials, and other public and private sources.
2. The appraiser is not an expert on hazardous materials. The inspection of the property revealed no apparent hazardous materials. The appraiser cautions that if present, such materials could affect the value of the property. The values estimated in this report assume that there is no contamination.
3. According to the records of the Lancaster County Assessor, the total site area is 66,905 square feet. However, this figure does not include any of Lot 17 in the Davis Subdivision. The subject ownership reported that the North 28.5 of Lot 17 is also included in the subject property. Including approximately 3,761 square feet in Lot 17, the subject site includes a total gross area of 70,576 square feet.

This appraisal is based on the subject property with a legal description as described within this report. The appraiser estimated the legal description based on legal descriptions contained within deeds related to historical transfers of the subject property and the Plat Map of Section 36, Township 10 North, Range 6 East of the 6<sup>th</sup> P.M. located in the Lancaster County Engineering Department Database. This appraisal is based on the assumption that the subject property includes a total gross site area of 70,576 square feet; and the vestibule area as reported by the subject property management. Any change in the size of the subject site or improvements could affect the value estimated.

4. The analyst was not provided with a Certificate of Title relative to the subject property. The appraiser is not a qualified title expert and any user of this report should seek the services of a qualified title expert to verify ownership and other issues related to ownership and encumbrances of the property.
5. The property has frontage on both South 17<sup>th</sup> Street and St. Mary's Avenue with vehicle access from South 17<sup>th</sup> Street. This analysis is based on continued access to the building and continued availability of on-site parking to serve the subject property.

6. The subject shares an entryway with the building adjacent to the south. The values estimated here assume that the subject portion of the property is as described and can be marketed separately from the remainder of the hospital campus with no additional expense.
7. The property manager reports that all asbestos has been removed from the building and that there are no hazardous materials present.
8. The values estimated here include the vestibule area on both the first and lower levels and does not consider any negative effect from the encroachment by the adjacent building onto the south 1.5 feet of the west 209.6 feet of the subject property.
9. During inspection of the subject property, the appraiser noted some furniture, fixtures, and equipment associated with the operation of the mental health center which will be distinguished as personal property rather than a part of the real estate. The value of such furniture, fixtures, and equipment is not included in this analysis or any resulting conclusion of value.

## HYPOTHETICAL CONDITIONS

***Hypothetical Condition:*** A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for purpose of analysis. *Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.*

*(Source: The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, 2016-2017 Edition.)*

1. The subject property is currently zoned as R-4 Residential District. This appraisal includes a value based on the existing R-4 Residential District zoning of the subject property. A separate value estimate is also included based on the subject property as though zoned B-3 Commercial District. The B-3 Commercial District zoning has an expanded range of legally allowable commercial uses of the subject property compared to the R-4 Residential District zoning. The hypothetical zoning is characterized as conditional B-3 Commercial District. In this conditional zoning, the range of commercial uses is anticipated to be limited to the uses most compatible with the uses and character of the surrounding area. The expanded probable uses of the subject property include full utilization of the subject improvements and directly affect the estimated value of the subject property.

## GENERAL LIMITING CONDITIONS

This appraisal is made under the following general contingencies along with those that appear in the body of the appraisal:

1. Title to the property is good and there are no liens or encumbrances except as noted;
2. No survey was made of the property for the purpose of this report; therefore, no guarantee is warranted that the improvements are located on the land herein described;
3. Distribution of the total valuation between land and improvements applies only under the program of utilization and conditions as set out in this report and is invalidated under any other program of utilization;
4. Testimony or attendance in court by reason of having prepared this appraisal shall not be required unless arrangements previously have been made;
5. All sketches, diagrams and photographs included in this report are for the reader's visual aid only and not based on survey;
6. Certain information, upon which opinions and conclusions are based, has been obtained from sources considered reliable; however, no liability from them can be assumed by the appraiser.
7. The appraiser does not warrant the mechanical, electrical, plumbing or constructional conditions of the improvements. If any of these are reported to be deficient, the appraiser will make note of them in the body of the appraisal report;
8. The appraiser is aware of no hidden or apparent conditions in the property, which would render it more or less valuable than otherwise comparable property;
9. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the Appraisal Institute including those sections regarding peer review. Neither all nor any part of the contents of this report (especially any conclusions to value, the identity of the appraiser or any reference to the Appraisal Institute or to the MAI designation, or any other designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication, without the prior written consent and approval of the author;
10. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the body of the report.
11. It is assumed that there was full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the report.
12. It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization had been or could have been obtained or renewed for any use on which the value opinion contained in this report is based.

13. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the prior written consent of the appraiser, and in any event only with properly written qualification and only in its entirety.
14. The consideration for the preparation of this report is the payment by the client of all charges due the appraiser in connection therewith. Any responsibility of the appraiser for any part of the report is conditioned upon full payment.
15. In this appraisal assignment, potentially hazardous material such as urea-formaldehyde foam insulation, and/or radon gas, and/or asbestos, and/or toxic waste, and/or lead paint may or may not have been present on the property. The appraiser, however, is not qualified to detect such substances. The existence of potentially hazardous material may have an effect on the value of the property.
16. The mechanical systems had not been evaluated by our company nor am I qualified to comment as to the compliance with ASHRAE Standard 62-1989. Accordingly, no representations are made with respect to indoor air quality within the subject improvements.
17. A survey has not been conducted by our company, nor am I qualified to comment on existing reciprocating or centrifugal equipment to determine the amount of Chlorofluorocarbons (CFC's) that may have been present in the subject property. CFC's are regulated by the Clean Air Act of 1990, and the production of CFC's is banned after 1999 by the Montreal Protocol of 1987.
18. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and general limiting conditions.
19. Unless otherwise stated in the report the opinion of value does not include any personal property, fixtures, tangible or intangible items that are not real property.
20. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the subject property to determine whether the physical aspects of the improvements met the ADA accessibility guidelines, nor are we competent to make such determination. In addition, determination of ADA compliance matches each owner's financial ability with the cost-to-cure the property's physical characteristics. Such determination is beyond the experience of the appraiser and, therefore, the appraiser cannot comment on compliance to ADA. Because determination of compliance can change with each owner's financial ability to cure non-accessibility, the value opinion of the subject does not consider any potential for non-compliance. Specific study of both the owner's financial ability and the cost-to-cure any deficiencies would be required for the Department of Justice to determine compliance.
21. Unless otherwise stated in the report the Date of the Report is synonymous with the date of the Transmittal Letter and the appraiser's perspective is current.

## APPRAISER'S CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this report:

1. Thomas W. Kubert, MAI, CCIM has inspected the property for the firm. The primary inspection of the subject property was completed February 10, 2016. Details of both the inspection and subsequent analysis are contained in the body of this report.
2. The statements of fact contained within this report are true and correct.
3. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
4. I have no present or prospective interest in the real estate that is the subject of this report, and I have no personal interest with respect to the parties involved.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement with respect to this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the use of this appraisal.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with *Uniform Standards of Professional Appraisal Practice*.
9. No one other than the undersigned or indicated personnel provided significant professional assistance to the analyses, conclusions, and opinions concerning the real estate that are set forth in this appraisal report. Carlos Lopez provided assistance as described within the report.
10. I am experienced in appraising properties of this type, and am qualified to appraise the property based upon that experience and knowledge.
11. I certify that, to the best of my knowledge and belief, the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute*, which include the *Uniform Standards of Professional Appraisal Practice*.
12. I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, Thomas W. Kubert, MAI, CCIM has completed the continuing education program of the Appraisal Institute.

14. The appraiser signing this report has functioned as a consultant to the Board of Equalization of Lancaster County, Nebraska during the three-year period preceding the date of this appraisal. This consulting assignment may have included the subject property related to the appeal of assessments for taxation. The function of the appraiser in this consulting capacity was exempt from the Nebraska Real Property Appraiser Act. All data, analysis and documentation relating to this consulting assignment are maintained by the County Clerk of Lancaster County, Nebraska.
15. I have performed prior services regarding the property that is the subject of this report, as an appraiser, within the three-year period immediately preceding acceptance of this assignment. The property was previously appraised in 2016. This report is an edited version of prior report 16-0019; dated March 1, 2016, with an effective date of February 10, 2016. The edits generally pertain to the cost to cure applied to the values indicated by the Sales Comparison Approach and Income Capitalization Approach. Upon further consideration, the appraiser removed the cost to cure as a factor in the values indicated by these approaches. These changes are reflected in the estimated value of the overall subject property, by the Sales Comparison Approach and Income Approach; as well as the reconciled opinion of value.

In addition, Cay Lacey previously appraised the subject property on behalf of Great Plains Appraisal, Inc. in 2013. The prior appraisal is Great Plains Appraisal Report Number 13-0303; dated March 20, 2013, with an effective date of March 6, 2013.

16. My conclusion of value for the subject property with existing zoning, and with hypothetical zoning, is as follows:

Based on the data and analysis included in this report, my opinion of the current market value of the Fee Simple Estate of the subject property, existing R-4 Residential District zoning, subject to *Extraordinary Assumptions, Hypothetical Conditions* and *General Limiting Conditions* herein cited, in accordance with the exposure period herein noted, and as of February 10, 2016, is estimated to be:

TWO MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS  
(\$2,550,000.00)

Based on the data and analysis included in this report, my opinion of the current market value of the Fee Simple Estate of the subject property, hypothetical B-3 Commercial District zoning, subject to *Extraordinary Assumptions, Hypothetical Conditions* and *General Limiting Conditions* herein cited, in accordance with the exposure period herein noted, and as of February 10, 2016, is estimated to be:

THREE MILLION ONE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS  
(\$3,185,000.00)



4/20/2016

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Thomas W. Kubert, MAI, CCIM      Date  
Certified General Real Property Appraiser  
Nebraska CG950191

## PURPOSE AND SCOPE OF THE APPRAISAL

The purpose of this appraisal is to provide an opinion of the market value of the property. This report is full scope with complete analysis including all three approaches which is reported in an Appraisal Report format.

The scope of the report is limited by "*Extraordinary Assumptions*", "*Hypothetical Conditions*" and "*General Limiting Conditions*." "*Extraordinary Assumptions*" and "*Hypothetical Conditions*" reflect conditions and assumptions unique to this appraisal assignment, and on which the appraisal is predicated. The user of this report is cautioned to review these conditions to assure concurrence with the conditions outlined. "*General Limiting Conditions*," while being equally important to the user of this report, are more traditional and usually familiar to users of appraisal reports.

The scope of the appraisal encompasses the necessary research and analysis to prepare the report in accordance with the intended use, the Standards of Professional Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. Specifically concerning this assignment, the following steps were taken:

1. Thomas W. Kubert, MAI, CCIM inspected the property for the firm. An inspection of the subject property was completed February 10, 2016. Additional information and data relative to the property were obtained from City officials, County officials, representatives of the property owner, and other public and private sources.
2. The information regarding the region, city, and/or neighborhood is based upon personal inspection and investigation, data contained in the files of Great Plains Appraisal, Inc., and information obtained from other published sources. In addition to the secondary data, primary data was derived by observation and inspection by the Appraiser in the subject's community and neighborhood.
3. In developing the approaches to value, the Appraiser identified the competing market area and researched data in that market area. Data were collected from data files of Great Plains Appraisal, Inc., other appraisers, Realtors, property managers, property owners, publications, public records, and other sources considered knowledgeable of the subject property marketplace. While reasonable efforts were made to obtain reliable data, no warranty as to the reliability is made.
4. Upon completion of data assembly and analysis as herein defined and presented, an opinion of market value was formulated and presented, which is subject to the "*Extraordinary Assumptions*", "*Hypothetical Conditions*" and "*General Limiting Conditions*" herein cited.

## ACKNOWLEDGEMENT OF ASSISTANCE

Carlos Lopez assisted with participation in the inspection, taking pictures of the subject property, the word processing of the report, the narrative description, and market research for the report. No one else contributed to the analysis and evaluation of the subject property other than the principal appraiser who is noted in the *Appraiser's Certification* section of this report.

## INTENDED USE AND USERS OF THE REPORT

The report is to be used by Mr. Don Killeen and representatives of Lancaster County for internal planning and possible sale purposes. This report is not intended for any other use. Any other user is an unintended user and is not to rely on this report. The appraiser has had no discussion with the owner or the client relating to value conclusion prior to analysis contained within this report.

## MARKET VALUE DEFINITION

The purpose of the appraisal is to estimate the market value of the subject property. Market value is defined as follows:

***Market Value*** - *The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.*

*(Source: The Dictionary of Real Estate Appraisal 6<sup>th</sup> Edition, published in 2015 by the Appraisal Institute.)*

The definition of market value is contingent upon the consummation of a sale consistent with the exposure period cited within this report.

## EXPOSURE TIME

Exposure time is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Typical exposure times derived from comparable sales appear to range from three to 36 months, with some unusual properties requiring as long as three years to sell. In the current market, an exposure time of approximately three to 36 months is considered adequate to achieve the market price estimated within this report.

## MARKETING PERIOD

Commercial properties, like the subject, are sold fairly frequently in the Lincoln market. The marketing time for properties of this size is generally shorter than for larger properties and is typically from three to 36 months.

Great Plains Appraisal, Inc., on a continuing basis, studies sales of real estate to determine the time they are on the market. This study includes all types of real estate and is done through observation, multiple listing service data, and discussions with brokers, owners, buyers, and sellers. This study is necessary because the time a property is on the market can vary widely due to the asking price. For this reason, this study has to be general in character for commercial, industrial, warehouse, and service properties. Based on this study at the present time, the marketing period for average sized commercial use properties located in Lincoln, Nebraska, is considered to be three to 36 months.

## PROPERTY RIGHTS APPRAISED

The facility is partially occupied by an agency of Lancaster County and is not leased. Portions of the property are currently leased and occupied by Lutheran Family Services. However, the subject ownership reported that the property will be vacant within approximately 30 days following the date of inspection. The conclusions and opinion of value is reflective of the Fee Simple Estate in the property as if at stabilized occupancy and available to be marketed. For purposes of this report, the various estates are defined as follows:

***Fee Simple Estate:*** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

***Leased Fee Estate:*** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

***Leasehold Estate:*** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

(Source: *The Dictionary of Real Estate Appraisal 6<sup>th</sup> Edition*, published in 2015 by the Appraisal Institute.)

## **DATE OF THE APPRAISAL**

The effective date of this appraisal is **February 10, 2016**. For the purpose of this appraisal, the property was personally inspected on February 10, 2016, by Thomas W. Kubert, MAI, CCIM on behalf of the Great Plains Appraisal firm.

## **IDENTIFICATION OF THE PROPERTY**

The subject property includes an existing mental health center and office building located at 2201 South 17<sup>th</sup> Street. The property is in use as a mental health center in association with Lancaster County. Portions of the property are occupied by Lutheran Family Services.

## **LEGAL DESCRIPTION**

The following is the legal description of the subject property:

Lots 8, 9, 18, and 19, Lot 10 except the South 21.5 feet of the West 63.42 feet, Lot 17 except the South 21.5 feet, the East 65.38 feet of Lots 11, 12, and 13, and the vacated north-south alley lying between the north line of Lots 8 and 19 and a point located 28.5 feet south of the north line of Lots 10 and 17, all in Davis Subdivision, and part of the East Half of Lot 6, in the Southwest Quarter of Section 36, Township 10 North, Range 6 East of the 6<sup>th</sup> P.M., Lincoln, Lancaster County, Nebraska.

This appraisal is based on the subject property with a legal description as described above. The appraiser estimated the legal description based on legal descriptions contained within deeds related to historical transfers of the subject property and the Plat Map of Section 36, Township 10 North, Range 6 East of the 6<sup>th</sup> P.M. located in the Lancaster County Engineering Department Database. The analyst was not provided with a Certificate of Title relative to the subject property. The appraiser is not a qualified title or survey expert and any user of this report should seek the services of qualified experts to verify ownership, encumbrances, or other issues related to the subject property (See *Extraordinary Assumptions*).

## **OWNERSHIP**

According to the records located in the Register of Deeds' Office, Lancaster County, Nebraska, the ownership of the subject property as of the date of the appraisal rests with:

**Lancaster County**

## HISTORY OF TITLE

The analyst was not provided with a Certificate of Title relative to the subject property. The appraiser is not a qualified title expert and any user of this report should seek the services of a qualified title expert to verify ownership and other issues related to ownership and encumbrances on the property (See *Extraordinary Assumptions*).

The subject ownership has owned the property for more than three years. As a result, there have been no transfers involving the subject property ownership in the preceding three years.

## EASEMENTS AND RESTRICTIONS

The property may be subject to easements typical of other properties in the area for utilities and sewer. The utilities easements are located in the adjacent or vacated streets or along the rear property lines. This is typical of other properties in the area. Additional easements are recorded as public record and are described below:

There is a perpetual easement granted to Lancaster County, Nebraska, its successors and assigns, forever, or until released by Lancaster County, or until the mechanical pit is removed, whichever shall occur first. The easement is for the operation, maintenance, and repair of the mechanical pit including approximately 606 square feet, located east of the subject improvements, within the northern portion of the subject site. The easement is described in Instrument Number 1997-045690 dated October 28, 1997; which was filed with the Lancaster County Register of Deeds on October 31, 1997. Ownership of the underlying land and the rights of the easement are both assigned to Lancaster County. The easement is considered to have minimal negative influence on the utility of the overall subject property.

There is also a perpetual easement granted to the City of Lincoln, Nebraska, its successors and assigns, forever, or until released, or until the Professional Building is removed, whichever shall occur first. The easement is for the right of reasonable ingress and egress to and from the easement area from the grantor's property for its employees and contractors in connection with the operation, maintenance, and repair of the Professional Building. The easement includes an area of approximately 314 square feet, located along the southern border of the western portion of the subject site and is related to the encroachment of the Professional Building onto a portion of the subject property. The easement is described in Instrument Number 1997-045691 dated October 28, 1997; which was filed with the Lancaster County Register of Deeds on October 31, 1997. This easement was later assigned to Bryan Memorial Hospital as described in Instrument Number 1997-045692 dated and filed with the Lancaster County Register of Deeds October 31, 1997. The easement reduces the effective site area to approximately 70,262 square feet. The easement is considered to have minimal negative influence on the utility of the overall subject property, but does limit the utility of the site area within the easement.

## UTILITIES

All public utilities, including water, sanitary sewer, natural gas, electricity and telephone service, are connected to the subject property.

## TAXES AND ASSESSED VALUE DATA

According to the records of the Lancaster County Treasurer and Lancaster County Assessor, the subject property located is assessed and taxed at the following rate:

<b>Actual Assessment:</b>	
<b>2016</b>	<b>10-36-303-007-000</b>

Assessed Value:	\$0
Total Taxable Value:	\$0
Multiplied by Tax Rate: (2015) x	0.02027922
Gross Estimated Taxes:	\$0.00
Less Tax Credit (State Revenue)	\$0.00
Net Estimated 2016 Taxes:	\$0.00

<b>If Privately Owned:</b>	
<b>2016</b>	<b>10-36-303-007-000</b>

Assessed Value:	\$2,483,500
Total Taxable Value:	\$2,483,500
Multiplied by Tax Rate: (2015) x	0.02027922
Gross Estimated Taxes:	\$50,363.44
Less Tax Credit (State Revenue)	-\$2,336.73
Net Estimated 2016 Taxes:	\$48,026.71

The subject property is currently owned by Lancaster County and is exempt from Real Estate Tax. However, utilizing an assessment process similar to the process used for privately owned real estate, the Lancaster County Assessor has placed an assessed value of \$2,483,500 on the subject property for 2016.

The 2015 tax rate applicable to privately owned real estate, similar to the subject property, is typically \$2.027922 per \$100 valuation. No significant shifts are anticipated in the near future. Had the subject property been privately owned, this indicates a current tax rate on the total property as \$48,026.71, after the tax credit. The 2016 assessment data is considered to be preliminary until June 1, 2016.

According to Nebraska Department of Revenue Property Assessment Division's website, the State of Nebraska will offset a portion of real property taxes levied in 2015. The Property Tax Credit Act provides a real property tax credit based upon the valuation of each parcel of real property compared to the valuation of all real property in the state. The property tax credit will be shown on tax statements as a credit after the full taxes levied. The real property tax credit determined for year 2016 is \$94.09 per \$100,000 of valuation. The appraiser is basing the 2016 rate and credit on the estimation that the Property Tax Credit Act will continue within the same regularities as 2015.

The statutory guideline of the Assessor's office is to set the value at 100% of market value. The assessed valuations are not utilized as an indicator of value in this report. The expense for real estate taxes will be estimated for use in the income capitalization approach, if necessary.

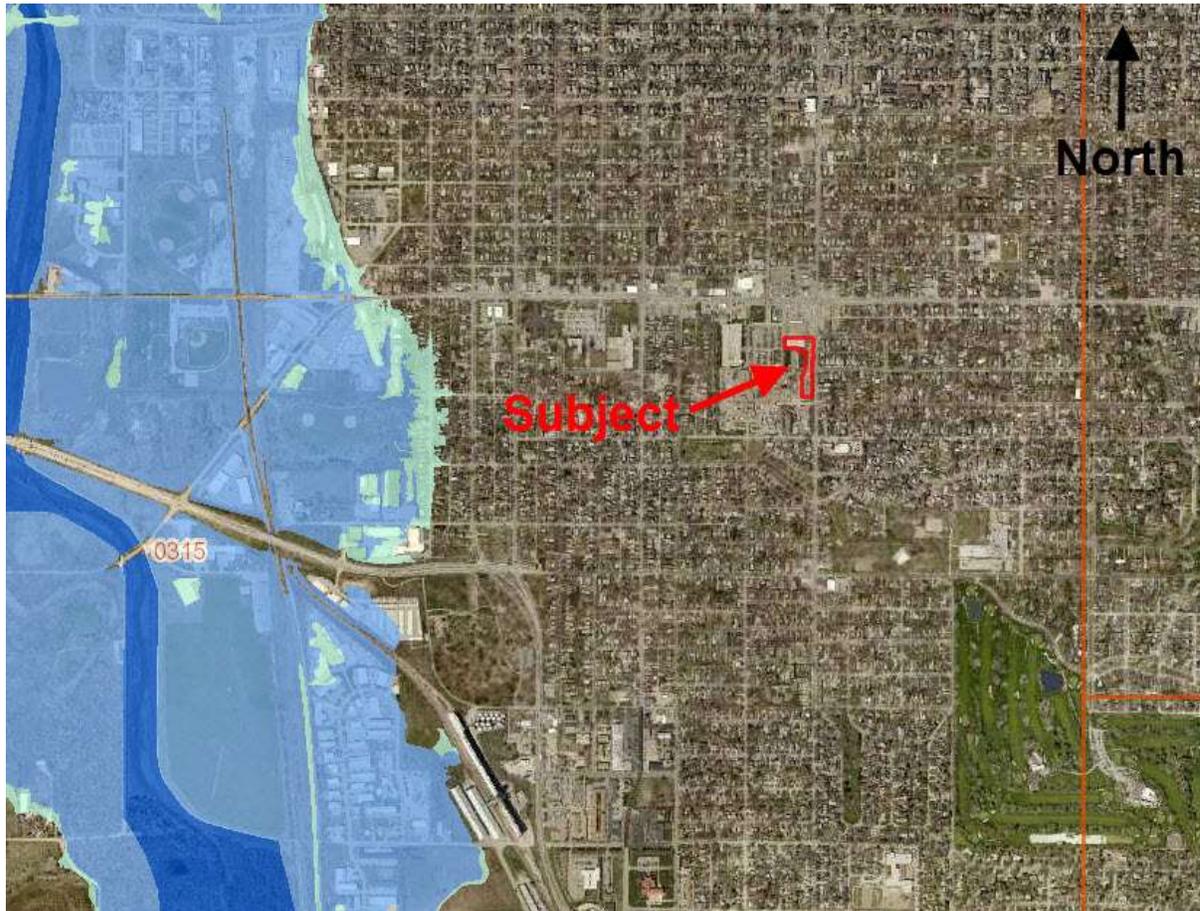
## **FLOODPLAIN**

A review of the Flood Insurance Rate Map (FIRM), map number 31109C0315F, with an effective date of February 18, 2011, indicates the subject property is located in Zone X. Zone X is considered to be located outside the established floodplain areas, thus unencumbered by floodplain requirements.

Areas located outside the established floodplain include areas of minimal flooding, but not subject to a risk of major flooding. In this area, flooding less than once every 500 years is expected. Properties located outside the established floodplain are typically not required by mortgage lenders to carry flood insurance.

A copy of the applicable portion of the floodplain map is included on the following page.

## Floodplain Map



The Floodplain Map was taken from the Lincoln/Lancaster County GIS Mapping Application. Labeling and outline were added by analyst for illustration purposes only are not considered to be at scale. The subject property is outlined in red. The light blue shaded areas are the FEMA 100-year floodplain, and the teal blue shaded areas are the FEMA 500-year floodplain.

## ZONING

### ***Existing R-4 Residential District Zoning***

The subject property is within the R-4 Residential District. This district is intended to provide a stable area of residential use at a gross density in the range of three to five dwelling units per acre. It is anticipated that some redevelopment will occur in this district. The use of the district includes single- and two-family dwellings, plus support facilities, such as schools, parks, community buildings, and churches.

Permitted uses include single-family dwellings, two-family dwellings, parks, playgrounds, and community buildings owned or operated by a public agency; public libraries; public elementary and high schools, or private schools having a curriculum equivalent to a public elementary or high school and having no facilities regularly used for housing or sleeping purposes.

Permitted conditional uses include churches, group homes, early childhood care facilities in churches, domestic shelters, and early childhood care facilities with a maximum of fifteen children present at any time.

Permitted special uses include community unit plans in conformance with the following: the average lot area shall be at least 5,000 square feet and all the requirements of Chapter 27.65, private schools, other than those permitted under Section 27.15.020, health care facilities, dwellings for members of religious orders, mobile home courts, recreational facilities, church steeples, amateur radio antenna installations, towers, and ornamental spires which exceed the maximum district heights, broadcast towers, certain parking lots as defined in Chapter 27.63, clubs, elderly or retirement housing, expansion of nonconforming uses, historic preservation, public utility purposes, wind energy conversion systems over the district height, mobile home subdivisions, housing and related facilities for the physically handicapped, outdoor seasonal sales, cemeteries, domiciliary care facilities, early childhood care facilities with sixteen or more children, or with fifteen or fewer children not meeting the specified conditions for a permitted conditional use under Section 27.17.030, neighborhood support services, connection of single-family dwelling to accessory building for the physically handicapped, adult care centers, alternative to imprisonment facilities, and children's homes.

Although the multi-story buildings associated with the hospital may exceed some of these limits, uses in place prior to November 2, 1953, are considered to be nonstandard uses in conformance with the provisions of the zoning code. The subject property appears to conform to the requirements of the applicable zoning districts as a prior existing use.

### ***Special Permits***

Resolution A-88131 granted the subject property Special Permit SP14001 on March 13, 2014; reducing the required setbacks to allow for the existing building and parking area; and waiving the requirement that the front and side yards be landscaped.

The special permit also permits use of the subject property as a non-residential health care facility. The special permit appears to have been granted on the assumption of 16,000 square feet of the subject property utilized for such purposes; requiring one parking space for every 225 square feet of utilization, or 72 spaces. The subject property currently includes approximately 106 parking spaces with no additional site area available for the expansion of parking area.

As noted, the use of the subject property, by an agency of Lancaster County, as a mental health center with residential rooms is considered to be a prior existing use; predating the requirements of the R-4 Residential District zoning. Though the subject property has been granted a special permit, the assumptions of Special Permit SP14001 would not allow for use of the entire 28,641 square foot area of the subject improvement as a non-residential health care facility. In addition, the R-4 Residential District zoning would require a special permit for use of the subject property as general office space. The appraiser considers it to be legally probable that a special permit may be granted for general office use.

For office use, one parking space is required for every 300 square feet of office use area; 117 spaces would be required for the subject property as office use. The subject property includes 106 parking spaces and would require a waiver allowing the availability of only one space per 330 square feet of gross building area. If one space is required per 300 square feet, the subject property will be limited to 31,800 square feet of office use space; with the remainder likely limited to low traffic uses such as storage.

### ***Hypothetical B-3 Commercial District Zoning***

This appraisal includes a value based on the subject property as though zoned B-3 Commercial District. Compared to the R-4 Residential District zoning, the B-3 Commercial District zoning has an expanded range of legally allowable commercial uses of the subject property. This is a district providing for local commercial uses in a redeveloping neighborhood generally located in established retail centers of those neighborhoods. The uses permitted generally are those for neighborhood uses, plus additional limited manufacturing uses that reflect the character of that commercial area.

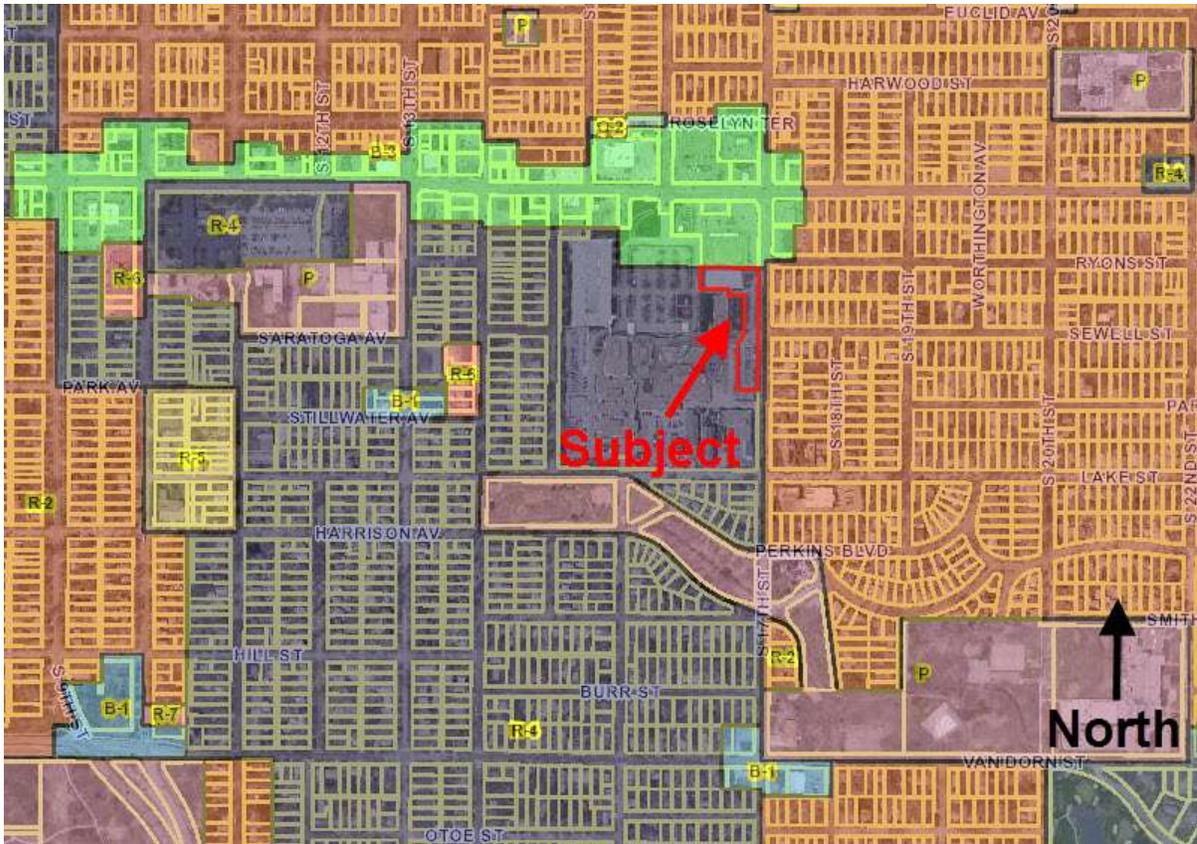
A number of uses are permitted, including such uses as parks and playgrounds, libraries and schools, churches, banks, daycare centers, animal clinics, laundromats, office buildings, restaurants, retail stores, studios, ambulance services, bakeries, milk stores, optical lens grinding and finishing, clubs, parking lots and storage garages, and service stations. Car washes, hotels and motels, heating and air conditioning business or sheet metal shops, tire stores, tailor and upholstery shops, and water conditioning service shops are permitted conditional uses. Dwellings are permitted only above the first floor of a building, as long as the first floor is used for one of the permitted uses. Recycling centers and vehicle body repair shops are permitted if they comply with the specific provisions of the ordinance. Some specific additional uses are permitted special uses.

Minimum lot size required is 1,000 square feet per dwelling unit, with no minimum required for other allowed uses. No front yards are required and five-foot side yards and 30-foot rear yards are required adjacent to residential districts. Maximum building height is 45 feet, except abutting R-1, R-2, or R-3 zoning, where the maximum height is 35 feet.

For office use, one parking space is required for every 600 square feet of office use area; 59 spaces would be required for the subject property as office use. The subject property includes 106 parking spaces and would exceed the parking requirements of the B-3 Commercial District zoning.

The full text of the applicable zoning ordinances and Resolution A-88131 are included in the addenda of this report. A zoning map is included below and an illustrative table of height and lot area requirements is included on the following page.

### Zoning Map



The Zoning Map was taken from the Lincoln/Lancaster County GIS Mapping Application. Labeling and outline were added by the analyst for illustration purposes only and are not considered to be at scale. The subject property is outlined in red.

### Height and Lot Requirements Illustration

Table 27.72.020 (a) Maximum Height and Minimum Lot Requirements for the R-1 through R-4 Districts					
		R-1	R-2	R-3	R-4
Single-family Dwelling	Lot Area (sq. ft.)	9,000	6,000	6,000	5,000
	Avg. Lot Width	60'	50'	50'	50'
	Front Yard	30'	25'	20'	25'
	Side Yard	10'	5'	5'	5'
	Rear Yard	Smaller of 20' or 20% of the lot depth			
	Height	35'	35'	35'	35'
Two-family Dwelling	Lot Area per Family (sq. ft.)	7,200	5,000	5,000	2,500
	Avg. Lot Width per Family	48'	40'	40'	25'
	Front Yard	30'	25'	20'	25'
	Side Yard (0' if party wall)	20'	10'	5'	5'
	Rear Yard	Smaller of 20' or 20% of the lot depth			
	Height	35'	35'	35'	35'
Other Allowed Uses	Lot Area (sq. ft.)	9,000	6,000	6,000	5,000
	Avg. Lot Width	60'	50'	50'	50'
	Front Yard	30'	25'	20'	25'
	Side Yard	10'	5'	5'	5'
	Rear Yard	Smaller of 30' or 20% of the lot depth			
	Height	35'	35'	35'	35'

The Height and Lot Requirements Illustration was taken from the City of Lincoln City Attorney's database. Yellow highlighting was added by the analyst for illustration purposes only.

### Height and Lot Requirements Illustration

Table 27.72.030(a) Maximum Height and Minimum Lot Requirements for the O, R-T and B Zoning Districts										
		O-1	O-2	O-3	R-T	B-1	B-2	B-3	B-4	B-5
Dwellings	Lot Area (sq. ft.)	220 (per unit)	4,000	*	4,000	2,000 (per unit)	2,000 (per unit)	1,000 (per unit)	0	0
	Frontage	50'	50'	50'	50'	50'	0'	0'	0'	0'
	Front Yard	0'	20'	30'	10' *****	20'	20'	0' *****	0'	20'
	Side Yard / Side Yard Abutting Residential	0'	10'	15' *****	0'/10'	0'/10'	20'	0'/5'	0'/*****	0'/100'
	Rear Yard / Rear Yard Abutting Residential	0'	40'	40'	0'/10'	Smaller of 30' or 20% of depth	50'	0'/30'	0'/*****	0'/100'
	Height	75' ****	25' or 28' **	35'	28'	40'	40'	45' or 35' ***	See Figure 27.72.030 (a)	40'
Other Allowed Uses	Lot Area (sq. ft.)	0'	0'	4,000	4,000	0'	0'	0'	0'	0'
	Frontage	0'	*****	50'	50'	0'	0'	0'	0'	0'
	Front Yard	0'	20'	20'	10' *****	20'	20'	0' *****	0'	20'
	Side Yard/ Side Yard Abutting Residential	0'	0'/10' 0'/20' *****	15' *****	0'/10'	0'/10'	0'/20'	0'/5'	0'/*****	0'/100'
	Rear Yard/ Rear Yard Abutting Residential	0'	40'	40'	0'/10'	Smaller of 30' or 20% of depth	0'/50'	0'/30'	0'/*****	0'/100'

The Height and Lot Requirements Illustration was taken from the City of Lincoln City Attorney's database. Yellow highlighting was added by the analyst for illustration purposes only.

## CITY ANALYSIS

The City of Lincoln is situated midway between Denver and Chicago, and about 200 miles northwest of Kansas City. Lincoln is situated in the southeastern corner of Nebraska and is in the geographic center of Lancaster County. It covers nearly 93 square miles and is 1,167 feet above sea level. Omaha, the largest city in Nebraska, is located about 50 miles northeast of Lincoln.

Lincoln was founded in 1859 and became the county seat in 1864. Lincoln was designated as Nebraska's State Capital in 1867. Lincoln's growth from a small village to a modern city has been a steady process over the last century. Governmental activities, educational facilities, finance, manufacturing, and agriculture all have contributed to the growth of Lincoln.

Lincoln is located within the varying seasonal pattern of the temperate zone. Temperatures over 100 degrees are not uncommon in the summer and winter lows below zero are typical. The wide swings in temperatures present special problems in the construction of buildings in Nebraska. Construction is typically started in the spring or summer. Construction activity nearly comes to a halt during the winter months causing seasonal layoffs. The temperature variation also causes the buildings to be constructed with an eye toward fuel conservation in both heating and cooling.

The University of Nebraska is located in Lincoln. The campus abuts the north side of the Central Business District. The student population of approximately 25,000 is a significant factor in the economic contribution to the city. Nebraska's football team, the Cornhuskers, have been a source of pride and income to Lincoln over the last five decades. The Cornhuskers' perennially high ranking has sold out the 85,000+ seat Memorial Stadium since 1962. Millions of dollars flow into Lincoln annually from football related activities.

Lincoln is also the home of Nebraska Wesleyan University and Union College, with enrollments of approximately 1,900 and 900 respectively. The Lincoln campus of Doane College serves more than 600 students each session, and 150 students attend the Lincoln center of the College of St. Mary. Southeast Community College has a number of facilities in Lincoln for both full-time and part-time occupational training and a total enrollment of over 9,000 students. Kaplan University, which focuses on occupational training, has an enrollment of around 450 students. There are about 39,000 pupils enrolled in 38 elementary schools, 11 middle schools and six senior high schools, with an additional 4,000+ pupils attending parochial schools.

Overall, Lincoln is considered to be an excellent place in which to invest and live. According to FBI data, Lincoln has 3.93 occurrences of violent crime per 1,000 residents compared to 5.82 occurrences in Omaha. The stable economic environment buffers it from the wide swings present in the national economy, limiting cyclical unemployment and recessionary factors. Lincoln offers all governmental services and social opportunities typical of cities this size. It should sustain moderate growth in both the economy and population over future years.

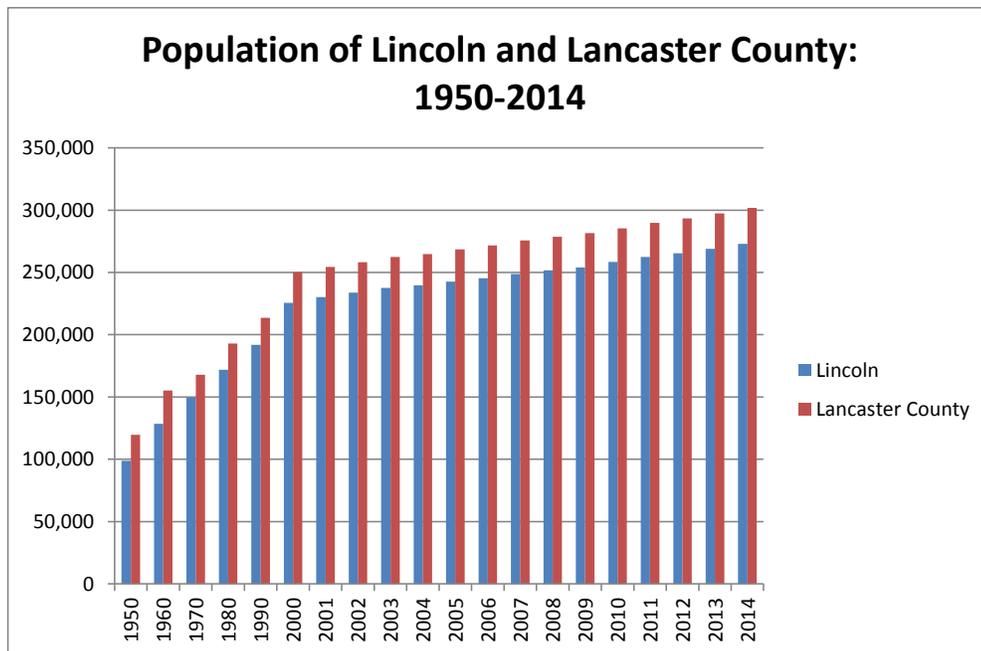
The following data on population, employment, income, retail sales, new housing activity and transportation are presented to reveal patterns of growth and to give a brief analysis of Lincoln's economic profile.

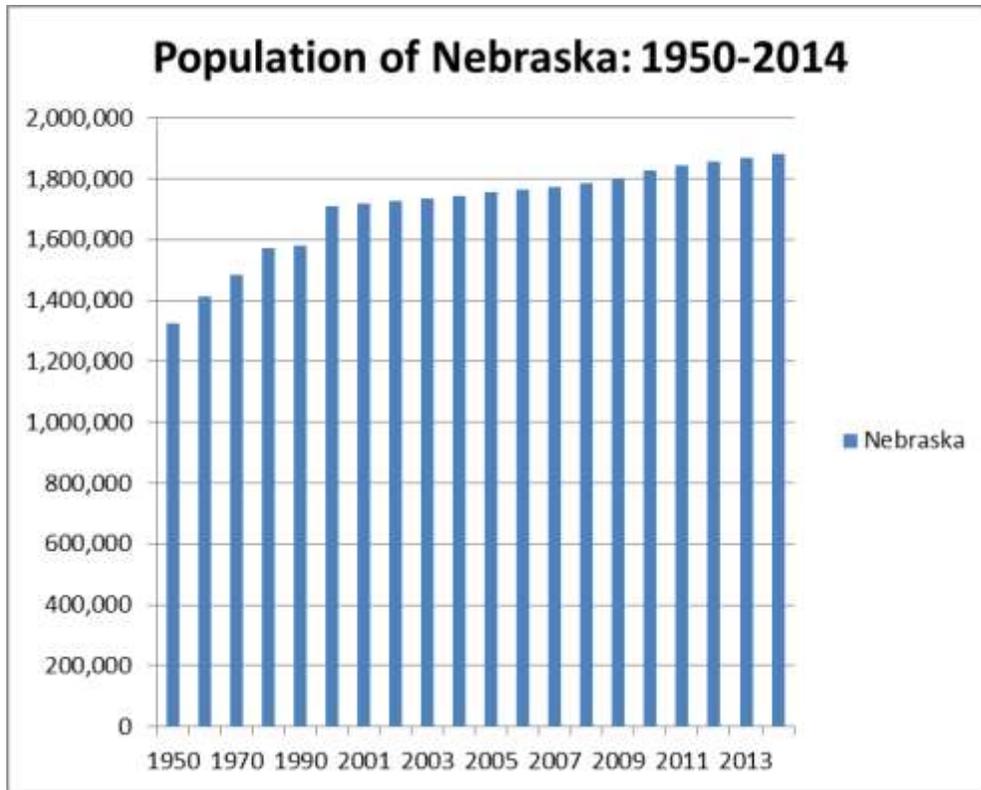
## Population

Lincoln and Lancaster County have had a sustained growth over the past decade that traditionally has been above the state average. Lincoln and Lancaster County have had similar growth rates over the last decade with a steady increase since 2000. The following table and graphs illustrate the historic population of Nebraska, Lancaster County, and the City of Lincoln.

Year	Lancaster					
	Lincoln	% Change	County	% Change	Nebraska	% Change
1950	98,884	-	119,742	-	1,325,510	-
1960	128,521	29.97%	155,272	29.67%	1,411,330	6.47%
1970	149,518	16.34%	167,972	8.18%	1,485,333	5.24%
1980	171,932	14.99%	192,884	14.83%	1,569,825	5.69%
1990	191,972	11.66%	213,641	10.76%	1,578,358	0.55%
2000	225,581	17.51%	250,291	17.15%	1,711,263	8.42%
2001	230,227	2.06%	254,453	1.66%	1,718,280	0.41%
2002	233,744	1.53%	258,242	1.49%	1,725,545	0.42%
2003	237,551	1.63%	262,378	1.60%	1,734,746	0.53%
2004	239,580	0.85%	264,834	0.94%	1,743,954	0.53%
2005	242,676	1.29%	268,571	1.41%	1,754,042	0.58%
2006	245,358	1.11%	271,793	1.20%	1,763,765	0.55%
2007	248,744	1.38%	275,665	1.42%	1,774,571	0.61%
2008	251,624	1.16%	278,728	1.11%	1,783,432	0.50%
2009	254,001	0.94%	281,531	1.01%	1,796,619	0.74%
2010	258,379	1.72%	285,407	1.38%	1,826,341	1.65%
2011	262,341	1.53%	289,800	1.54%	1,842,641	0.88%
2012	265,404	1.17%	293,407	1.24%	1,855,525	0.70%
2013	268,955	1.34%	297,285	1.32%	1,868,969	0.72%
2014	272,996	1.50%	301,795	1.52%	1,881,103	0.65%

Source: United States Census Bureau





As of 2013, approximately 39 percent of the population in Lincoln was between the ages of 20 and 44 years old. Lincoln has shown significant increases in this age group creating a median age of 31.9 years. Additionally, the portion of the population over age 64 has shown significant increases. The new market formation of the population will help continue the future economic activity in Lincoln.

Over the last ten years, the historical growth of Lincoln has been slow but consistent. This growth pattern during strong economic times and during recessionary periods is generally about the same. Growth during strong economic times tends to be slower than the national average. However, the growth during recessionary periods tends to hold the Lincoln economy above other areas in the county.

The growth of the population can be traced to two general causes. First is the growth in certain types of employment (see following section on Employment). The second source is the declining population in agricultural areas. Residents of farming communities, especially young people, tend to leave agriculture and move to Lincoln because it is viewed as a good place to raise a family and it is the largest city close to their former homes.

## Employment

Employment trends can be a good indicator of the economic viability of a local market. The following figures include historical data on employment rates and employment by category in the Lincoln area.

<b>Non-Farm Employment (Lincoln MSA)</b>						
	<b>2008</b>		<b>2011</b>		<b>2014</b>	
<b>Labor Force</b>	169,454		172,266		179,302	
<b>Employment</b>	164,323		165,418		174,046	
<b>Unemployment</b>	5,131		6,848		5,256	
<b>Unemployment Rate</b>	3.00%		4.00%		2.90%	
<b>Goods-Producing</b>						
<b>Durable Goods Manufacturing</b>	9,300	5.33%	8,000	4.62%	8,800	4.78%
<b>Non-Durable Goods Manufacturing</b>	5,500	3.16%	4,700	2.73%	5,100	2.77%
<b>Natural Resources and Construction</b>	7,600	4.35%	6,800	3.93%	7,800	4.23%
<b>Goods-Producing Total</b>	22,500	12.84%	19,500	11.28%	21,700	11.78%
<b>Service Providing</b>						
<b>Wholesale Trade</b>	4,000	2.30%	4,000	2.31%	4,000	2.17%
<b>Retail Trade</b>	18,200	10.42%	18,300	10.58%	19,200	10.42%
<b>Trans, Warehousing, Utilities</b>	10,500	6.02%	10,300	5.95%	10,800	5.86%
<b>Information</b>	2,400	1.38%	2,200	1.28%	2,600	1.41%
<b>Financial Activities</b>	13,300	7.63%	13,500	7.80%	14,500	7.87%
<b>Professional &amp; Business Services</b>	19,200	11.01%	18,000	10.40%	18,500	10.04%
<b>Education &amp; Health Services</b>	23,700	13.60%	25,900	14.96%	29,000	15.74%
<b>Leisure &amp; Hospitality</b>	15,800	9.05%	16,100	9.30%	17,600	9.55%
<b>Other Services</b>	7,000	4.02%	6,900	4.00%	7,000	3.80%
<b>Service Providing Total</b>	114,100	65.43%	115,200	66.58%	123,200	66.88%
<b>Gov. (Public Admin.)</b>						
<b>Federal Government</b>	2,900	1.66%	2,900	1.68%	3,100	1.68%
<b>State Government</b>	20,300	11.64%	20,400	11.79%	21,300	11.56%
<b>Local Government</b>	14,700	8.43%	15,000	8.67%	14,900	8.09%
<b>Total Gov. (Public Admin.)</b>	37,800	21.73%	38,400	22.14%	39,300	21.34%
<b>Total Non-Farm Employment</b>	174,300	100%	173,100	100%	184,200	100%

Sources: Nebraska Department of Labor, Federal Reserve Bank of St. Louis Economic Research

The 2014 employment figures show that the various levels of government employed an average of 39,300, or 21.34% of the total non-ag employment of 184,200 in the Lincoln metropolitan statistical area, which includes both Lancaster and Seward counties, making it the second largest employment category. Services, the largest category, employed an average of 123,200, or 66.88% of the 2014 total. Current trends show that jobs in the Lincoln market are moving from the industrial sector to the service providing sector, with an emphasis on the education and health service industry. Education and health workers made up 15.74% of total non-ag employment in 2014.

Other businesses that tend to stabilize the economy are the University of Nebraska, insurance companies, and manufacturing. The University's growth over the years has played an important role in both the economy and the housing market. Lincoln serves as the headquarters for 25 insurance companies. Although manufacturing is not the major employer, as in most Midwestern cities, it has been a stabilizing factor. Many companies are tied into long-term government contracts and others deal with food processing, both of which experience comparatively little employment fluctuation.

Lincoln Public Schools and the State of Nebraska both employ more than 5,000 workers, while the University of Nebraska, Bryan Health Medical Center, and Saint Elizabeth Health Systems all employ between 2,500 and 5,000 workers. There are nearly 20 employers in the 1,000 to 2,500 category, including Kawasaki, the City of Lincoln, BNSF Railway, Duncan Aviation, Ameritas Financial Services, B & R Stores, Hy-Vee Food Stores, Madonna Rehabilitation Hospital, and the US Government. Of these major employers, only one is a manufacturing entity, while one is a hospital, two are government entities, two are grocery stores, one is an insurance company, and one is a fixed base operator that provides aviation services for clients across the nation.

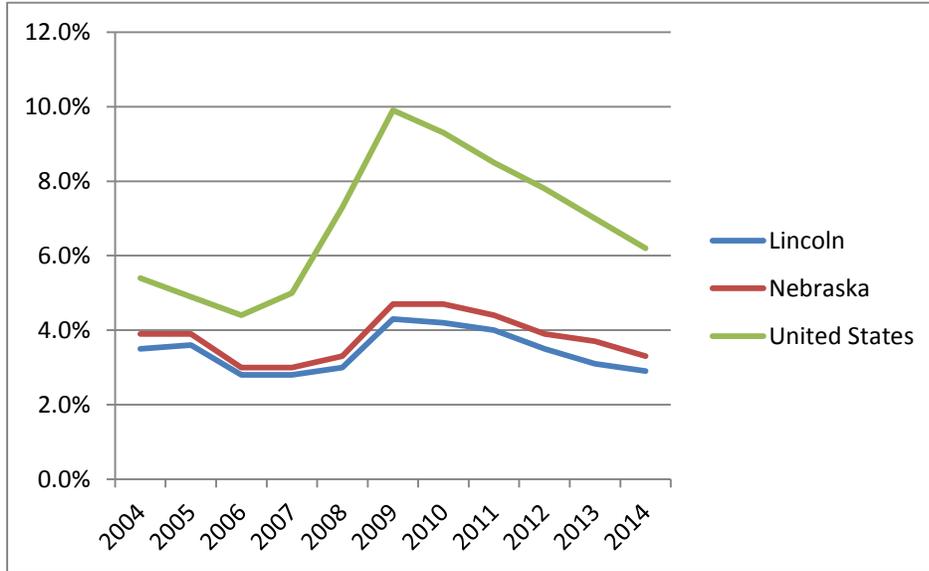
Other non-manufacturing employers of 500 to 999 employees include Lancaster County, SI International, and Crete Carrier Corporation.

Lincoln's economic base may be characterized as one of broad diversity and consequent stability. Lincoln's diverse financial, governmental, commercial, and industrial employment bases make the retail market area less susceptible to business and economic fluctuations than cities with more specialized economic bases.

**Unemployment 2004-2014**

<b>Unemployment</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Lincoln</b>	3.5%	3.6%	2.8%	2.8%	3.0%	4.3%	4.2%	4.0%	3.5%	3.1%	2.9%
<b>Nebraska</b>	3.9%	3.9%	3.0%	3.0%	3.3%	4.7%	4.7%	4.4%	3.9%	3.7%	3.3%
<b>United States</b>	5.4%	4.9%	4.4%	5.0%	7.3%	9.9%	9.3%	8.5%	7.8%	7.0%	6.2%

Department of Labor, Bureau of Labor Statistics



The unemployment rate in Lincoln and the state traditionally remains well below the national rate. After reaching a low of 2.8% in 2007, the unemployment rate increased slightly to a little over 4% in 2009 and 2010 due to a slowing economy. During the national recession from 2007 to 2009 the unemployment rate in Lincoln and Nebraska remained well below the national average. One of the main reasons that Lincoln has such a low unemployment rate compared to the national unemployment is because of the highly diversified economy. There are many industries that make up the economy in Lincoln. This provides growth during strong economic times as well as security during weak economic times.

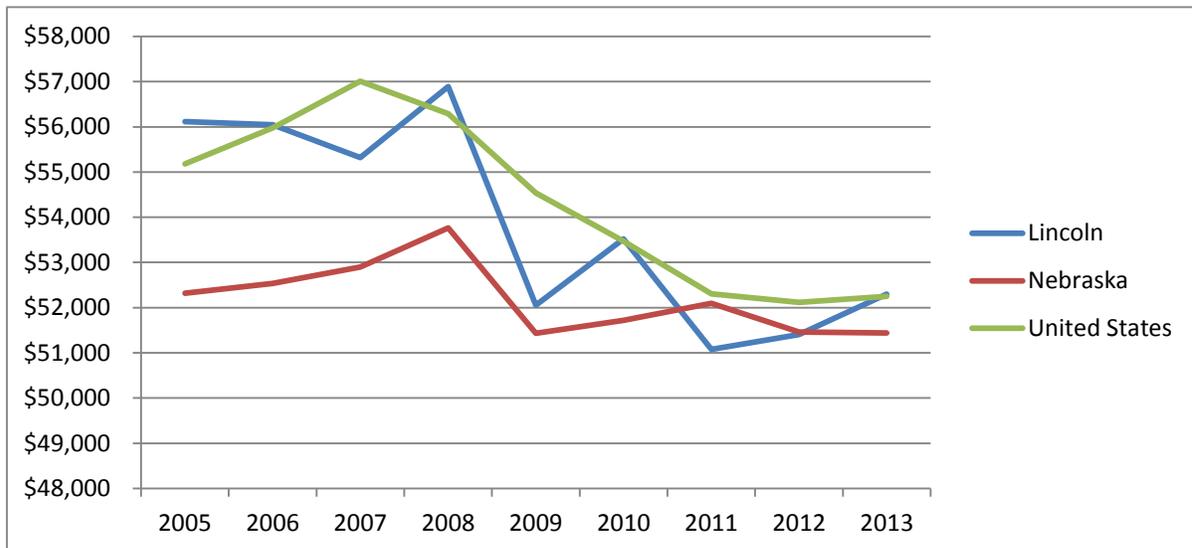
## Effective Buying Income

Median income is also a reliable indicator, for it is a bulk measurement of market potential. Median income indicates general purchasing power and is essential in comparing, selecting, and grouping markets on that basis. The median household income divides the income distribution into two equal parts with one-half the households above it, and the other half below it. It is, therefore, a reliable indicator of an area's relative income level.

### Median Household Income (Adjusted for Inflation)

Year	Lincoln	Nebraska	US
2005	\$56,117	\$52,322	\$55,178
2006	\$56,047	\$52,538	\$55,978
2007	\$55,318	\$52,899	\$57,006
2008	\$56,892	\$53,763	\$56,290
2009	\$52,056	\$51,431	\$54,541
2010	\$53,517	\$51,719	\$53,469
2011	\$51,077	\$52,093	\$52,306
2012	\$51,404	\$51,460	\$52,117
2013	\$52,300	\$51,440	\$52,250

Source: Department of Numbers



The comparisons between Lincoln, Nebraska, and the national averages are revealing. After adjusting for inflation, all three have experienced decreases in median household income over the period from 2005-2013. Lincoln's median household income has decreased by 6.8% since 2005, while the country's as a whole has fallen by 5.3%. Higher volatility in Lincoln's year-to-year averages reflects the smaller sample size when compared to the United States. As a state, Nebraska's median household income has remained relatively stable, though it has still decreased by 1.7% since 2005. Although the median household income for the state, which is highly dependent upon agriculture, has traditionally lagged behind Lincoln, comparatively it has remained stable.

The growth of incomes across the nation began to slow at the turn of the century, which was a reflection of the instability of economic cycles and fluctuations in the stock market. Between 2008 and 2009, incomes fell drastically due to a slowing economy. Variations in recent years reflect the more volatile areas that make up the national economy. Even through the slowing economy, Lincoln and Lancaster County remained very close to the national average. The support that the agricultural industry has on the local economy helps keep household incomes relatively stable during otherwise slow economic periods. Although Lincoln and the state of Nebraska have been much more stable historically, Lincoln's recent growth has resulted in a closer connection between the local economy and the fluctuations of the national economy.

## **Retail Sales**

Historically, the largest concentration of retail and office space in Lincoln has been located in the Central Business District. Although it remained viable over the years, the downtown area had evolved into office space rather than a retail area. However, the City government, through the City Council and Planning Commission, has provided a strong central core by limiting the amount of land zoned for commercial and office use in the suburbs. A large effort to revitalize the entire downtown area has taken place over the past decade.

In 2012, Lincoln put the finishing touches on a 12-year, \$246 million Antelope Valley project. The main goal of the project was to substantially reduce the floodplain along Antelope Creek and improve the streets network near UNL's City Campus. Through construction of an open channel from Salt Creek Roadway south to J Street, where the stream had flowed through an underground conduit, along with other improvements, the project shrank the floodplain from a width of about 1,700 feet to less than 200 feet. It created the new multi-lane Antelope Valley Parkway on the eastern edge of downtown, as well as a new bike trail that linked existing trails with the new three-block Union Plaza Park. It also created new public-private investments, including a new headquarters building for Assurity Life Insurance, housing, and several small shops.

The Historic Haymarket, Lincoln's main entertainment district, is located on the western edge of downtown. Lincoln recently embarked on a \$344 million West Haymarket Redevelopment Project, with the \$179 million Pinnacle Bank Arena as the cornerstone. Opened in the fall of 2013, the state-of-the-art multi-purpose arena seats more than 15,000, and serves as the home to the University of Nebraska men's and women's basketball teams. It also hosts year-round concerts, family shows, touring acts, and other sporting events. It is estimated to bring in approximately 700,000 guests with about 120 events every year.

Another major component of this redevelopment project is The Railyard on Canopy Street. The Railyard, located across the street just south of Pinnacle Bank Arena, has quickly become Lincoln's premier entertainment district. It features 13+ restaurants and bars, live entertainment, and an open beverage garden anchored by the "Cube," a giant video screen wrapped around a corner of the building. New development in the Haymarket will continue to take place, as there are already plans for a new Hudl headquarters building in the West Haymarket, as well as construction of a new eight-story senior living complex and redevelopment of an existing vacant building in the South Haymarket. The senior living complex will also include office and retail space.

The redevelopment of P Street downtown has created an attractive link between the West Haymarket and Union Plaza Park along Antelope Valley. A complete redesign of the streetscape included wider sidewalks, benches, lighting, and parking. New pedestrian crosswalks are shorter and safer, and with expanded sidewalks, outdoor dining has become more available. A small plaza has been developed on the northeast corner of 13<sup>th</sup> and P Street. Known as Tower Square, the plaza includes two sidewalk cafes and is anchored by Ascent Tower, a 57-foot-tall, internally illuminated, multicolor column. The improved appearance and functionality of the P Street District has created a vibrant retail corridor in the heart of downtown Lincoln.

Within the city, retail sales growth increased with the entry of Gateway Mall in the eastern part of the city in the early 1960's. This retail center has been modernized and expanded over the years and has consequently captured a large percentage of total retail sales, when compared on a square foot basis. Four other shopping centers in the east part of the city include Edgewood Center, the East Park Plaza-Shoppers Fair Complex, Eastview, and Centro Plaza at 48th and R Streets. The Target Store (48th and R Streets) and the Shopko Store (66th and O Streets) have contributed additional retail space to the east part of Lincoln.

Significant retail development has taken place in the southern part of Lincoln. There are multi-tenant commercial sites on all four corners of 27<sup>th</sup> and Pine Lake Road; the biggest establishment in the area is South Pointe Pavilions Shopping Center. South Pointe is an open air shopping center with many retail establishments including Scheels Sporting Goods, a large regional chain, as well as other large national retail chains. There are multiple restaurants and other retail stores that surround South Pointe Pavilions, which provide additional retail opportunities. The entire area around 27<sup>th</sup> and Pine Lake Road has become a significant location for retail sales in Lincoln.

Just south of 27<sup>th</sup> and Pine Lake Road is the growing Wilderness Hills shopping center, located at 27<sup>th</sup> and Yankee Hill Road. Large retailers such as Kohl's and Marshalls, along with HomeGoods and an ALDI grocery store have all recently opened. Two other retail chains, Skechers and Rue 21, will soon open stores in the shopping center as well.

The development of an Interstate-80 interchange on North 27th Street spurred significant development on the northern edge of the city. Several large retailers, including Sam's Club, Wal-Mart, Menard's, The Home Depot and a number of other large national chains operate stores in the area. Although no figures are available to indicate what percentage of Lincoln's retail activity has shifted to this area, the total square footage of the newly developing areas and the heavy traffic in the area suggest that substantial retail dollars are being spent in this location.

The northeast sector is also seeing increased development. Commercial centers at 84<sup>th</sup> and Holdrege Street have been developed to serve new residential neighborhoods in the area. Additional commercial sites have been developed in the area of 84<sup>th</sup> and Adams Street.

Menard's, Sam's Club, Wal-Mart, The Home Depot, and Lowe's are all located along Highway 2 between approximately 56<sup>th</sup> and 84<sup>th</sup> streets in southeast Lincoln. Small retail sites have formed along the highway in this area, as well as a large retail center on the northeast corner of 84<sup>th</sup> Street and Highway 2. Aside from the large supercenters, these retail sites are also filled with restaurants, banks, and other commercial buildings. Additional development southeast of the 84<sup>th</sup> and Highway 2 intersection includes new housing, motels, a gas station, and several retail outlets.

There are three locations that are responsible for the majority of the retail sales in Lincoln. South Pointe Pavilions, Gateway Mall and the retail shopping located in the northern part of Lincoln. There are other small retail centers located throughout the city that account for retail sales in the city. With the addition of South Pointe Pavilions and other retail locations in the southern part of Lincoln, continued commercial development in south Lincoln has led to continued residential development in south Lincoln.

The market share increases of the Gateway and South Pointe Pavilions areas and the reduced volume of the Central Business District raised concern as to the future viability of retailing in the Central Business District. While such shifts are not uncommon in other cities, the makeup of retail trade in the Central Business District has changed. Suburban retail outlets are now capturing a much larger share of expenditures, due in part to their convenience to a larger percentage of the population. Census tract data suggest that population centers are located in the east, southeast, and south areas of the city, favoring the newer regional or neighborhood centers in these areas.

Retail sales are often used to gauge the purchasing power of residents in a particular market area. The following table shows historical retail sales data for Lincoln, Lancaster County, and Nebraska.

<b>Net Taxable Sales (In Thousands)</b>						
<b>Year</b>	<b>Lincoln</b>	<b>% Change</b>	<b>Lancaster County</b>	<b>% Change</b>	<b>Nebraska</b>	<b>% Change</b>
1992	\$1,545,497	-	\$1,467,156	-	\$11,900,883	-
1993	\$1,709,939	10.64%	\$1,729,101	17.85%	\$12,474,045	4.82%
1994	\$1,856,346	8.56%	\$1,876,208	8.51%	\$13,415,795	7.55%
1995	\$1,947,730	4.92%	\$1,968,289	4.91%	\$13,990,022	4.28%
1996	\$2,143,612	10.06%	\$2,166,461	10.07%	\$14,785,150	5.68%
1997	\$2,259,594	5.41%	\$2,288,138	5.62%	\$15,610,433	5.58%
1998	\$2,422,396	7.20%	\$2,452,913	7.20%	\$16,588,328	6.26%
1999	\$2,567,664	6.00%	\$2,597,540	5.90%	\$17,286,234	4.21%
2000	\$2,683,426	4.51%	\$2,722,965	4.83%	\$17,838,106	3.19%
2001	\$2,720,031	1.36%	\$2,766,364	1.59%	\$18,160,040	1.80%
2002	\$2,817,697	3.59%	\$2,864,930	3.56%	\$18,499,895	1.87%
2003	\$2,952,186	4.77%	\$3,008,266	5.00%	\$19,198,672	3.78%
2004	\$3,179,989	7.70%	\$3,249,242	8.00%	\$20,733,340	8.00%
2005	\$3,270,989	2.86%	\$3,360,671	3.43%	\$21,691,204	4.62%
2006	\$3,278,042	2.16%	\$3,377,949	0.51%	\$22,317,391	2.89%
2007	\$3,274,201	-0.12%	\$3,359,520	-0.55%	\$23,334,955	4.56%
2008	\$3,245,483	-0.88%	\$3,311,146	-1.44%	\$23,720,874	1.65%
2009	\$2,925,600	-9.86%	\$2,990,749	-9.68%	\$22,911,126	-3.41%
2010	\$3,008,840	2.85%	\$3,082,603	3.07%	\$23,662,032	3.28%
2011	\$3,118,670	3.65%	\$3,204,759	3.96%	\$24,918,912	5.31%
2012	\$3,286,429	5.38%	\$3,376,427	5.36%	\$25,970,494	4.22%
2013	\$3,424,469	4.20%	\$3,523,147	4.35%	\$27,344,167	5.29%
2014	\$3,517,858	2.73%	\$3,622,192	2.81%	\$28,173,802	3.03%

Source: Nebraska Department of Revenue

The more significant feature is where the retail dollars are being spent. Lincoln accounts for about 97% of all sales in Lancaster County. Lincoln is home to approximately 14% of Nebraska's total population but traditionally accounts for 12% to 13% of Nebraska's total sales. Even through the financial turmoil over the last 5 years, Lincoln, Lancaster County and the state of Nebraska have been fairly consistent and stable in spending habits. Spending did decrease, however, during the economic slow-down between 2007 and 2009. Beginning in 2010, spending has since recovered.

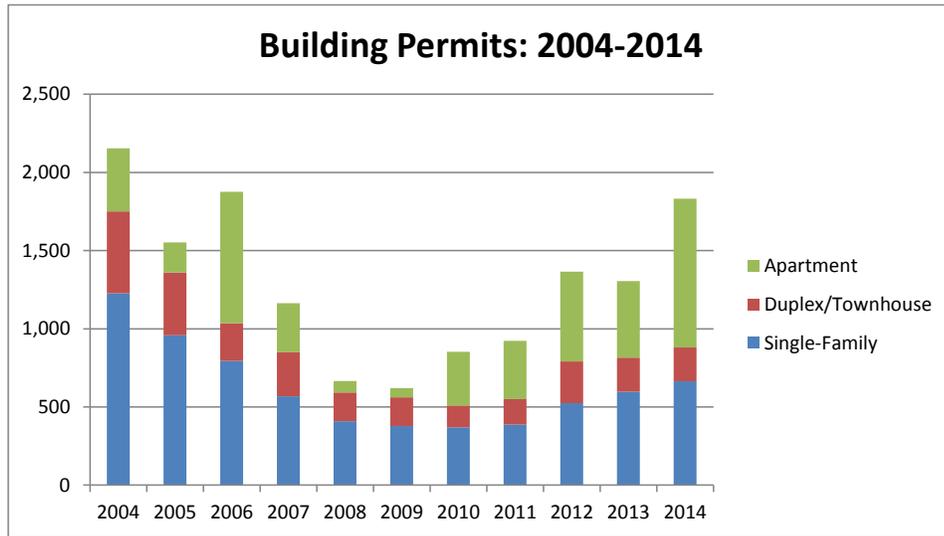
## New Housing Activity

Housing is a direct reflection of a local economy. During times of growth there is an increased number of building permits issued. There has been significant growth in Lincoln over the past decade. The majority of the growth has been to the south, north and northwest areas of Lincoln.

In the northern area of Lincoln there has been significant growth between North 14<sup>th</sup> street and North 27<sup>th</sup> street. There have been commercial developments in this area that have increased the demand for the residential development. Expansion is now taking place north of interstate 80, which used to act as a barrier to growth. With new residential developments to the north of the interstate, commercial development has begun to follow.

There has also been significant growth in the southern part of Lincoln in the area between South 14<sup>th</sup> street and South 56<sup>th</sup> street. This can be attributed to the increased amount of commercial development throughout the area. With no natural barriers to limit growth, southern Lincoln is a very popular location for residential and commercial development.

There has been very limited growth in the eastern part of the city due to the Stevens Creek watershed. With limited access to city utilities due to the area's topography, the area to the east of the city has had limited residential or commercial growth. These restrictions on the development in this area of Lincoln have contributed to more extensive growth in the south, north and northwest areas of Lincoln.



Category	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Single Family	1,227	958	794	569	409	378	370	388	525	597	664
Duplex/Townhouse	523	402	241	280	184	184	139	162	266	219	216
Apartment	403	192	841	314	73	58	344	373	574	489	952
Total	2,153	1,552	1,876	1,163	666	620	853	923	1,365	1,305	1,832
<b>Annual Change</b>											
% Change Single-Fam	-21.60%	-21.93%	-17.12%	-29.45%	-28.12%	-7.58%	-2.12%	4.86%	35.31%	13.71%	11.22%
% Change Dup/TH	-10.60%	-23.14%	-40.05%	16.18%	-34.29%	0.00%	-24.46%	16.55%	64.20%	-17.67%	-1.37%
% Change Apt.	55.00%	-52.36%	338.02%	-62.66%	-76.75%	-19.23%	493.10%	8.43%	53.89%	-14.81%	94.68%
% Change Total	-10.70%	-97.43%	20.88%	-38.00%	-42.73%	-6.91%	37.58%	8.21%	47.89%	-4.40%	40.38%
<b>Annual Distribution</b>											
% Single-Fam	57.00%	61.73%	42.32%	48.93%	61.41%	60.97%	43.38%	42.04%	38.46%	45.75%	36.24%
% Duplex/TH	24.30%	25.90%	12.85%	24.08%	27.63%	29.68%	16.29%	17.55%	19.49%	16.78%	11.79%
% Apartment	18.70%	12.37%	44.83%	26.99%	10.96%	9.35%	40.33%	40.41%	42.05%	37.47%	51.97%

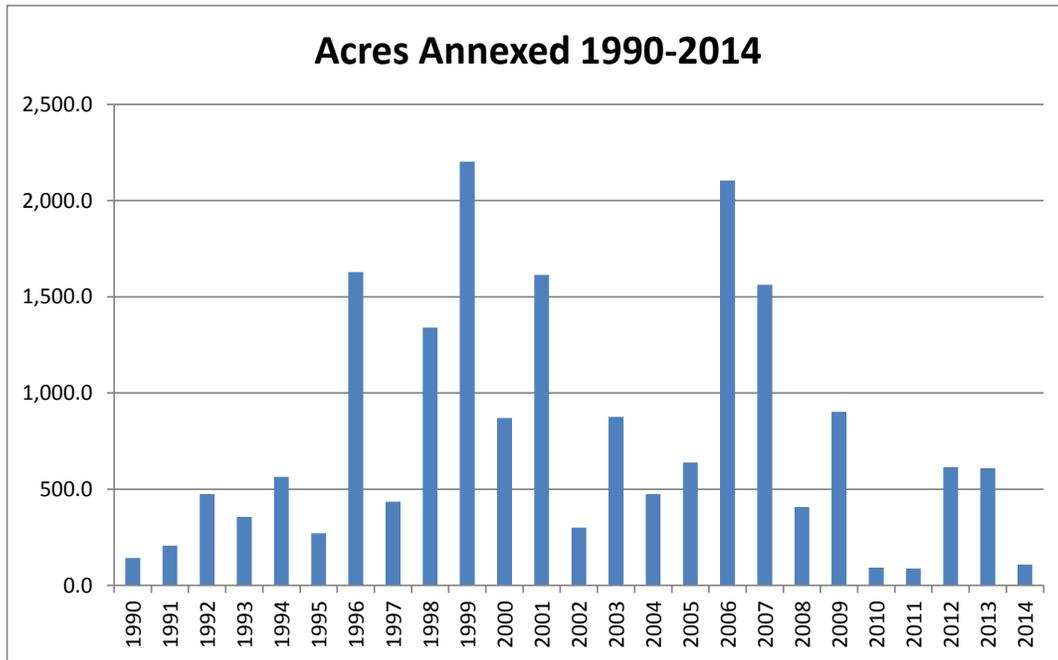
Source: City of Lincoln Building and Safety

The blue area of the graph, which represents single family building permits, has varied greatly over the past decade. The peak of single family building permits was in 2004. Due to a slowing of the market there was a significant decrease in the number of permits issued, with 2010 having the fewest number of single family building permits issued over the last decade. Since then, however, there has been a slight recovery in the number of single family permits issued.

The red group on the graph is associated with the number of duplex and townhouse building permits issued. The growth in this category has closely paralleled the growth in single family permits. Again the lowest numbers of permits were issued in 2010. There has been a modest recovery in the issuance of duplex and townhouse permits issued since then.

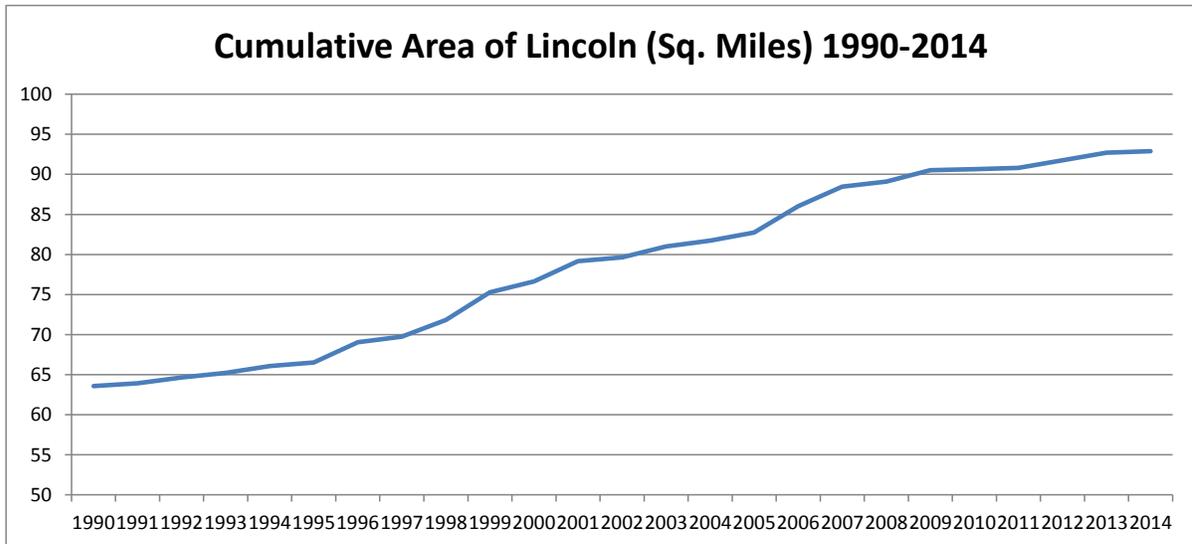
The green area of the graph is associated with apartment building permits. There is an inverse relationship between single family and apartment permits issued. When the number of residential permits decreases there has traditionally been an increase in the amount of apartment permits issued in subsequent years. Although low interest rates often make it possible for families to move from apartments by purchasing their own homes, these low rates also spur development of apartment units. The number of apartment building permits issued in the last two years outpaces any two-year rate in the last 10 years by a wide margin. In recent years, rapid growth in the population of Lincoln has supported both continued apartment construction and extensive residential development.

Both residential and commercial zoning must be approved by the City Council. This body frequently follows the recommendations of the Lincoln-Lancaster Planning Department and the citizen members of the Planning Commission. The Commission recently has been more favorably disposed toward growth and commercial development than in earlier periods. The acres annexed in the last few years, although not an accurate measure, gives an indication of the rate of growth in the community.



Year	Acres Annexed	Cumulative Area (Sq. Miles)
1990	143.2	63.59
1991	206.9	63.91
1992	475.2	64.66
1993	357.1	65.21
1994	563.8	66.09
1995	271.8	66.52
1996	1,628.2	69.06
1997	434.9	69.74
1998	1,339.5	71.84
1999	2,203.1	75.28
2000	870.0	76.64
2001	1,614.5	79.16
2002	300.4	79.63
2003	875.5	81
2004	474.7	81.74
2005	638.7	82.74
2006	2,104.4	86.02
2007	1,563.3	88.47
2008	408.3	89.11
2009	902.5	90.52
2010	92.7	90.66
2011	89.0	90.8
2012	614.8	91.76
2013	610.2	92.71
2014	109.1	92.88

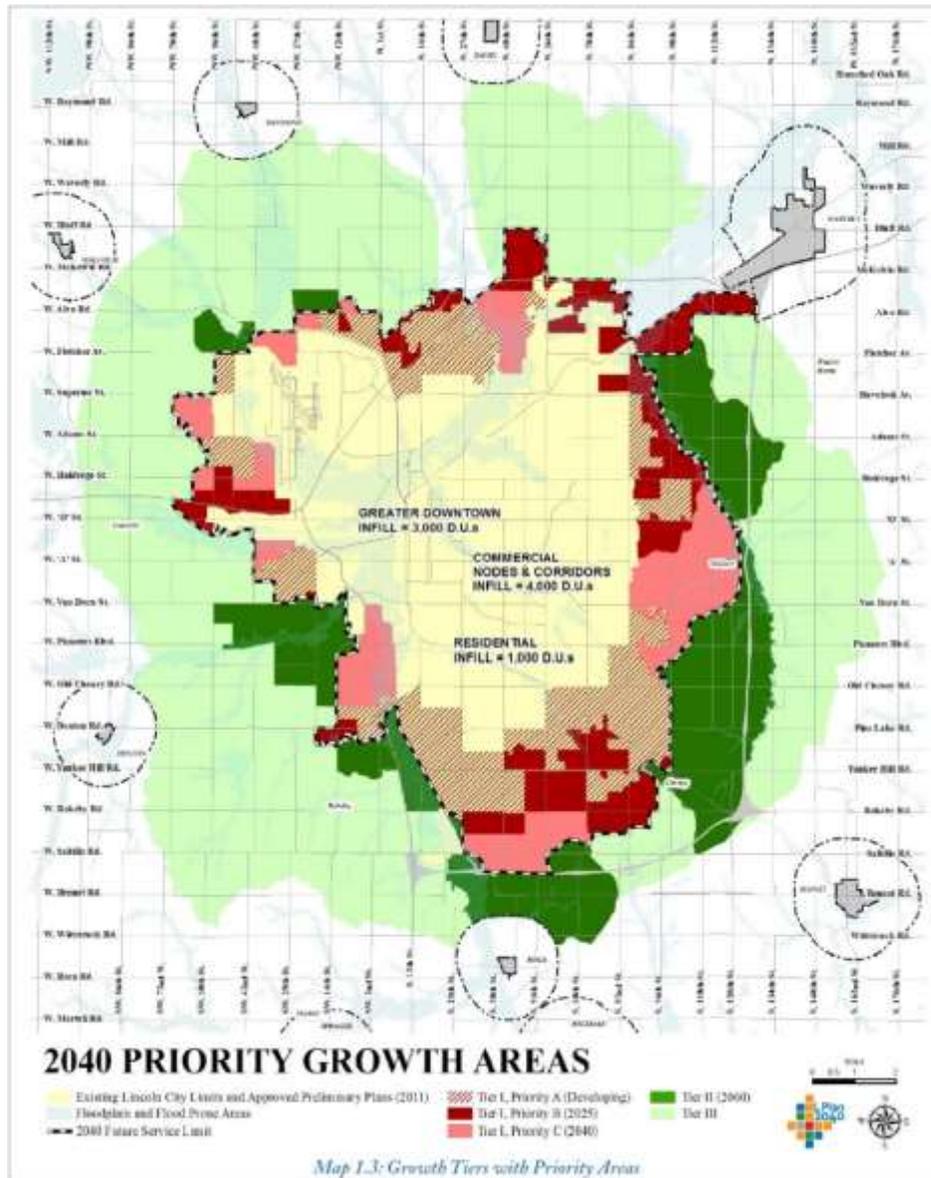
Source: City of Lincoln Planning Department



Lincoln's area has grown by more than 40% over the last 20 years. Over the last 25 years, it has expanded at a rate of about 1.22 square miles per year. The five year average of expansion is 1.194 square miles per year. Over the last five years there has been a slowing of the expansion of Lincoln. Over the last five years Lincoln has been expanding at a rate of approximately 0.472 square miles per year. The decrease in the rate of expansion can be attributed to a slowing economy and limitations due to natural barriers.

The future activity of new housing construction will focus on the confidence of the public regarding employment, interest rates, and new mortgage instruments. As confidence in job stability increases and interest rates remain relatively stable, affordability will continue to create a base for new construction. Future building activity is closely linked to general economic factors, including interest rates and consumer confidence.

### Long Term Growth Areas of Lincoln



The estimated future growth of Lincoln is shown on the map above. The majority of the 2025 and 2040 growth areas, which are shown in red on the map above, are located in the southern and eastern areas of Lincoln. Most of the proposed growth in the northern part of Lincoln is located around North 27<sup>th</sup> Street.

The majority of the 2060 growth, which is in dark green on the map above, is on the east side of Lincoln. The South-East Beltway system that will be located on the south and east sides of Lincoln will provide more access areas with growth. The South and East Beltways will also provide a natural barrier to future growth.

## Transportation

Access to and from Lincoln is very good. There are multiple highways that travel in and out of Lincoln from different directions. Lincoln has arterial roads that are set up in a grid pattern. The major arterial roadways are spaced approximately a mile apart. The major arterials run north to south and east to west. There are no major freeways that run through the city, which can make travel through the city slow at times. The major roadways are at half-mile or mile increments. There are few diagonal roadways in Lincoln.

The major streets that run east to west, from north to south, are Havelock Avenue/Superior Street, Adams Street, Holdrege Street, O Street, A Street, Van Dorn Street, Pioneers Boulevard and Old Cheney Road. O Street, which divides Lincoln into the north and south sections, is part of Highway 34, which travels east and west through the center of Lincoln.

Additional arterials run north and south through the city, and are generally numbered. The main numbered streets, from west to east, are 14<sup>th</sup>, 27<sup>th</sup>, 40<sup>th</sup>, 56<sup>th</sup>, 70<sup>th</sup> and 84<sup>th</sup>. The streets are divided into a northern section and southern section by O Street.

There are some arterials that travel diagonally through Lincoln. These major roadways are Normal Boulevard, Capital Parkway, Cotner Boulevard, and Antelope Valley Parkway. Cornhusker Highway and Nebraska Highway also run diagonally; both roadways are parts of a larger highway system.

The Central Business District, which is between the streets of 9<sup>th</sup> Street to 17<sup>th</sup> Street as well as K Street to Q Street, is made up of one way streets to help with the large amount of traffic that travels through the Central Business District daily.

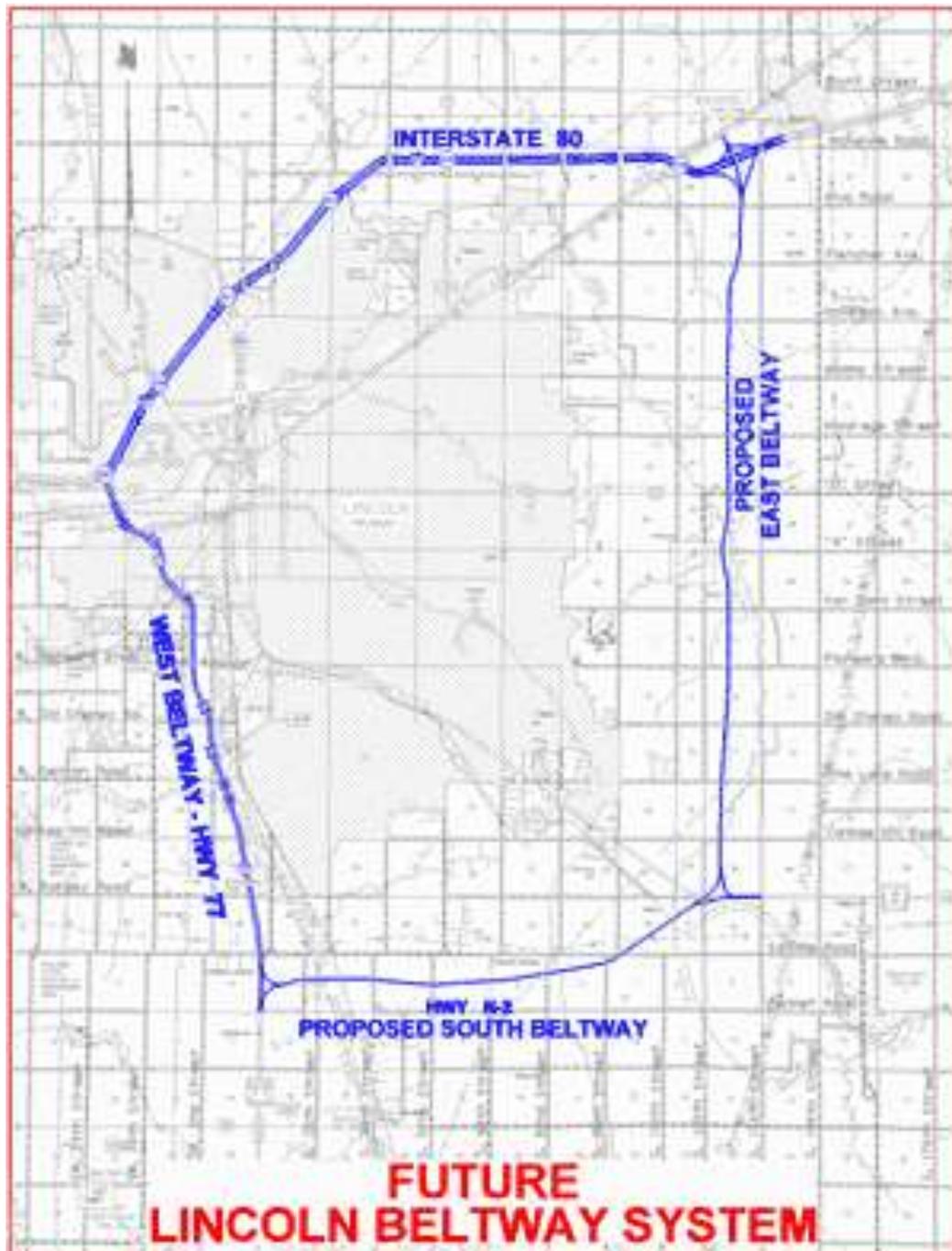
Antelope Valley Parkway travels along the east side of the University of Nebraska campus, and provides easy access to the Central Business District from the northern part of the Lincoln.

There are multiple highways that travel into Lincoln. Highway 77 is on the west side of Lincoln and travels north to south. Highway 6, which is on the north side of Lincoln, comes in from the northeast and travels southwest. Highway 34 comes in from the northwest and east. Highway 34 travels east to west. Highway 2 comes into Lincoln from the southeast and travels northwest. Interstate 80 is located on the north side of Lincoln.

Interstate 80 provides quick travel from the eastern part of Lincoln to the western part of Lincoln, while Interstate 180 provides quick access to Interstate 80 from the Central Business District. The state recently finished a decade-long project expanding Interstate 80 from four to six lanes between Highway 370 near Omaha and Highway 77 in west Lincoln.

Due to increasing traffic congestion as Lincoln continues to grow westward, the city is in the process of expanding Interstate 80 to six lanes from the Highway 77 interchange west to just past Northwest 56<sup>th</sup> Street. A diverging diamond interchange is being constructed at Interstate 80 and Northwest 48<sup>th</sup> Street, and is expected to be completed in 2016. This type of design, which will be the first of its kind in Nebraska, safely guides drivers to the opposite side of the road and back to eliminate left turns against traffic. Diverging diamond interchanges use less land and are less expensive than traditional designs.

The South Beltway is currently in the planning stages, with construction scheduled to begin sometime between 2020 and 2023, and expected to take about five to seven years. It will travel around the southern edge of the city approximately one half mile south of Saltillo Road, connecting Highway 2 and Highway 77. The East Beltway, which has no timeline for construction, will travel along the east side of Lincoln at approximately 130<sup>th</sup> Street, connecting the South Beltway and Highway 2 with the Highway 6/Interstate 80 interchange near Waverly. The goal of the Beltways is to limit the amount of truck traffic that needs to drive through Lincoln. Traffic will then be able to move around the outside of Lincoln, providing quicker and safer travels. Both beltways will be designed to freeway standards, similar to Interstate-80. The third phase of this project involves upgrading Highway 77 to freeway standards from Saltillo Road to Interstate 80, making a West Beltway.



## Summary

Lincoln has experienced steady growth with a reasonably diverse economic base. City officials have set a policy of controlled land use growth to the east and south and are striving for growth to the west and north to ensure a concentric growth pattern and a healthy, attractive Central Business District in the center. While this has resulted in some favorable actions, the demand is still strong for the east and south areas. The east and south are still the focus points of housing activity and have a large market share in retail sales. This continued the trend of moving the population center farther south and east. However, additional areas are being developed in the northwest and southwest parts of the city, which will contribute to better concentric growth.

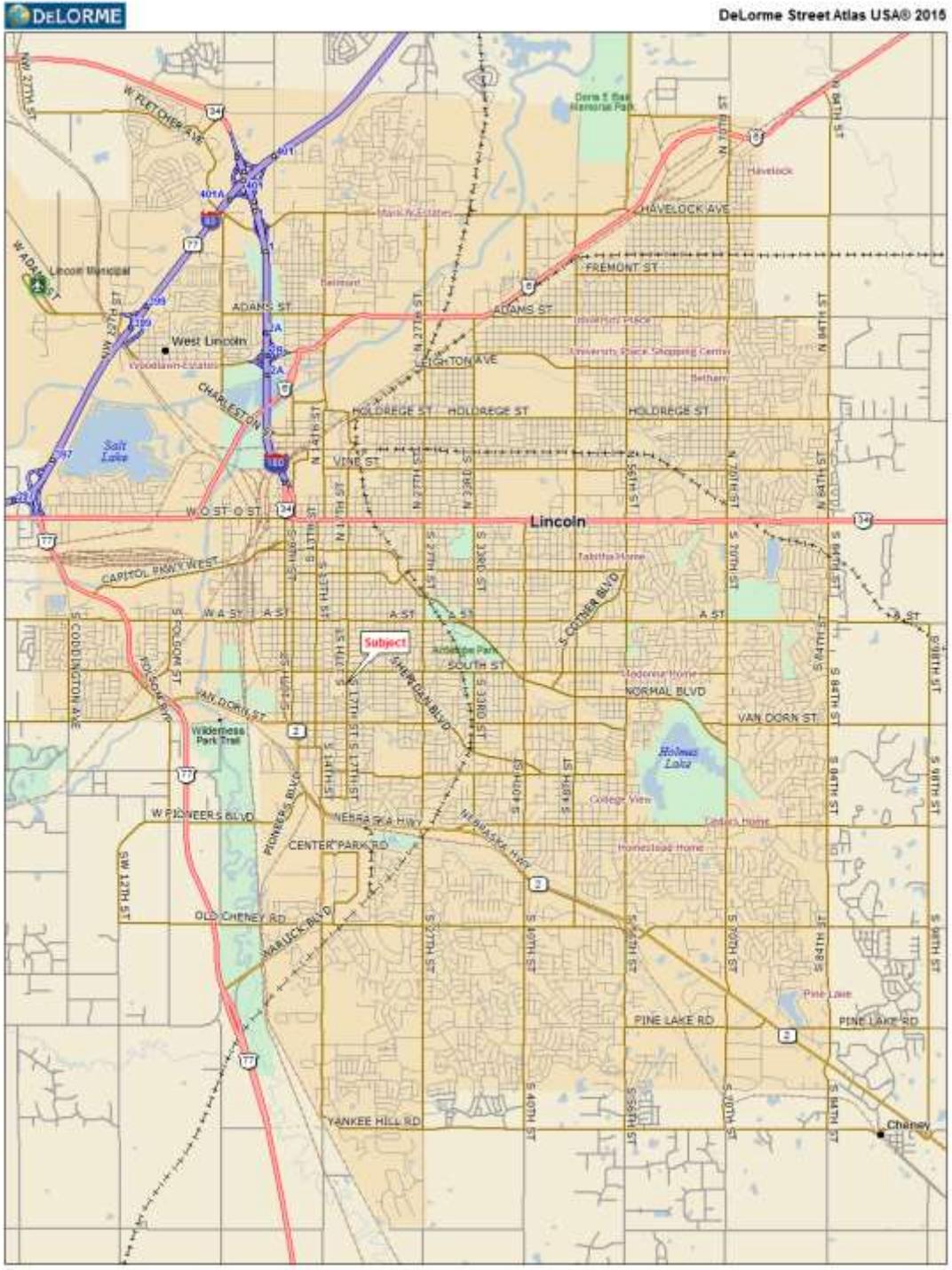
The diversity of industries in Lincoln has provided a platform for stable and sustainable growth. While Lincoln's mixed economy tends to cushion the economy during periods of recession, it does not include any rapidly growing industries. Therefore, during periods of strong growth in the national economy, Lincoln's economic growth tends to lag behind.

Another measure of the general strength of the Lincoln economy is the low unemployment rate. Lincoln's unemployment rate has historically been less than half the national rate over the last ten years. This is another result of the diverse economy. Major employment growth in Lincoln from 2005 to 2014 has been in the service industries. Lincoln's location for shipping and handling goods, plus the population growth, can help explain the growth in this sector of the economy, which in turn offsets leveling employment in government and slowing of the growth rate of the University of Nebraska.

Tax incentives passed by the Nebraska Legislature should continue to encourage growth of new industry in the state, leading to additional demand for industrial properties. In addition, the City administration has taken a very aggressive attitude toward attracting new business and industry to the city. All these factors suggest that the real estate market will remain steady, with variations related to interest rates and investment strategies.

The subject's location is shown on the map of Lincoln on the following page.

# City Map



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## NEIGHBORHOOD DESCRIPTION

The subject neighborhood includes an area between South 8<sup>th</sup> Street and South 18<sup>th</sup> Street and approximately one mile north and south of South Street. This area is approximately one and one-half miles south of the Central Business District of Lincoln. The area is a mixed-use neighborhood with primarily commercial/retail uses along South Street that developed as a commercial strip in the 1950's. Areas north and south of South Street include older residential areas with a mix of single-unit and multi-unit residential housing.

Major arterials in the neighborhood include: South Street, 13<sup>th</sup> Street, and the one-way pairs of 16<sup>th</sup> and 17<sup>th</sup> Streets, and 9<sup>th</sup> and 10<sup>th</sup> Streets. South Street is a four-lane street that runs east-west across the city. At major intersections in this area, South Street generally has a turning lane in addition to the four traffic lanes. It also has center medians at these intersections. The one-way pair of 16<sup>th</sup> and 17<sup>th</sup> Streets is southbound and northbound respectively from South Street north to the state fairgrounds. South of South Street, 17<sup>th</sup> Street is a two-way street until it terminates near Highway 2. Near the center of the neighborhood, 13<sup>th</sup> Street is a four-lane arterial from the University of Nebraska campus at R Street to Arapahoe Street on the south. Near the west edge of the neighborhood 9<sup>th</sup> and 10<sup>th</sup> Streets are another one-way pair connecting the downtown area with Highway 2 and south Lincoln.

The area is influenced by the presence of the health care facilities. Bryan Medical Center, with its associated medical office buildings and parking lots, occupies several city blocks south of South Street at St. Mary's Avenue. Lancaster Manor, the county's elder-care facility, is located at 10<sup>th</sup> and South Streets.

The area along the south side of South Street, between 10<sup>th</sup> and 13<sup>th</sup> Streets is the former site of a large hospital campus. At one time, the former hospital campus included a hospital building, nurses' dormitories, and an associated church. Some of the buildings have since been razed and others have transitioned in use. As a result of the former hospital campus location, 11<sup>th</sup> Street and 12<sup>th</sup> Street extend south from the Central Business District and through residential areas but end at South Street. Both 11<sup>th</sup> Street and 12<sup>th</sup> Street resume a few blocks south of South Street in residential areas.

Along the north side of South Street a strip mall has been developed with several shops which are now rented. There is additional commercial development along South 17<sup>th</sup> Street as far north as A Street. North of South Street, many of the neighborhood streets have scattered commercial use properties. The scattered commercial properties are generally older one- and two-level storefront commercial buildings.

Historically, the area has been a good commercial and retail area because of the traffic pattern of south Lincoln. The subject neighborhood is located between residences of south Lincoln and the Central Business District.

Historically there were two grocery stores at the corner of 17<sup>th</sup> and South Streets. Safeway closed in around 1980 and was subsequently renovated as a multi-tenant retail building. Hinky Dinky was also renovated and became a SunMart. The SunMart was demolished in 2015 in association with the planned construction of a parking garage for Bryan Medical Center. Current businesses located in the area tend to be service or destination oriented. Businesses located near the South Street corridor within the subject neighborhood include a mixture of specialty retail stores, fast food restaurants, convenience stores, hair salons, liquor stores, pharmacies, and banks.

The subject neighborhood includes generally dated improvements with some redevelopment beginning to occur. The redevelopment has been mostly concentrated along the area arterials and primarily along the South Street frontage. Specifically, between 9<sup>th</sup> and 10<sup>th</sup> Street and along the south edge of South Street several older improvements were recently razed to allow for two new properties to be built. The new improvements include an auto parts store and a fast food restaurant.

An older Kabredlo's convenience store located in the northeast corner of the South 9<sup>th</sup> and South Streets was also razed for the construction of a modern convenience store under the same name. The convenience store has since been purchased by a large chain of convenience stores.

Recently, several older residential improvements and retail improvements were razed at the northwest corner of the intersection of South 16<sup>th</sup> and South Streets for a CVS Pharmacy.

The residential development within the subject neighborhood is primarily older single-family homes. Many of the residential properties within the subject neighborhood are rental properties. Residential rental properties within the neighborhood include a mix of older single family houses and multi-family house conversion apartments; as well as some relatively newer multi-family projects constructed to accommodate the housing demand in the area. Occupancy in the area has been generally good, with increased demand for rehabilitated residential properties in the neighborhood.

## **Summary**

The subject neighborhood is well located in relationship to the Central Business District and demand for commercial property is considered to be good. Vacancy in the area is typical of older commercial neighborhoods in Lincoln. In addition, the area is well serviced by arterial streets and places of employment area readily accessible.

A map showing the location of the subject property within the neighborhood and photographs of the subject neighborhood are included on the following pages.

# Neighborhood Map



***Neighborhood Photographs***



NEIGHBORHOOD PHOTOGRAPH: LOOKING NORTH ALONG SOUTH 17<sup>TH</sup> STREET.



NEIGHBORHOOD PHOTOGRAPH: LOOKING SOUTH ALONG SOUTH 17<sup>TH</sup> STREET.

***Neighborhood Photographs***



NEIGHBORHOOD PHOTOGRAPH: LOOKING NORTH ALONG SAINT MARY'S AVENUE.



NEIGHBORHOOD PHOTOGRAPH: LOOKING SOUTH ALONG SAINT MARY'S AVENUE.

## SITE DESCRIPTION

The subject is located on an irregular parcel located south of the southwest corner of the intersection of South 17<sup>th</sup> Street and South Street. The site has been improved with a two-story mental health center and office building and associated parking area.

According to the records of the Lancaster County Assessor, the total site area is 66,905 square feet. However, this figure does not include any of Lot 17 in the Davis Subdivision. Based on public records and report of the subject ownership, the North 28.5 of Lot 17 is also included in the subject property. Including approximately 3,761 square feet in Lot 17, the subject site would include a total gross area of 70,576 square feet. This appraisal is based on the assumption that the subject site includes a total gross area of 70,576 square feet (See *Extraordinary Assumptions*).

As previously noted, there is an easement to provide for continued operation and maintenance of the mechanical vault to the east of the building. The easement covers an area of approximately 606 square feet. The mechanical pit area is approximately 14 feet in depth. Another easement allows for continued encroachment of the adjacent office building to the south onto the south 1.5 feet of the subject site. The easement covers approximately 314 square feet of the subject site and reduces the effective site area to approximately 70,262 square feet. These easements are considered to have minimal negative effect on utility of the overall subject property.

According to the plat, the overall site has approximately 565.5 feet of frontage on South 17<sup>th</sup> Street and approximately 128.5 feet of frontage on St. Mary's Avenue. The north property line totals approximately 269.65 feet and the south line of the south parking lot is estimated to be 98.21 feet.

South 17<sup>th</sup> Street is a two-lane neighborhood arterial street along the east property line. North of South Street, South 17<sup>th</sup> Street is a one-way arterial. Lake Street and South 15<sup>th</sup> Street are local streets that carry limited traffic. Driveways from South Street, South 17<sup>th</sup> Street, and Lake Street provide access to the adjacent hospital property with direct access to the subject site via two driveways from South 17<sup>th</sup> Street. Access is better than typical of other properties in the area and is suitable for the current use. Because of the exposure to a neighborhood arterial street, visibility is typical.

The subject site is at the grade of all adjacent streets. There is a very gradual downward slope toward the south, with the lowest areas along the south property line. Drainage is toward the south and appears to be adequate. Runoff from the parking lot of the property to the north or the subject is carried away from the subject by a concrete-lined swale north of the building. The subject site has several mature trees to the east and west of the office building.

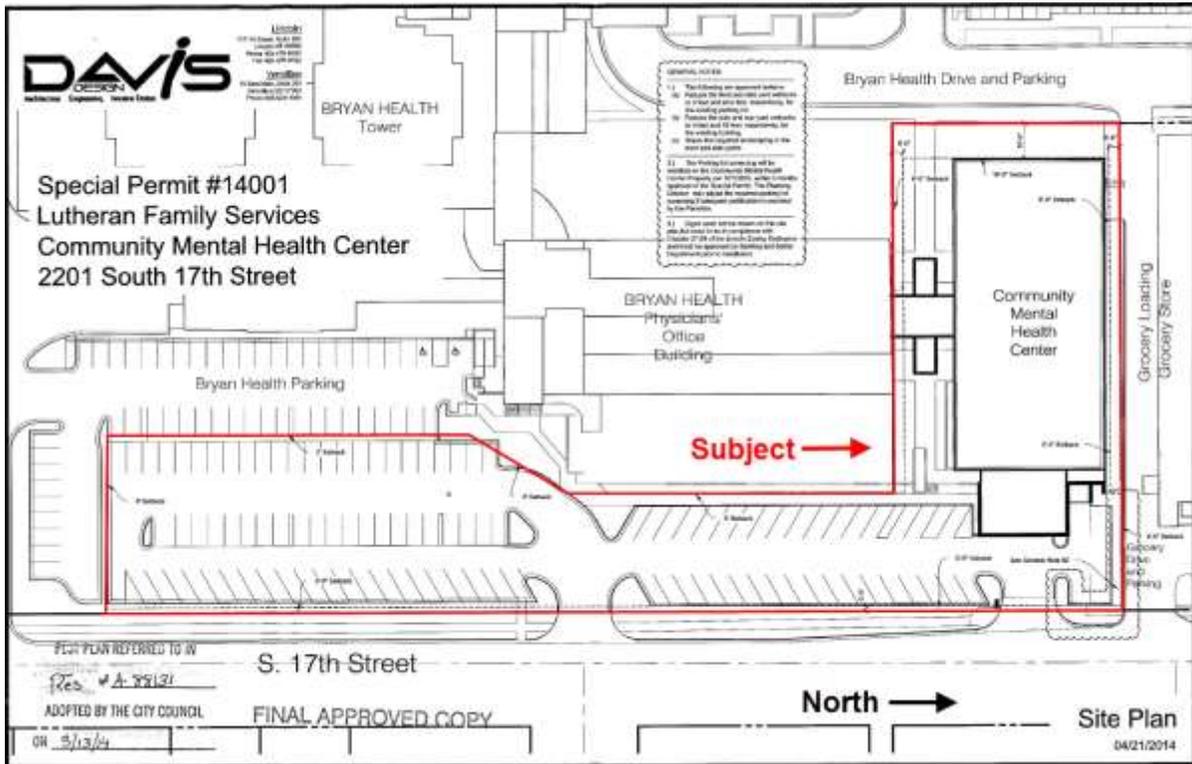
Areas not occupied by buildings are generally used as paved parking areas. The site includes adequate parking and sidewalks to serve the improvements. Based on the R-4 zoning requirements, two spaces are required per dwelling unit or one parking space is required per 2.5 beds plus one per employee per shift. There are about 106 parking spaces on the site, including a number that are designated as handicap accessible. No on-street parking is allowed on South 17<sup>th</sup> Street adjacent to the subject. Parking is adequate for the current use.

Based on the plans provided, gross above grade building area is calculated to be 28,641 square feet. This results in a land coverage ratio of 41%; which is considered to be typical of office use properties in the subject property's competing market. The site is fully developed and there is no excess land.

The frontage on a neighborhood arterial street with access via multiple driveways makes the subject site desirable for a variety of commercial and office uses. All utilities are available in the area and are connected to the subject site.

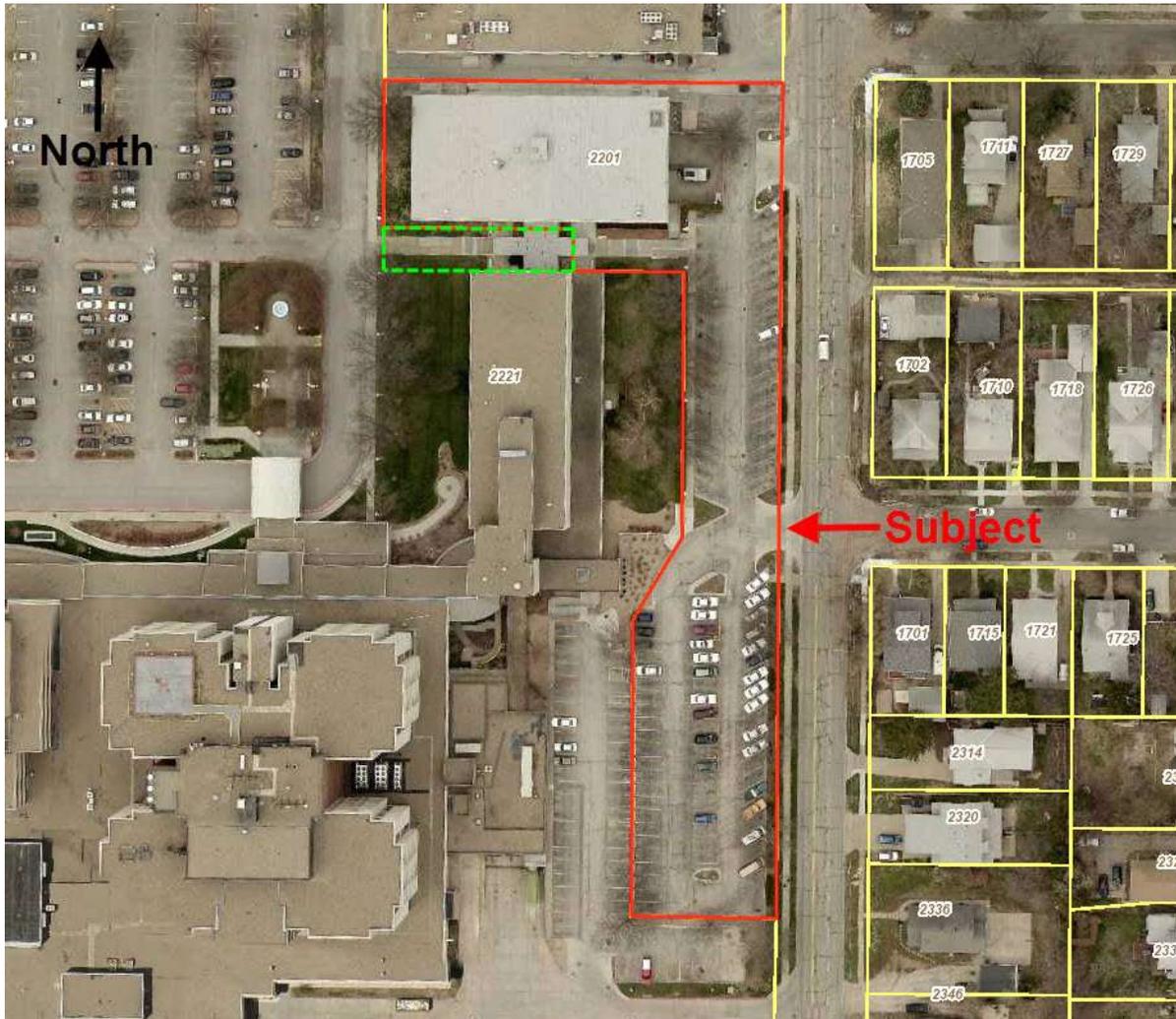
The Site Plan below shows the location of the subject property in relation to the adjacent Physicians' Office Building. Although the Aerial Map on page 45 and Plat Map on page 46 do not show the area of the vestibule as part of the subject property, the subject property ownership reported that only the south few feet of that area was included with the adjacent property and entire area is maintained as part of the subject property. As previously noted, this appraisal is based on the subject property including the vestibule area as reported (See *Extraordinary Assumptions*).

### Site Plan



The Site Plan was taken from Special Permit SP14001 located in the Lancaster County Engineering Department Database. Labeling and outline were added by analyst for illustration purposes only and are not considered to be at scale. The subject property is outlined in red.

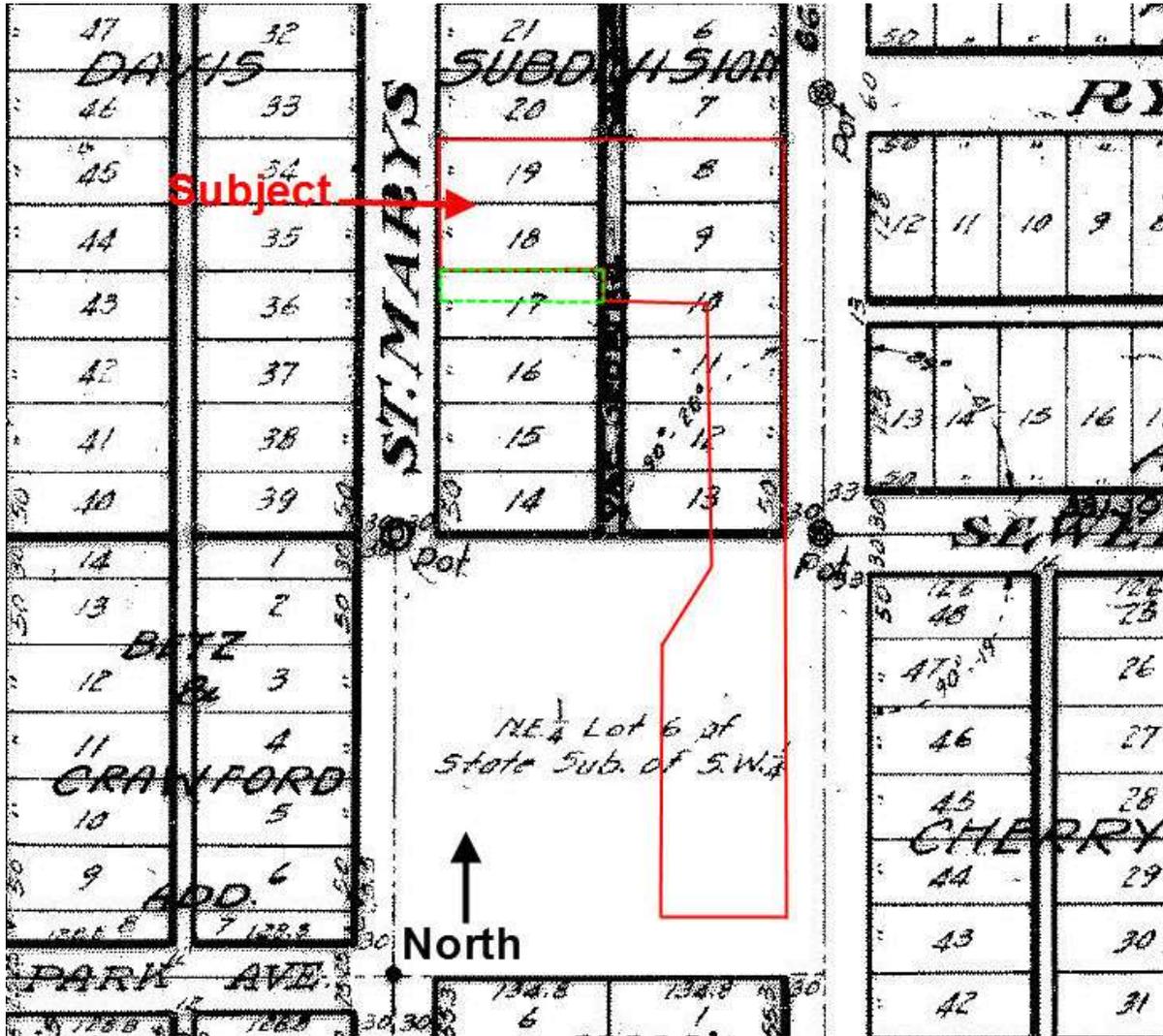
## Aerial Map



The Aerial Map was taken from the Lincoln/Lancaster County GIS Mapping Application. Labeling and outline were added by the analyst for illustration purposes only and are not considered to be at scale. The subject property is outlined in red.

As previously noted, based on public records and report of the subject ownership, the South 21.5 feet of Lot 17 is also included in the subject property. This portion of the subject property is outlined with a green dashed line.

# Plat Map



The Plat Map was taken from the Lancaster County Engineering Department Database. Labeling and outline were added by analyst for illustration purposes only and are not considered to be at scale. The subject property is outlined in red.

As previously noted, based on public records and report of the subject ownership, the South 21.5 feet of Lot 17 is also included in the subject property. This portion of the subject property is outlined with a green dashed line.

**Site Photographs**



**SITE PHOTOGRAPH: LOOKING SOUTH ALONG EASTERN BOUNDARY OF SUBJECT SITE.**



**SITE PHOTOGRAPH: LOOKING WEST ALONG SOUTHERN BOUNDARY OF SUBJECT SITE.**

## Site Photographs



SITE PHOTOGRAPH: LOOKING NORTH ALONG WESTERN BOUNDARY OF SUBJECT SITE.



SITE PHOTOGRAPH: LOOKING SOUTH ACROSS SOUTHERN PORTION OF PARKING AREA.

**Site Photographs**



**SITE PHOTOGRAPH: LOOKING SOUTH ALONG WESTERN BOUNDARY OF SUBJECT SITE.**



**SITE PHOTOGRAPH: LOOKING WEST ALONG SOUTHERN BOUNDARY OF SUBJECT SITE.**

## Site Photographs



SITE PHOTOGRAPH: LOOKING EAST ALONG SOUTHERN BOUNDARY OF SUBJECT SITE.



SITE PHOTOGRAPH: LOOKING NORTH ALONG WESTERN BOUNDARY OF SUBJECT SITE.

## Site Photographs



SITE PHOTOGRAPH: LOOKING WEST ALONG NORTHERN BOUNDARY OF SUBJECT SITE.



SITE PHOTOGRAPH: LOOKING WEST AT MECHANICAL PIT EAST OF THE SUBJECT IMPROVEMENTS.

## DESCRIPTION OF THE IMPROVEMENTS

The subject is a two-story facility with full lower level constructed in about 1950. Subsequent renovations, most recently in 1995, have extended the useful life of the structure. The subject is located northeast of the Bryan Medical Center West campus and shared an entry vestibule with the medical office building adjacent to the south. It is of good quality construction and has had good ongoing maintenance.

The main entry to the subject is on the south side of the building. Doors on the east and west side of the entry vestibule face the subject parking lot to the east of the building and the larger parking area associated with the hospital to the west. The entry vestibule leads to the main lobby of the subject property but is not the main entrance for the building adjacent to the south. Tenants and patrons of the building have access to the parking areas to the east and south of the building. The location near the intersection of South 17<sup>th</sup> Street and South Street is considered to be good for office uses because of its proximity to Bryan Medical Center West.

The main floor has general office finish, most of which was installed when the building was renovated in 1995. Part of the first floor waiting area extends into the entry area. Recently, three office spaces were converted for pharmacy use by Lutheran Family Services. The upper level is primarily residential areas for the current use, including 15 sleeping rooms, multiple restrooms and shower areas, laundry, dayroom, cafeteria, supervisory offices, meeting rooms, fitness center, and isolation areas. The lower level includes office and conference areas, training areas, and mechanical areas that serve the subject property. The lower level includes all of the excavated area beneath the entry vestibule, which is currently used as storage. The electrical vault and mechanical areas to the east of the lower level and an excavated area outside the building footprint are not finished and are not included in the totals below. However, these totals do include the area of the vestibule.

According to the drawings by Sinclair Hille & Associated and on inspection of the building, gross area per floor is calculated as follows:

First Floor	14,701 square feet
Second Floor	<u>13,940 square feet</u>
Total Above Grade	28,641 square feet
Lower Level	<u>14,774 square feet</u>
Gross Building Area	43,415 square feet

Although the property is occupied by a Lancaster County agency, the design and layout of the structure would be adaptable to multi-tenant use. The property could be converted to general office use and the size of the sleeping rooms and other office areas would be adaptable for typical office use. Adequate plumbing is in place in the structure for medical office use.

The main entry to the facility is located on the south side of the first floor with additional access at the northeast and northwest corners of the building. The main lobby provides access to the west elevator. Access from the main parking area to the east of the building is typical.

The following description is based on inspection and on drawings by Sinclair Hille & Associates dated February 15, 1995. The appraiser was allowed limited access to inspect the second floor of the improvements due to ongoing impatient treatment. Construction features of the subject property are summarized below.

**Foundation:** The foundation is reinforced poured concrete with concrete footings.

**Frame:** The frame is steel beams and steel and concrete bearing walls.

**Floors:** Floor structure is concrete on grade on the lower and concrete plank or concrete on steel joists and deck on the first and upper levels. Hallways and offices are carpeted or vinyl composition tile. Floor coverings in some clinical and service areas are vinyl composition tile with ceramic tile in restroom and shower areas. Most office areas have carpet that in good condition. Storage areas have vinyl or concrete floors. The mechanical and electrical rooms have concrete floors with no additional covering.

**Ceiling:** Most finished areas have suspended acoustical tile. The mechanical areas have unfinished ceilings with sprayed-on non-asbestos insulation.

**Interior Finish:** The subject has good interior finish and is attractive. The waiting areas have carpet and vinyl wall cover with suspended ceiling. Other areas have painted drywall interior with vinyl tile floors and suspended ceiling. All areas have recessed fluorescent or incandescent lighting. The restroom areas have ceramic tile floor and wainscot. Built-in cabinetry is adequate for the current use.

**Plumbing:** There are staff restrooms in all areas of the building plus various sinks associated with the current use. The upper level has several shower areas used by residents and a laundry area. Two isolation rooms share a common restroom and shower area. Plumbing is considered to be adequate for the current use. A sprinkler system located on the lower level protects the entire building.

**HVAC:** Two boilers with circulating pumps provide hot water to air handlers in various portions of the building. The cooling tower is located adjacent to the east of the building. The equipment room houses the air handlers for the HVAC system. This system is more than typical and should be adequate for the current or proposed uses. Because the facility has its own mechanical systems, it can be marketed separately from other facilities on the nearby Bryan Medical Center campus that share a main plant.

**Electrical and Lighting:** Lighting for most areas of the building is recessed fluorescent or recessed incandescent. The electrical system is adequate for the current use with adequate lighting and outlets.

**Exterior Walls:** Steel beams and masonry bearing walls. Window and door frames are metal with double-glazed windows. The glass entry doors with steel frames in the entry areas have automatic openers.

**Roof:** The roof structure was not inspected but is reported to be steel joists and steel deck with modified bitumen membrane roof cover applied in March of 2007. The roof is reported to be in good condition.

**Functional Utility:** The improvements appear functional for the current use; with adequate parking available for clients and staff. The subject's finished areas are functional with adequate access hallways and stairs in addition to the main elevator access. A second elevator was added in the most recent renovation that further increased access to the upper and lower levels. Conference rooms and service kitchens are located on each level. Three stairways located adjacent to the central elevator and in the east and west parts of the building and the shafts of the two elevators occupy about 964 square feet of each level, reducing the net rentable area. Because the mechanical and janitorial areas on the lower level occupy about 1,740 square feet, only about 11,570 square feet on that level are considered to be rentable. Total rentable area including the finished lower level is calculated as follows:

First Floor	12,729 square feet
Second Floor	<u>10,736 square feet</u>
Total Above Grade	23,465 square feet
Lower Level	<u>11,570 square feet</u>
Total Rentable Area	35,035 square feet

**Condition:** The improvements were completed in about 1950, and because of good quality construction, recent renovations, and continued maintenance, are in good condition. Only limited physical deterioration is considered to be present. The effective age of the building is estimated to be ten years with typical interior finish. Physical depreciation is typical. Given adequate maintenance, the improvements should remain viable well into the foreseeable future.

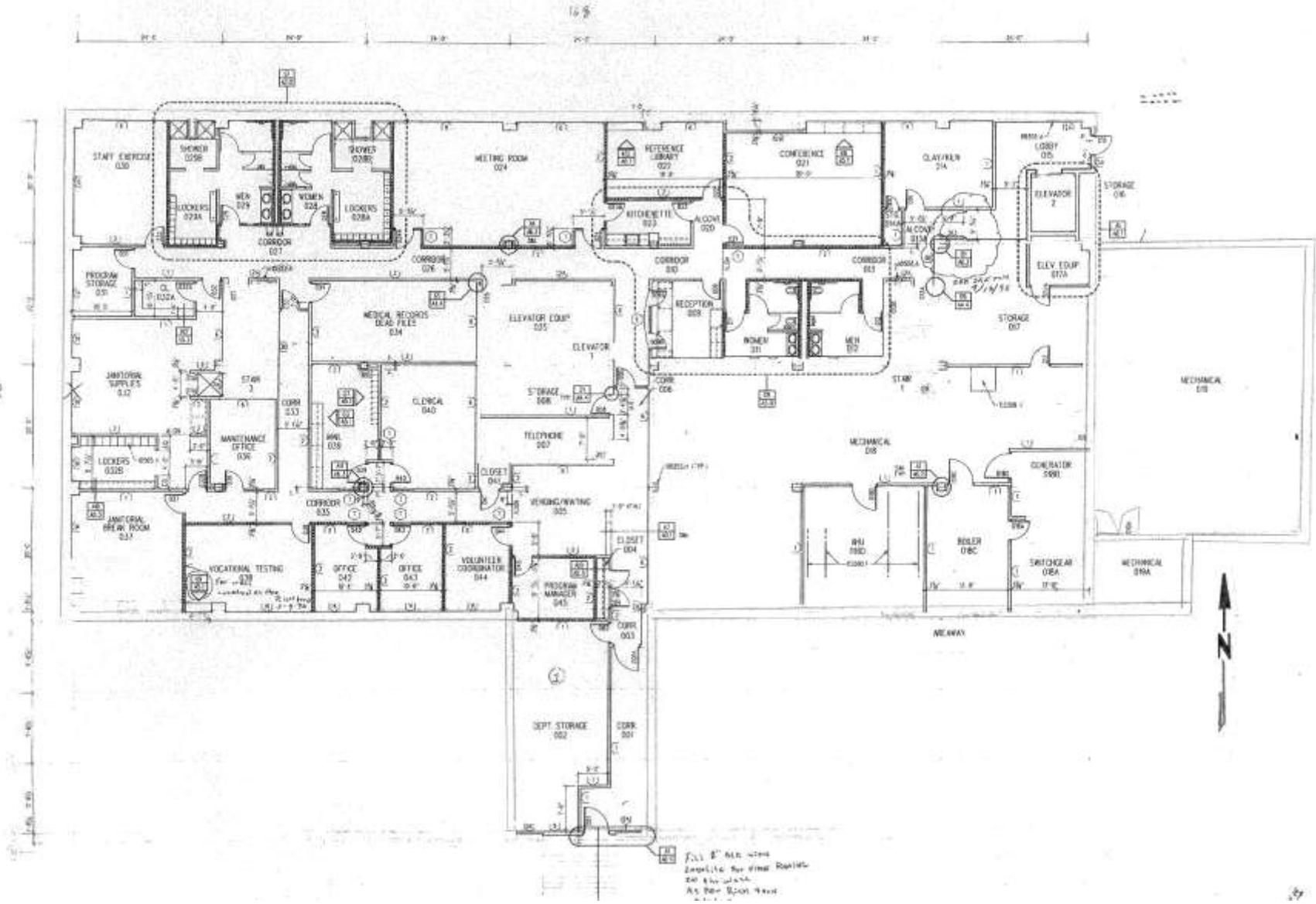
The property could be adapted for general office use with some expense. Finishes are good, but some of the sleeping rooms and open conference areas on the second floor may require some reconfiguration. The extent of any reconfiguration required is highly dependent on the end user. Any estimation of this expense would be considered highly speculative. For similar properties, the owner will typically have updating expenses at the end of the lease period for new tenants; which are generally covered by the reserves for replacement.

**Current Lease Information:** The facility is partially occupied by an agency of Lancaster County and is not leased. Portions of the property are leased and occupied by Lutheran Family Services. Lease information regarding Lutheran Family Services was not provided for analysis. The subject ownership reported the property will be vacant within approximately 30 days following the date of inspection.

Floor plans and photographs of the subject building have been included on the following pages. It should be noted that based on inspection, the floor plans included are considered to be accurate with the exception of three office spaces on the first floor which have been modified for pharmacy use by Lutheran Family Services. The three converted units include Units 110, 111, and 112.

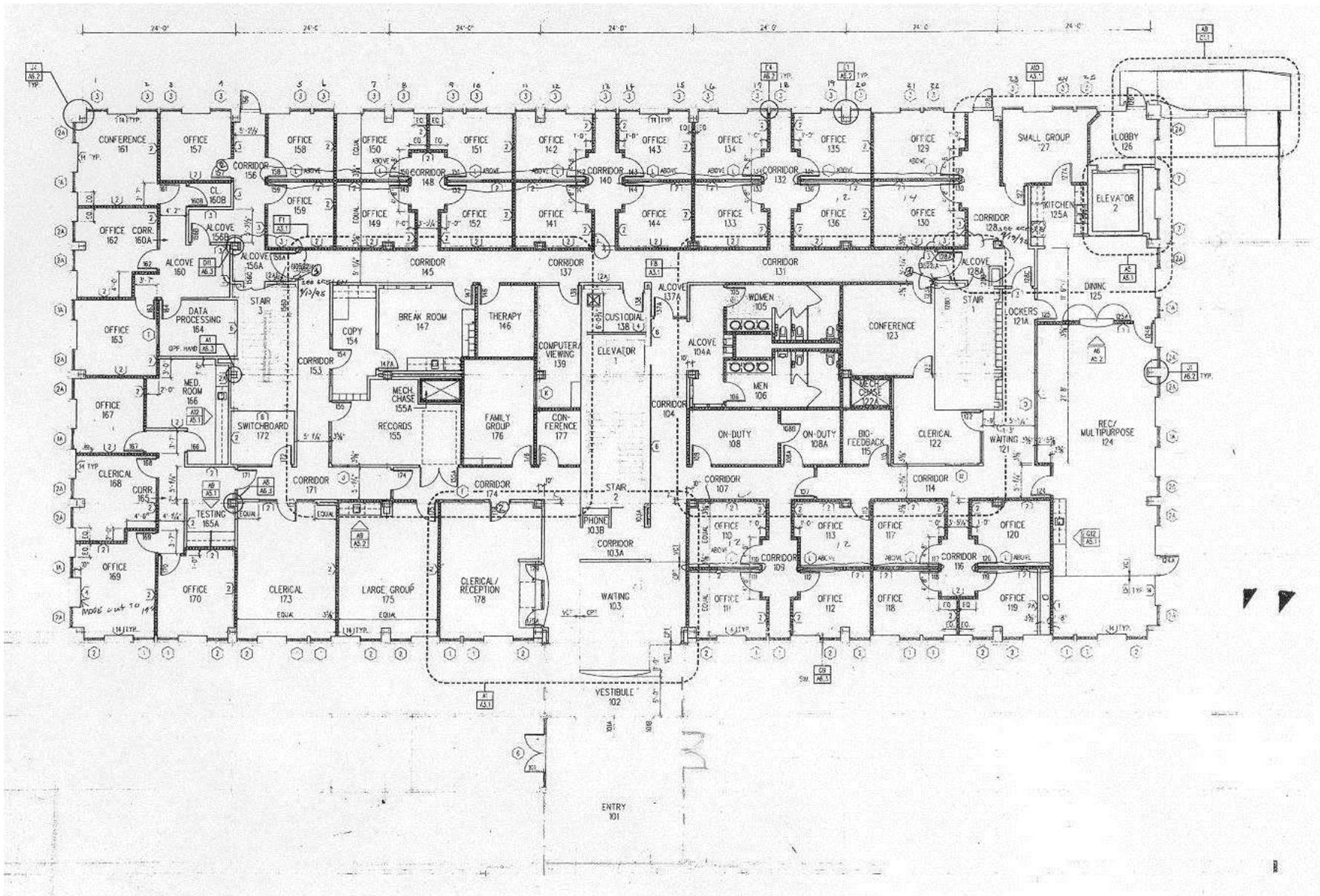
# Floor Plans

## Lower Level



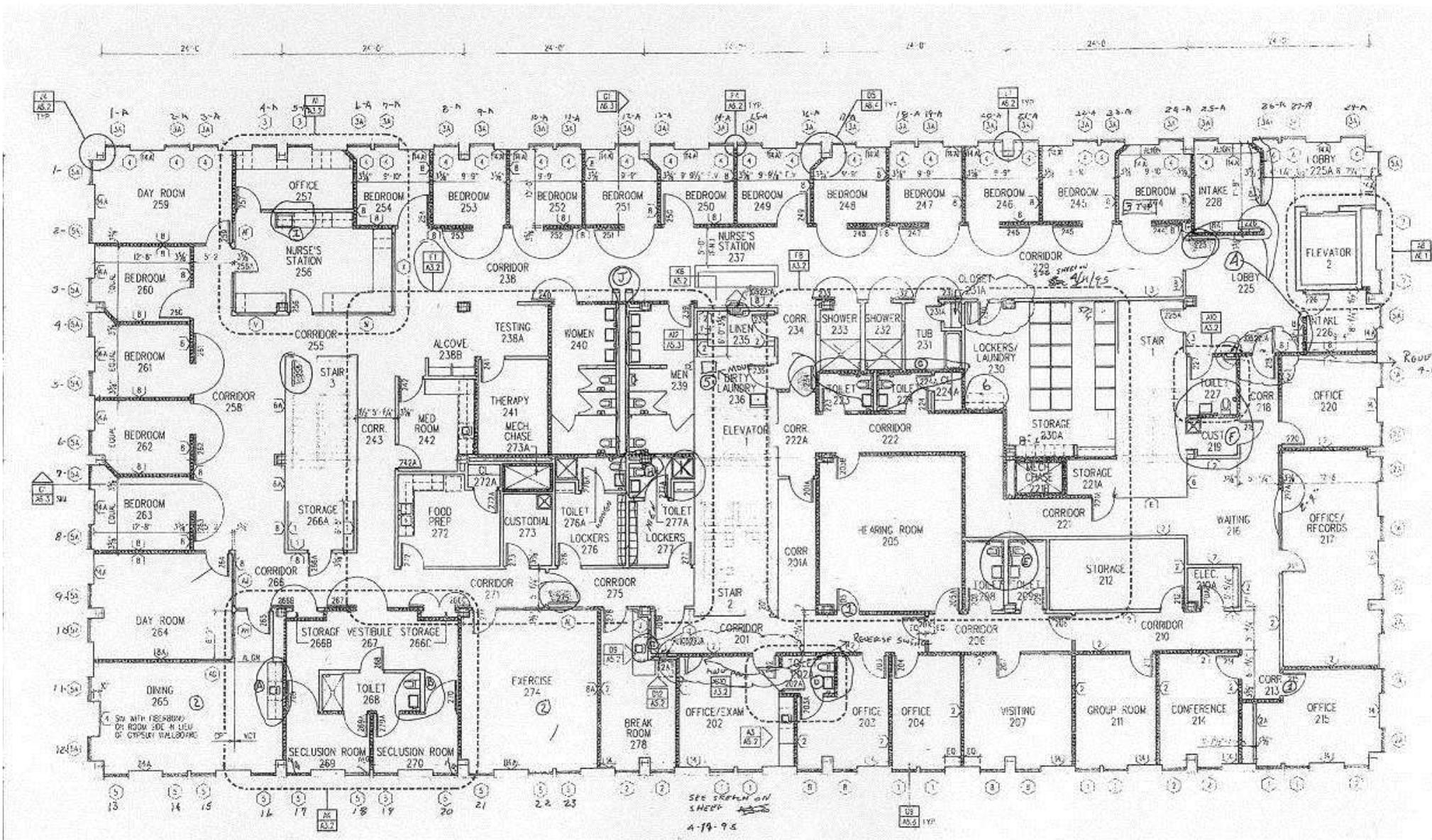
# Floor Plans

## First Floor



# Floor Plans

## Second Floor



***Subject Photographs***



**SUBJECT PHOTOGRAPH: SHOWING EAST ELEVATION OF THE SUBJECT IMPROVEMENT.**



**SUBJECT PHOTOGRAPH: SHOWING NORTH ELEVATION OF THE SUBJECT IMPROVEMENT.**

***Subject Photographs***



**SUBJECT PHOTOGRAPH: SHOWING WEST ELEVATION OF THE SUBJECT IMPROVEMENT.**



**SUBJECT PHOTOGRAPH: SHOWING SOUTH ELEVATION OF THE SUBJECT IMPROVEMENT.**

***Subject Photographs***



**SUBJECT PHOTOGRAPH: SHOWING VESTIBULE AND ENTRYWAY AREA OF SUBJECT IMPROVEMENT (FIRST FLOOR).**



**SUBJECT PHOTOGRAPH: SHOWING TYPICAL LOBBY AREA FINISH OF SUBJECT IMPROVEMENT (FIRST FLOOR).**

***Subject Photographs***



**SUBJECT PHOTOGRAPH: SHOWING TYPICAL BREAK ROOM AREA FINISH OF SUBJECT IMPROVEMENT (FIRST FLOOR).**

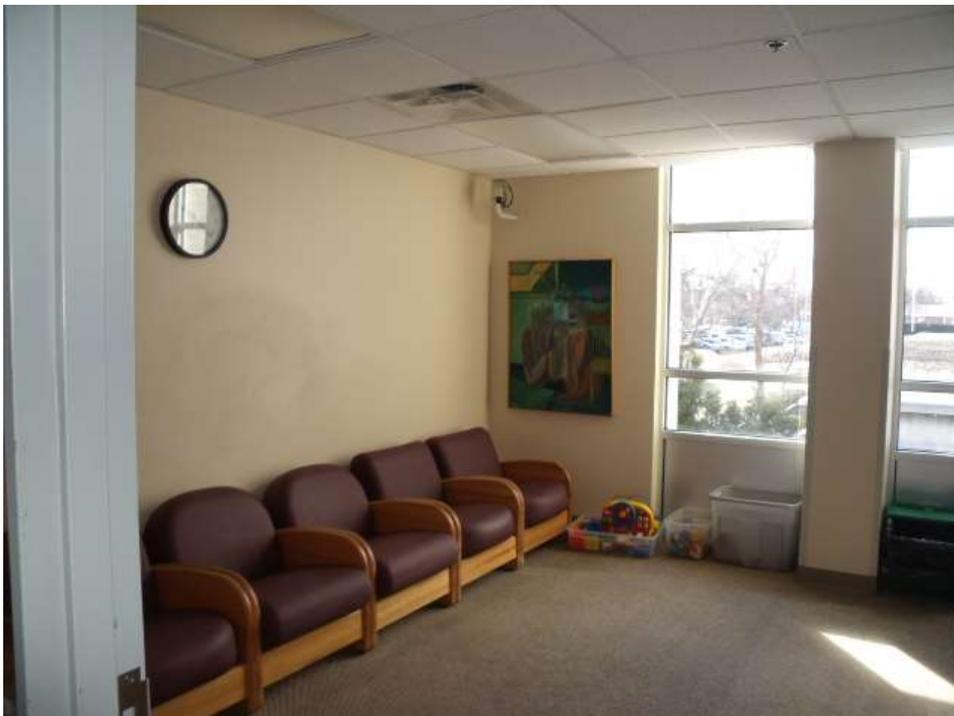


**SUBJECT PHOTOGRAPH: SHOWING TYPICAL OFFICE AREA FINISH OF SUBJECT IMPROVEMENT (FIRST FLOOR).**

***Subject Photographs***



**SUBJECT PHOTOGRAPH: SHOWING TYPICAL HALLWAY AREA FINISH OF SUBJECT IMPROVEMENT (SECOND FLOOR).**



**SUBJECT PHOTOGRAPH: SHOWING TYPICAL LOBBY AREA FINISH OF SUBJECT IMPROVEMENT (SECOND FLOOR).**

***Subject Photographs***



**SUBJECT PHOTOGRAPH: SHOWING TYPICAL OFFICE AREA FINISH OF SUBJECT IMPROVEMENT (SECOND FLOOR).**



**SUBJECT PHOTOGRAPH: SHOWING TYPICAL BREAK ROOM AREA FINISH OF SUBJECT IMPROVEMENT (SECOND FLOOR).**

***Subject Photographs***



**SUBJECT PHOTOGRAPH: SHOWING TYPICAL BATHROOM AREA FINISH OF SUBJECT IMPROVEMENT (SECOND FLOOR).**



**SUBJECT PHOTOGRAPH: SHOWING TYPICAL HALLWAY AREA FINISH OF SUBJECT IMPROVEMENT (LOWER LEVEL).**

***Subject Photographs***



**SUBJECT PHOTOGRAPH: SHOWING TYPICAL STORAGE AREA FINISH OF SUBJECT IMPROVEMENT (LOWER LEVEL).**



**SUBJECT PHOTOGRAPH: SHOWING TYPICAL BREAK ROOM AREA FINISH OF SUBJECT IMPROVEMENT (LOWER LEVEL).**

***Subject Photographs***



SUBJECT PHOTOGRAPH: SHOWING TYPICAL OFFICE AREA FINISH OF SUBJECT IMPROVEMENT (LOWER LEVEL).

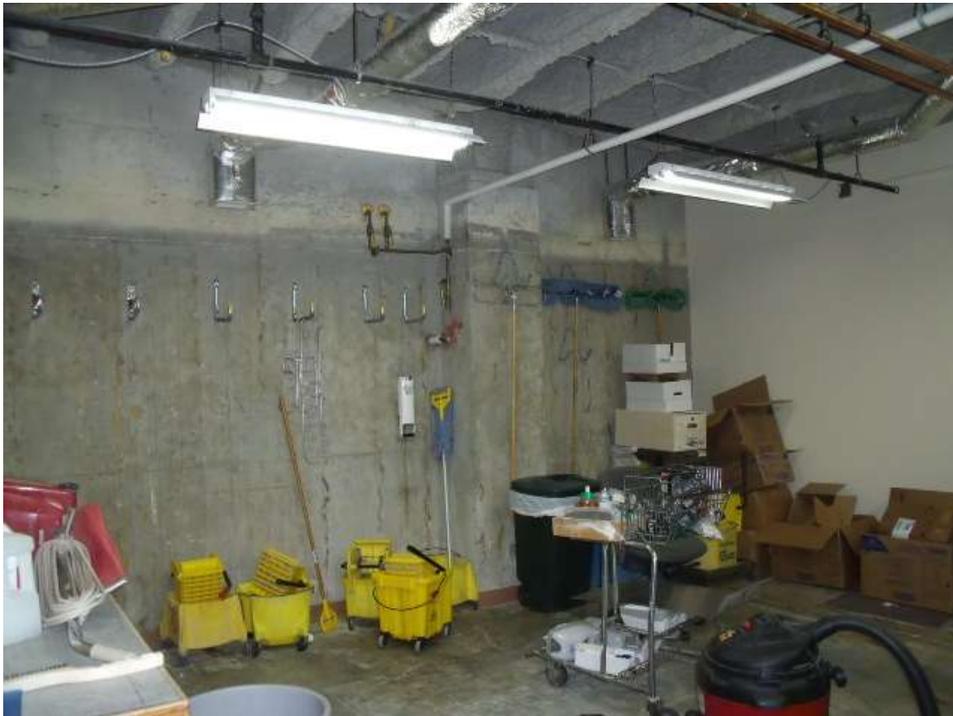


SUBJECT PHOTOGRAPH: SHOWING TYPICAL BATHROOM AREA FINISH OF SUBJECT IMPROVEMENT (LOWER LEVEL).

***Subject Photographs***



**SUBJECT PHOTOGRAPH: SHOWING TYPICAL BATHROOM AREA FINISH OF SUBJECT IMPROVEMENT (LOWER LEVEL).**



**SUBJECT PHOTOGRAPH: SHOWING MECHANICAL/STORAGE AREA FINISH OF SUBJECT IMPROVEMENT (LOWER LEVEL).**

**Subject Photographs**



**SUBJECT PHOTOGRAPH: SHOWING MECHANICAL SYSTEMS AREA FINISH OF SUBJECT IMPROVEMENT (LOWER LEVEL).**



**SUBJECT PHOTOGRAPH: SHOWING MECHANICAL SYSTEMS AREA FINISH OF SUBJECT IMPROVEMENT (LOWER LEVEL).**

**Subject Photographs**



**SUBJECT PHOTOGRAPH: SHOWING MECHANICAL SYSTEMS AREA FINISH OF SUBJECT IMPROVEMENT (LOWER LEVEL).**



**SUBJECT PHOTOGRAPH: SHOWING MECHANICAL SYSTEMS (MECHANICAL PIT AREA EAST OF SUBJECT IMPROVEMENT).**

## HIGHEST AND BEST USE

A property is always valued in terms of its highest and best use. The highest and best use of a property is defined as:

**Highest and Best Use:** *The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.*

*(Source: The Dictionary of Real Estate Appraisal 6<sup>th</sup> Edition, published in 2015 by the Appraisal Institute.)*

The rationale of highest and best use is that a property must have utility reflected through market demand to have a market function. In turn, function determines use, and use is a major determinant of value, in the context of current market forces.

In estimating highest and best use, following site analysis and improvements analysis, as applicable, an appraiser goes through essentially four stages of analysis:

1. **Legally Permissible Uses** - What uses are permitted under existing zoning and other land use regulations and controls, and under existing deed restrictions, for the subject property?
2. **Physically Possible Uses** - What uses are physically possible on the subject site or in the subject improvements, given the physical characteristics revealed by property analysis?
3. **Financially Feasible Uses** - Among legally permitted and physically possible uses for the subject property, which are appropriate given the characteristics revealed by market, neighborhood and property analysis? Which uses produce any net return to the owner, or a positive net present value?
4. **Maximally Productive Use** - Among appropriate or feasible uses for the subject property, which use will produce the highest present value?

### ***Highest and Best Use: As If Vacant***

Of all reasonable alternative uses, the highest and best use is the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The highest and best use of a property is based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. The highest and best use of the subject site as if the site were vacant would be for development with a use compatible with the surrounding residential and commercial development.

**Legally Permissible Uses:** The subject property is located within the City limits and is zoned R-4 Residential District, which allows relatively few uses that are income producing. One- and two-family dwellings, parks and playgrounds, public libraries, and public schools are permitted uses. Permitted conditional uses include churches, group homes, child care facilities, and domestic shelters. A special permit is required for community unit plans, health care facilities, mobile home courts, elderly or retirement housing, cemeteries, and some other uses. The subject property is located outside of the established floodplain and is not subject to floodplain restrictions. There appear to be no other significant constraints on the legal use of the property.

The subject property is in close proximity to Bryan Medical Center and with and main arterials such as South Street in a developed area give the property good exposure and visibility required for many income producing uses. However, a special permit would be required for the most probable uses such as office use. It is considered to be legally probable that a special permit could be obtained for office or health care related uses.

Resolution A-88131 granted the subject property Special Permit SP14001 on March 13, 2014; allowing for use of the subject property as a non-residential health care facility. The assumptions of the special permit include the utilization of 16,000 square feet as a non-residential health care facility and supporting parking area including 72 spaces. The use permit also reduces the required setbacks and waives the requirement that the front and side yards be landscaped.

The appraisal includes a value based on the existing R-4 Residential District zoning. A separate value, based on the hypothetical condition of B-3 Commercial District zoning, is also included in the appraisal. The B-3 Commercial District zoning allows a wide number of uses that are income producing. Permitted uses include broadcast stations; wind energy conversion systems; most civic services; most education and instruction uses; most office uses; most retail sales and service uses; most food and drink establishment uses; most commercial recreation and entertainment facility uses; and optical lens grinding and finishing uses.

The subject property is in close proximity to Bryan Medical Center and with and main arterials such as South Street in a developed area give the property good exposure and visibility required for many income producing uses.

**Physically Possible Uses:** Physically, the effective site area of 70,262 square feet is large enough for many of the allowed uses with adequate on-site parking with good access via drives from South 17<sup>th</sup> Street. The site is irregularly shaped; placing limitations on the potential for the development of multiple one-family or two-family dwellings. There are considered to be no physical constraints that limit the potential for development of the subject property for utilization as a non-residential health care facility, or early childhood care facility or a school with 15 students or less at given time. There are considered to be no physical constraints that limit the potential for development of the subject property for utilization by a public agency as an office, school, community center, library, or park.

**Financially Feasible Uses:** The size of the site and its location near Bryan Medical Center West and main arterials such as South Street in a developed area give the property good exposure and visibility required for any of the legally permissible and physically possible uses. There is stable demand in the neighborhood for the existing health care facilities. Therefore, the best financial utilization of this exposure and visibility would be for a non-residential health care facility development compatible with the surrounding area and it appears that such use is financially feasible.

**Maximally Productive Uses:** The subject property is considered to have immediate potential for office development and is located within an area that is fully developed with few available sites of this size. The size of the site and its location with good access to major transportation routes are adequate for non-residential health care facility development. Such development appears to maximize the use intensity of the subject property.

**Highest and Best Use - As If Vacant:** The subject property meets the four criteria necessary for the highest and best use of the property as office use and this use is considered legally probable, financially feasible, and maximally productive.

### ***Highest and Best Use: As Improved***

The use that maximizes an investment property's value, consistent with the long-term rate of return and associated risk, is its highest and best use as improved. As noted, a mental health center and office building containing approximately 28,641 square feet of above grade gross area plus lower level and mechanical areas which have been constructed on the site.

**Legally Permissible Uses:** The subject property is zoned R-4 Residential District. The R-4 zoning allows relatively few uses that are income producing. The improvements are consistent with the surrounding development. In addition, the subject property has access to adequate parking with good access via drives from South 17<sup>th</sup> Street. The subject property is located outside of the established floodplain and is not subject to floodplain restrictions.

As previously noted, the use of the subject property, by an agency of Lancaster County, as a mental health center with residential rooms is considered to be a prior existing use; predating the requirements of the R-4 Residential District zoning. Though the subject property has been granted a special permit, the assumptions of Special Permit SP14001 would not allow for use of the entire 28,641 square foot above grade area of the subject improvement as a non-residential health care facility. In addition, the R-4 Residential District zoning would require a special permit for use of the subject property as office space. Additional special use permits for office use are considered to be legally probable. However, future office use permits are likely to be limited to office areas that can be supported by the existing on-site parking.

The subject property is in close proximity to Bryan Medical Center and with and main arterials such as South Street in a developed area give the property good exposure and visibility required for many income producing uses. It is considered to be legally probable that a special permit could be obtained for office or health care related uses.

The appraisal includes a value based on the existing R-4 Residential District zoning. A separate value, based on the hypothetical condition of B-3 Commercial District zoning, is also included in the appraisal. The B-3 Commercial District zoning would allow for full utilization of the subject improvements for office use. The existing 106 parking spaces exceed the parking requirements of the B-3 Commercial District zoning for office use.

**Physically Possible Uses:** The subject property is a two-story building. Currently, the first floor of the building and portions of the lower level are utilized as a non-residential health care facility. The second floor is utilized as a mental health center with residential rooms. The building also includes some lower level office finish and a dedicated mechanical area. The subject improvements were renovated in 1995 and are in good condition. They contribute substantially to the overall property value. The size, design, and layout of the building could accommodate multi-tenant uses. However, the additional plumbing and partition features associated with the current use as a mental health center with resident rooms would not generally be required if the property were to be converted to an alternative commercial use.

The property could be adapted for general office use with some expense. Finishes are good, but some of the sleeping rooms and open conference areas on the second floor may require some reconfiguration.

Physically, the overall site is fully developed. Therefore, expansion of the current health care use, or conversion to office use, is considered to be the maximum development possible on the site. No other physical characteristics would appear to limit the possibilities.

The subject property includes 106 on-site parking spaces. Under the current R-3 Residential District zoning with a special permit, utilization of 31,800 of office area is projected to be physically possible. This is based on 300 square feet of office area per parking space.

It is noted that a medical office use permit may require one parking space for every 325 square feet of finished office use area. Areas of the subject property not supported by the current on-site parking are considered to include a net rentable area of 3,235 square feet located in the lower level and would likely be limited to storage or another non-office use.

Based on the hypothetical zoning requirements of the B-3 Commercial District zoning, the 106 existing parking spaces are sufficient to support full utilization of the subject property for office use.

**Financially Feasible Uses:** The location of the subject property in a developed south Lincoln neighborhood with good arterial access and adequate visibility gives the property adequate exposure. The area has good access via major transportation routes to other commercial/retail centers and other employment centers. The subject property is adjacent to other similar development. The subject has good quality finish in most areas. Conversion the current partitions and other features associated with the mental health center use to other commercial uses may require more renovation than typically observed.

The property could be adapted for general office use with some expense. Finishes are good, but some of the sleeping rooms and open conference areas on the second floor may require some reconfiguration. Conversion of the subject improvement into office use is considered to be financially feasible.

**Maximally Productive Uses:** Among the legally probable, physically possible, and financially feasible uses, office uses return the highest rental values in the area and thus represent the maximally productive uses of the subject improvements. The best financial and maximally productive use of the existing structure would be for office use.

**Highest and Best Use - As Improved:** Office use is legally probable, physically possible, and financially feasible. Such use is considered to be the maximally productive use of the property; and is considered to be the highest and best use of the subject property as improved.

## **APPROACHES TO VALUE**

Those processes available for a comprehensive analysis of the value being sought are broadly characterized into three basic approaches: the Sales Comparison Approach, the Income Approach, and the Cost Approach. Under ideal circumstances, the three approaches can be employed in a classic form, each giving a somewhat independent indication of value. This is followed by correlation and conclusion of the three approaches and a final value conclusion.

### **Cost Approach**

The Cost Approach tends to indicate value by a form of history which depicts what the improvements would cost new to replace and then deducts for the ravages of age and changing time.

The Cost Approach consists of the estimated replacement cost new of the improvements, from which all forms of accrued depreciation are deducted to arrive at a depreciated replacement cost. To the depreciated replacement cost is added the land value by the Sales Comparison Approach. Physical depreciation encompasses that loss from the upper limit of value due to physical deterioration resulting from age, weather, and wear.

Also in the Cost Approach is functional obsolescence, which if present, is a loss in value due to a lack of market acceptance resulting from poor or outdated improvement design. The economic feasibility of repairing or updating either the functional or physical depreciation determines if either of the above described is curable or incurable.

Economic obsolescence, the final form of depreciation which is considered in the Cost Approach, is seldom curable because it results from influences outside the property itself.

### **Sales Comparison Approach**

With the Sales Comparison Approach, a direct comparison of the property being appraised is made to other properties which have recently sold and have similar features. Dollar adjustments are made to reflect differences in features between the properties. Generally speaking, the Sales Comparison Approach is considered to be the most reliable of the three approaches as it directly measures the motivations of buyer and seller on a current basis. This is especially true with residential properties. The sales comparison approach is limited in reliability when the subject property is a highly specialized use property which is not often bought and sold in the subjects' market.

### **Income Approach**

Whereas the Cost Approach tends to begin at a starting point in the past and bring current, the Income Approach tends to look from the present position into the future by measuring the present worth of future projected income.

Critical to the Income Approach is an estimated economic rent based upon comparable situations, and an estimated typical rate of return on and of the property. To arrive at net income, estimated expenses are deducted from the gross property income. The net income is then correlated into an indication of value. This method is most pertinent to investment/income producing properties and considers a property's worth in relation to its ability to produce a net income.

### **Applicability to Subject Property**

Each of the three approaches will be implemented when sufficient data are available to give a meaningful indication of value. Variations from or a combination of these approaches may be used if deemed applicable to the circumstances of the property. Relative to the subject property, each of the three approaches to valuation can be considered as follows:

#### Cost Approach

The cost approach to value generally provides a good indication of value for newer properties. The major limitation in this approach is the estimation of depreciation and obsolescence on properties that are not new. The subject improvements were constructed in 1950. Subsequent renovations, most recently in 1995, have extended the useful life of the structure. Recently, three office spaces were converted for pharmacy use by Lutheran Family Services. Depreciation and obsolescence are difficult to extract from the market, and these estimates tend to be subjective. Therefore, the cost approach is not considered necessary to provide for reliable indication of the subject's value.

#### Sales Comparison Approach

There is substantial market sales data available relative to the subject property. A detailed Sales Comparison Approach will be completed and emphasis will be given to the Sales Comparison Approach in the *Reconciliation of Value* section of this appraisal report.

#### Income Approach

Because much of the emphasis on income producing property is directly related to the income and expense potential of the subject improvements, most investors would rely heavily on the Income Approach.

There is substantial market income and expense data available relative to the subject property. A detailed Income Approach will be completed and emphasis will be given to the Income Approach in the *Reconciliation of Value* section of this appraisal report.

Because the appraisal includes the hypothetical condition of B-3 Commercial District zoning, an analysis of a utility adjustment is completed within this report. The conclusion of this analysis results in an upward adjustment of \$187,000 that is applied to the value indicated in the Sales Comparison Approach. This adjustment is added to estimate the value of the subject property with full utilization of the subject improvements allowed by the hypothetical zoning. The utility adjustment is considered in the appraiser's reconciled opinion of the subject property's overall value.

## **SALES COMPARISON APPROACH**

The Sales Comparison Approach is a process of comparing market data; that is, prices paid for similar properties.

Market data, when carefully verified and analyzed, are good evidence of value since they represent the actions and reactions of sellers, users, and investors.

In applying the Sales Comparison Approach, an appraiser takes five steps:

1. Seeks out similar properties for which pertinent sales, listings, and data are available.
2. Qualifies the prices as to terms, motivating forces, and bonafide nature.
3. Compares each comparable property's important attributes with the corresponding ones of the property being appraised, under the general division of time, location, and physical characteristics.
4. Considers all dissimilarities in terms of their probable effect upon the sale price.
5. Formulates an opinion of the relative value of the property being appraised, as compared with the price of each comparable property.

Thus, although individual sales may deviate from the market norm, a sufficient number tend to reflect the pattern of purchasers and sellers in the market. When sufficient information is available in the market, the resulting pattern is a good indication of value.

### ***Comparable Sales***

There are a number of sales of comparable office buildings in the subject property's competing market. No sales of mental health facilities with resident rooms have been reported in this market. However, much of the subject property is considered to include typical office finish. The sales that are considered to be most comparable to the subject property are summarized on the following pages.

**COMPARABLE SALE 1**

LOCATION: 830 L Street, Lincoln, NE  
GRANTOR: MDB, Inc.  
GRANTEE: 830 L, LLC.  
LEGAL DESCRIPTION: Lots 10, 11 and 12, Block 85 Original Lincoln, Lancaster County, Nebraska  
INSTRUMENT: Corporate Warranty Deed  
INSTRUMENT NO.: 2016-003491  
DATE OF SALE: January 24, 2016  
DATE RECORDED: January 29, 2016  
REVENUE STAMPS: \$1,462.50  
SALE PRICE: \$650,000  
LOT SIZE: 10,050 square feet  
ZONING: B-4 Lincoln Center Business District  
GROSS BUILDING AREA: 10,324 square feet  
SALE PRICE/SF: \$62.96 per square foot  
COMMENTS:

This property is located in in downtown Lincoln, at the northwest corner of the intersection of South 9th and L Street. The property has frontage and visibility from both South 9<sup>th</sup> Street and L Street. However, due to the location of Rosa Parks Way to the south, the property can only be accessed from L Street (by way of South 8<sup>th</sup> Street) or from the abutting alley way to the west which runs from north to south between M Street and L Street. The building was originally constructed in 1986; with an addition in approximately 1991. The multi-tenant building appears to have been well maintained and includes a total of 10,324 square feet of above grade office space; with an additional 2,090 of office space in the lower level. The building features a covered parking area including 10 spaces. The on-site parking area also includes an additional 8 parking spaces. The property is located outside the boundaries of the established floodplain.



## COMPARABLE SALE 2

LOCATION: 4910 Normal Boulevard, Lincoln, NE  
GRANTOR: SCASBA, LLC  
GRANTEE: Hacor, Inc.  
LEGAL DESCRIPTION: Unit No. 3, Maple Meadows Condominium, Lancaster County, Nebraska according to the Declaration recorded January 13, 1995, as Instr. No. 95-1145 in the office of the Register of Deeds of Lancaster County, Nebraska.  
INSTRUMENT: Special Warranty Deed  
INSTRUMENT NO.: 2014-021005  
DATE OF SALE: June 5, 2014  
DATE RECORDED: June 11, 2014  
REVENUE STAMPS: \$967.50  
SALE PRICE: \$430,000  
LOT SIZE: 16,127 square feet  
ZONING: RT-Residential Transition  
BUILDING SIZE: 4,264 square feet  
SALE PRICE/SF: \$100.84  
CONFIRMATION: GPA RECORD: 1765  
COMMENTS: This property is located in southeast Lincoln at 49<sup>th</sup> and Normal Boulevard. The one story brick and vinyl improvement was built in 1996. The 4,264 square foot building is currently separated into 4 suites with 2 tenants. This property has a 44.71% part of Maple Meadows Condominium Association, which consists of 3 buildings that share the parking and common services. The property is located outside the boundaries of the established floodplain.



**COMPARABLE SALE 3**

LOCATION: 1023 Lincoln Mall, Lincoln, NE  
GRANTOR: Enterprise Company, Inc.  
GRANTEE: BWJ, LLC  
LEGAL DESCRIPTION: Lots Three (3) and Four (4), Block One Hundred Twenty-Eight (128), Original Lincoln, Lancaster County, Nebraska  
INSTRUMENT: Special Warranty Deed  
INSTRUMENT NO.: 2014-010913  
DATE OF SALE: March 28, 2014  
DATE RECORDED: April 1, 2014  
REVENUE STAMPS: \$1,968.75  
SALE PRICE: \$1,000,000 (including \$125,000 remodel following the sale)  
LOT SIZE: 14,200 square feet  
ZONING: O-1 Office District  
GROSS BUILDING AREA: 10,628 square feet  
SALE PRICE/SF: \$94.09 per square foot (including remodel)  
COMMENTS:

This property is located in in downtown Lincoln, along the south side of Lincoln Mall; between South 10<sup>th</sup> Street and South 11<sup>th</sup> Street. The property has frontage and visibility from Lincoln Mall. However, due to one-way traffic patterns in the immediate area, vehicle access is only available from the abutting alley way to the south which runs east to west between South 10<sup>th</sup> Street and South 11<sup>th</sup> Street. The building was originally constructed in 1991; with additions in approximately 1994 and 1995. According to public records, following the transfer, the purchaser completed remodeling totaling approximately \$125,000. The multi-tenant building appears to have been well maintained and includes a total of 10,628 square feet of office space. The property includes an on-site parking area with approximately 27 parking spaces. The property is located outside the boundaries of the established floodplain.



**COMPARABLE SALE 4**

LOCATION: 3633 O Street, Lincoln, NE.  
GRANTOR: Gregg L. Trautman and Cindy J. Trautman  
GRANTEE: The Cat House  
LEGAL DESCRIPTION: Lots 1, 2 and the East 10 feet of Lot 3; except the North 6 feet thereof and except the South 16 feet thereof, all in Block 9, Young's Hyland Park Addition, Lincoln, Lancaster County, Nebraska.

INSTRUMENT: Warranty Deed  
INSTRUMENT NO.: 2014-006909  
DATE OF SALE: February 26, 2014  
DATE RECORDED: February 27, 2014  
REVENUE STAMPS: \$1,136.25  
SALE PRICE: \$505,000  
LOT SIZE: 13,903 square feet  
ZONING: H-1 Local Business District  
BUILDING SIZE: 7,800 square feet  
SALE PRICE/SF: \$64.74 per square foot  
CONFIRMATION: Public Record  
COMMENTS: This property is located along the south of O Street at the intersection of South 37<sup>th</sup> Street and O Street. The two-story brick building was constructed in 1969. This property is located outside the boundaries of the established floodplain.



**COMPARABLE SALE 5**

LOCATION: 1600 Windhoek Drive, Lincoln, NE  
GRANTOR: Ameritas Life Insurance Corp.  
GRANTEE: Teton Investment, LLC  
LEGAL DESCRIPTION: Lots 11,12,13,14 and 15, Block 2, Lincoln Industrial Park South, Lincoln Lancaster County, Nebraska  
INSTRUMENT: Special Warranty Deed  
INSTRUMENT NO.: 2014-007249  
DATE OF SALE: February 24, 2014  
DATE RECORDED: February 28, 2014  
REVENUE STAMPS: \$7,425  
SALE PRICE: \$3,300,000  
LOT SIZE: 341,360 square feet  
ZONING: I-2 Industrial Park District  
GROSS BUILDING AREA: 44,278 square feet  
SALE PRICE/SF: \$74.53 per square foot  
COMMENTS: This property is located in southwest Lincoln, at approximately South 14th and Old Cheney Road. The improvement was built in 1988, and has been well maintained. The tenant has occupied the property for the past 20 years. The building features secure entry, large office area, climate controlled warehouse are, and a fenced parking area. Also, there is a natural gas fueling station for automobiles. The property is located outside the boundaries of the established floodplain.



**COMPARABLE SALE 6**

LOCATION: 6800 Normal Boulevard, Lincoln, NE  
GRANTOR: KSA, LLC  
GRANTEE: 3732 Holdings, LLC  
LEGAL DESCRIPTION: Lot 132, Irregular Tracts located in the Northeast Quarter of Section 4, Township 9 North, Range 7 East of the 6th P.M., Lancaster County, Nebraska  
  
INSTRUMENT: Warranty Deed  
INSTRUMENT NO.: 2013-022964  
DATE OF SALE: May 01, 2013  
DATE RECORDED: May 03, 2013  
REVENUE STAMPS: \$2,047.50  
SALE PRICE: \$1,160,000 (including \$250,000 remodel following the sale)  
LOT SIZE: 34,068 square feet  
ZONING: O-2 Suburban Office District  
GROSS BUILDING AREA: 13,852 square feet  
SALE PRICE/SF: \$83.74 per square foot (including remodel)  
COMMENTS: This property is located across the street from Holmes Lake Park. The reinforced concrete exterior improvement was constructed in 1978. According to public records, following the transfer, the purchaser completed remodeling totaling approximately \$250,000. The property is located outside the boundaries of the established floodplain.



**COMPARABLE SALE 7**

LOCATION: 4433 South 70th Street, Lincoln, NE  
GRANTOR: Elizabeth South Partners, LLC  
GRANTEE: Elizabeth Park Office Complex, LLC  
LEGAL DESCRIPTION: Lot 2, Elizabeth Park South 1st Addition, Lancaster County, Nebraska  
INSTRUMENT: Limited Liability Company Warranty Deed  
INSTRUMENT NO.: 2012-066264  
DATE OF SALE: December 21, 2012  
DATE RECORDED: December 26, 2012  
REVENUE STAMPS: \$10,575  
SALE PRICE: \$4,700,000  
LOT SIZE: 139,565 square feet  
ZONING: B-2 Planned Neighborhood Business District  
GROSS BUILDING AREA: 47,490 square feet  
SALE PRICE/SF: \$98.97 per square foot  
COMMENTS:

This property is located near the southwest corner of South 70th Street and Pioneers Boulevard. The property does not include access or visibility from South 70th Street or Pioneers Boulevard. The property gains access via multiple private and public access easements. The property is located outside the established floodplain. The improvement contains two floors, with 23,751 square feet on the first floor and 23,739 square feet on the second floor. The improvement contains one elevator and multiple interior stairways. The improvement was constructed in 1997 and consists of a concrete/steel structure with 13 foot brick exterior walls. The finish is considered to be average office finish. The property is encumbered by private and public access easements on the west and south edges of the site. Due to the easements, the site is considered to have an effective site area of 95,336 square feet, indicating a footprint coverage ratio of 25%. The site includes adequate parking within the effective site area and has access to parking outside the effective site area. The improvement was 100% leased to three tenants. At the time of the sale, the listing agent, NAI FMA Realty, reported the actual net operating income at the time of the sale was reported to be \$410,875, indicating a cap rate of 8.74%.

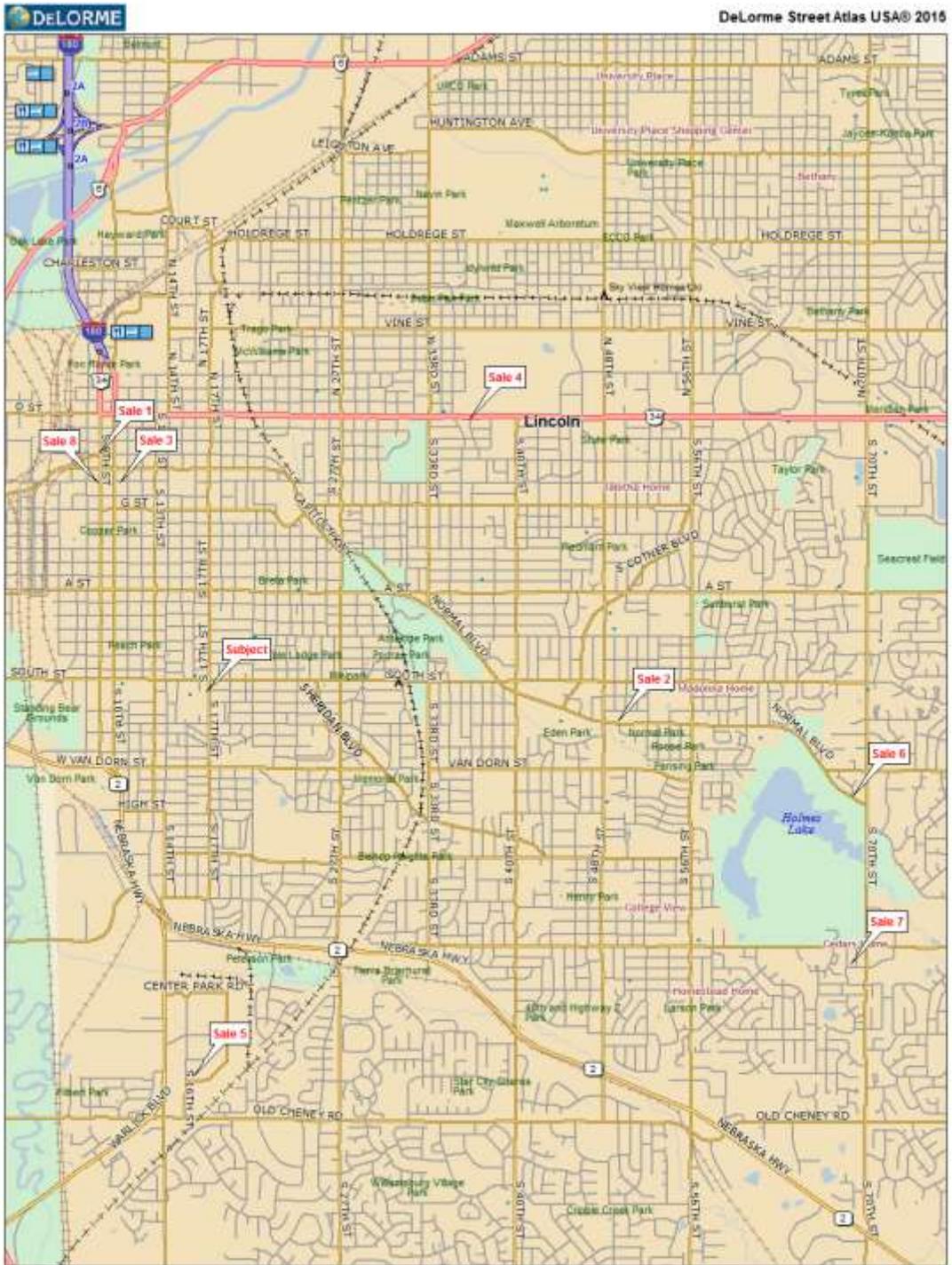


**COMPARABLE SALE 8**

LOCATION: 825 J Street, Lincoln, NE  
GRANTOR: Hoskins-Western-Sonderegger, Inc.  
GRANTEE: City of Lincoln and Lancaster County, Nebraska  
LEGAL DESCRIPTION: Lots 1, 2, 3, 4, 5, and 6, Block 130, Original Lincoln, Lancaster County, Nebraska  
INSTRUMENT: Corporate Warranty Deed  
INSTRUMENT NO.: 2012-014734  
DATE OF SALE: March 30, 2012  
DATE RECORDED: March 30, 2012  
REVENUE STAMPS: Revenue stamps are exempt  
SALE PRICE: \$1,770,000  
LOT SIZE: 42,600 square feet  
ZONING: O-1 Office District  
BUILDING SIZE: 19,668 square feet with 5,256 square feet on the lower level  
SALE PRICE/SF: \$89.99  
CONFIRMATION: GPA 12-0288 pg. 80 RECORD:1397  
COMMENTS: This property is located across the street from the City-County Building in downtown Lincoln along South 9th Street. The improvements were constructed in four phases between 1950 and 1978 and have received above-average maintenance with significant renovations completed in 1999, 2003, and 2004. The building included typical office finish and lab finish at the time of sale. The lower level does not have elevator access. The property is located outside the boundaries of the established floodplain.



# Sales Map



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## ***Explanation of Comparable Sales Analysis***

The comparable sales outlined here illustrate varying characteristics. There have been several sales of similar properties within the subject's market in the past few years. The following grid illustrates the adjustments made for dissimilarities between the sales and the subject for the following factors.

**Property Rights Adjustment:** Sales which include anything less than a transfer of the value equivalent of fee simple title must be adjusted to reflect the actual rights which were transferred relative to the subject property rights being appraised. Several of the sales included market leases at the time of sale, and the Leased Fee Estates were considered to be similar to the Fee Simple Estate. None of the sales required this adjustment.

**Financing:** Sales which transferred with other than market financing are adjusted based on the impact of any non-market financing. All of the sales sold for cash or the equivalent of cash. Therefore, no adjustments are required.

**Conditions of Sale:** The subject property is appraised based on a marketing time of three to 36 months. Sales which sold on terms other than those typically found in the subject's market are adjusted to reflect the estimated effect of these terms on the sale. This adjustment can consider rehabilitation or renovation costs, excess land included in a sale, and non-typical buyer or seller motivation. Sales that were not transferred under typical market conditions are adjusted as appropriate. Sale 3 and Sale 6 required adjustments to account for remodeling expenses following the sale.

**Market Conditions:** The comparable sales occurred between March of 2012 and January of 2016. Since 2007 the sales activity of similar properties in the Lincoln market has slowed with fewer sales occurring despite multiple listings. Based on this, the market is considered to have remained stable during this period and no time adjustment is considered appropriate for the time period after 2007. As a result, none of the sales were adjusted for market conditions.

**Location:** The location of the property has an effect on its desirability. The subject property is located in south Lincoln in an older mixed residential and commercial neighborhood adjacent to one of Lincoln's primary hospitals and with good access. Sales located in less desirable areas are adjusted upward for location, while sales in superior locations or larger markets would be adjusted downward.

**Size:** The subject property includes a two-story mental health center and office building totaling 28,641 square feet of above grade area. Smaller buildings tend to sell for more per square foot because there are more available buyers. Conversely, larger buildings tend to sell for less per square foot. Although the sales analyzed here do not demonstrate a clear pattern, sales from other areas of the city have been analyzed to indicate a stabilized adjustment. Therefore, adjustments are made for the size differences as appropriate.

**Age/Condition/Quality:** The subject property is a 1950 building with limited physical depreciation after extensive renovation in 1995. Construction quality is above average. Adjustments are made for the differences in construction based on observation and for differences in actual age or condition.

**Utility:** The subject property is functional for the current use. Adjustments are made for differences in the functional utility of the comparable properties. This adjustment can reflect the amount of office finish, ceiling height, and/or any amounts of the overall square footage that are heated and cooled or on lower levels. This adjustment also reflects any storage areas not used as office use.

**Zoning/Use:** The subject property is zoned R-4 Residential District. Sales with less restrictive zoning are adjusted as appropriate. A use permit is considered to be likely for 31,800 square feet of office use area.

**Site Area:** The subject site has an effective area of 70,262 square feet with parking in adjacent surface lots. The land coverage ratio of 41% is considered to be typical of office use properties in the subject property's competing market; and provides for adequate parking for the current use. Sales which are superior or inferior in site characteristics relative to the subject property are adjusted based on the estimated value of the site area or amenities of the comparable.

**Access/Visibility:** Properties with superior access or visibility from arterial streets are adjusted downward, while those in more remote locations would require upward adjustments.

**Floodplain:** Parcels that are not influenced by 100-year floodplain are considered similar. Only sales that are located within the floodplain would require upward adjustment and none of the sales requires this adjustment.

**Net Adjustment:** The adjustments are summed to arrive at the overall net adjustment. This adjustment is then applied to the sale price per square foot to indicate a per-square-foot value for the subject property.

The property rights, financing, conditions of sale, and date of sale adjustments are applied directly to the sales price. The physical adjustments are expressed on the grid as positive or negative percentages. However, the total adjustment for physical characteristics is a factor that results from the sum of the individual adjustments, and is also expressed as a percentage.

### Comparable Sales Illustrative Adjustment Grid

	SUBJECT 2201 S. 17TH STREET	SALE 1 830 L STREET	SALE 2 4910 NORMAL BLVD.	SALE 3 1023 LINCOLN MALL	SALE 4 3633 O STREET	SALE 5 1600 WINDHOEK DR.	SALE 6 6800 NORMAL BLVD.	SALE 7 4433 S. 70TH STREET	SALE 8 825 J STREET
SALE PRICE		\$650,000	\$430,000	\$875,000	\$505,000	\$3,300,000	\$910,000	\$4,700,000	\$1,770,000
PRICE PER SQ.FT.		\$62.96	\$100.84	\$82.33	\$64.74	\$74.53	\$65.69	\$98.97	\$89.99
PROPERTY RIGHTS	LEASED FEE	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR
ADJUSTMENT		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$650,000	\$430,000	\$875,000	\$505,000	\$3,300,000	\$910,000	\$4,700,000	\$1,770,000
FINANCING	CASH	CASH	CASH	CASH	CASH	CASH	CASH	CASH	CASH
ADJUSTMENT		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
		\$650,000	\$430,000	\$875,000	\$505,000	\$3,300,000	\$910,000	\$4,700,000	\$1,770,000
CONDITIONS OF SALE	MARKET	MARKET	MARKET	REMODEL	MARKET	MARKET	REMODEL	MARKET	MARKET
ADJUSTMENT		\$0	\$0	\$125,000	\$0	\$0	\$250,000	\$0	\$0
		\$650,000	\$430,000	\$1,000,000	\$505,000	\$3,300,000	\$1,160,000	\$4,700,000	\$1,770,000
MARKET CONDITIONS	CURRENT	1/24/2016	6/11/2014	3/28/2014	2/26/2014	2/24/2014	5/1/2013	12/1/2012	3/30/2012
ADJUSTMENT		0%	0%	0%	0%	0%	0%	0%	0%
		\$650,000	\$430,000	\$1,000,000	\$505,000	\$3,300,000	\$1,160,000	\$4,700,000	\$1,770,000
EFF \$/SF		\$62.96	\$100.84	\$94.09	\$64.74	\$74.53	\$83.74	\$98.97	\$89.99
LOCATION	SOUTHWEST	CBD	SOUTHEAST	CBD	CENTRAL	SOUTHWEST	SOUTHEAST	SOUTHEAST	CBD
ADJUSTMENT		-5%	-10%	-5%	0%	0%	-10%	-10%	-5%
BUILDING AREA SQ. FT	28,641	10,324	4,264	10,628	7,800	44,278	13,852	47,490	19,668
ADJUSTMENT		-5%	-10%	-5%	-10%	5%	-5%	5%	0%
AGE/CONDITION	1960/RENOVATED	1986-1991/SIM	1996/SIM	1991-1995/SIM	1969/INF	1988/INF	1978/INF	1997/SIM	1950-1978/INF
ADJUSTMENT		0%	0%	0%	30%	10%	10%	0%	10%
ACCESS/VISIBILITY	AVG/AVG	INF/SUP	SIM/SIM	INF/INF	SUP/SUP	INF/INF	SIM/SIM	INF/INF	INF/SUP
ADJUSTMENT		10%	0%	10%	-10%	10%	0%	10%	0%
LAND AREA, SQ.FT.	70,262	10,050	4,724	14,200	13,903	341,360	34,068	PAD SITE	42,600
COVERAGE RATIO	41%	103%	90%	75%	56%	13%	41%	N/A	46%
ADJUSTMENT		10%	0%	0%	0%	-10%	0%	0%	0%
UTILITY	GOOD	SIMILAR	INFERIOR	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR
ADJUSTMENT	2-LEVEL W/BSMT. STORAGE	0%	5%	0%	0%	0%	0%	0%	0%
ZONING/USE	R-4/OFFICE	B-4/SIM	RT/SIM	O-1/SIM	H-1/SIM	I-2/SIM	O-2/SIM	B-2/SIM	O-1/SIM
ADJUSTMENT		-5%	0%	0%	-5%	-5%	0%	-5%	0%
NET ADJUSTMENT		5%	-15%	0%	5%	10%	-5%	0%	5%
INDICATED VALUE PER SQ. FT.		\$66.11	\$85.72	\$94.09	\$67.98	\$81.98	\$79.56	\$98.97	\$94.49
MEAN	\$83.61								

### **Correlation of Market Data**

The results of the illustrative adjustment grid have been summarized on the following table:

<b>Sale</b>	<b>Location</b>	<b>Sale Price</b>	<b>Building Sq. Ft.</b>	<b>Sale Price Per Sq. Ft.</b>	<b>Adj. Value Per Sq. Ft.</b>
1.	830 L Street	\$650,000	10,324	\$62.96	\$66.11
2.	4910 Normal Blvd.	\$430,000	4,264	\$100.84	\$85.72
3.	1023 Lincoln Mall	\$875,000	10,628	\$94.09	\$94.09
4.	3633 O Street	\$505,000	7,800	\$64.74	\$67.98
5.	1600 Windhoek Dr.	\$3,300,000	44,278	\$74.53	\$81.98
6.	6800 Normal Blvd.	\$910,000	13,852	\$65.69	\$79.56
7.	4433 South 70 <sup>th</sup> St.	\$4,700,000	47,490	\$98.97	\$98.97
8.	825 J Street	\$1,770,000	19,668	\$89.99	\$94.49

### **Summary of Sales Comparison Adjustments**

The subject property includes a total net rentable area of 35,035 square feet; with 23,465 square feet above grade, and an additional 11,570 square feet of lower level area.

The comparable sales utilized in this analysis clearly show that an active market exists in Lincoln for commercial buildings in general, and office use buildings in particular. The analysis of the market has provided multiple value indications for the subject property. Each of the comparable sales has been adjusted for differences relative to the subject property. Both the number of adjustments necessary to compare the sales to the subject property, and the net adjustment of each sale can indicate the reliability of the approach.

After adjustment, the sales indicate an adjusted value range of \$66.11 to \$98.97 per square foot, with a mean of \$83.61 per square foot. When the extremes are eliminated, the adjusted value range narrows to \$67.98 to \$94.49 per square foot, with a mean of \$83.97 per square foot.

Sale 1 was the most recent sale; it required a 5% net adjustment and a 35% gross adjustment. This sale required upward adjustments for its inferior access and high site coverage ration; and downward adjustments for its superior location, smaller size, and superior zoning/use. Sale 1 had an adjusted indicated value of \$62.96 per square foot; near the low end of the indicated value range.

Sale 3 required a 0% net adjustment and a 20% gross adjustment. This sale required an upward adjustment for its inferior access and visibility; as well as downward adjustments for its superior location, and smaller size. Sale 3 had an adjusted indicated value of \$94.09 per square foot; in the upper portion of the indicated value range.

Sale 7 also required a 0% net adjustment and a 25% gross adjustment. This sale required an upward adjustment for its larger size and inferior access and visibility; as well as downward adjustments for its superior location and superior zoning/use. Sale 7 had an adjusted indicated value of \$98.97 per square foot; at the high end of the indicated value range.

Sale 4 required the highest gross adjustment; with a 55% gross adjustment. This sale required an upward adjustment for its age; as well as downward adjustments for its smaller size, superior access and visibility, and superior zoning/use. Sale 4 had an adjusted indicated value of \$67.98 per square foot; near the low end of the indicated value range.

Sale 2 required the highest net adjustment; with a 15% net adjustment. This sale required downward adjustments for its superior location and smaller size; as well as an upward adjustment for its inferior utility. Sale 2 had an adjusted indicated value of \$85.72 per square foot; near the middle of the indicated value range.

Sale 8 was the least recent sale; it required a 5% net adjustment and a 15% gross adjustment. This sale required an upward adjustment for its age; and a downward adjustment for its superior location. This sale was closest in size to the subject property of the comparable sales analyzed. Sale 8 had an adjusted indicated value of \$94.49 per square foot; in the upper portion of the indicated value range.

### ***Value Based on Sales Comparison Approach with Existing R-4 Zoning***

Based upon the preceding sales, information and analysis, and considering the subject's condition and utility with a good location in an established west Lincoln neighborhood with good access to major transportation routes, the current market value of the subject is estimated to be in the range of \$85.00 to \$95.00 per square foot with a most probable selling price of \$90.00 per square foot of gross building area, or:

28,641 square feet x \$90.00 per square foot =	\$2,577,690
CALLED:	\$2,580,000

Based on the sales comparison approach, the preceding analysis has estimated value of the subject property, in its current condition, and existing R-4 Residential District zoning, to be **\$2,580,000**.

Additional analysis of the value of the subject property by the Sales Comparison Approach is included on the following page.

**Value Based on Sales Comparison Approach with Hypothetical B-3 Zoning**

An additional estimate of value based on the sales comparison approach is included below with the utility of the subject property adjusted upward to account for full utilization of the subject improvements under the hypothetical zoning. The utility adjustment of \$635,000 is estimated in the *Income Capitalization Approach* section of this report and is added to the value of the subject property with its existing zoning to estimate the value of the subject property with hypothetical zoning.

Sales Comparison Analysis:	\$2,580,000
Plus Utility Adjustment:	<u>+ \$635,000</u>
Value with Hypothetical Zoning:	\$3,215,000

The subject property can also be analyzed in the sales comparison approach without the addition of the utility adjustment. The range of indicated values would be higher as a result of the increased utility of the subject property with the hypothetical B-3 Commercial District zoning.

The increased utility of the subject property would result in an increase the indicated value by 22% to 26%. The value indicated by the Sales Comparison Approach would range from \$110 to \$113 per square foot, with a most probable selling price of \$112 per square foot of gross building area, or:

$$28,641 \text{ square feet} \times \$112.00 \text{ per square foot} = \$3,207,792$$

This analysis supports the value indicated by the Sales Comparison Approach with the addition of the utility adjustment. In consideration of these value indications, the estimated value of the subject property with the hypothetical B-3 Commercial District zoning is **\$3,210,000**.

<b>Value with Existing Zoning:</b>	<b>\$2,580,000</b>
<b>Value with Hypothetical Zoning:</b>	<b>\$3,210,000</b>

## INCOME APPROACH TO VALUE

Income producing property is typically purchased for investment purposes, and the projected net income stream is the critical factor affecting its market value. An investor purchasing income producing real estate is, in effect, trading a sum of present dollars for the right to a stream of future dollars. There is a relationship between the two, and the connecting link is the basis of the Income Approach; future dollars are discounted to a present worth on some basis that reflects the risk and the waiting time involved.

Five major steps are involved in translating the income stream into a value indication:

1. Estimate potential gross income.
2. Estimate and deduct a vacancy and collection loss allowance to derive effective gross income.
3. Estimate and deduct expenses of operation to derive net operating income.
4. Select an applicable discounting or capitalization method and technique.
5. Complete the necessary calculations to derive a market value indication by the Income Approach.

The Income Approach to value is applicable to income producing properties and not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. The approach is based on the principle of anticipation and uses a process of discounting or capitalization to translate an income stream into a value estimate. The entire process is based on various inherent assumptions concerning the quality, durability, and pattern of the income projection. The appraiser selects the capitalization method or discounted cash flow technique that best conforms to the future income pattern of property being appraised.

Based on a Highest and Best Use for 31,800 square feet of office space due to parking considerations, the net rentable area of the subject property shall be limited to 31,800 square feet of office finish; with the remainder for storage use.

### ***Contract Lease Data***

The facility is partially occupied by an agency of Lancaster County and is not leased. Portions of the property are leased and occupied by Lutheran Family Services. Lease information regarding Lutheran Family Services was not provided for analysis. However, this lease will reportedly be cancelled in the next 30 days.

### ***Comparable Rentals***

The following comparable rentals were utilized to estimate the economic rent of the subject property. These facilities offer overall utility similar to the subject property. These rentals illustrate typical rental rates for similar properties in the subject's market. Photographs and summaries of the competing facilities are included on the following pages.

## COMPARABLE RENTAL 1

LOCATION: 301 South 70<sup>th</sup> Street, Lincoln, NE  
 LESSOR: Jeffrey J. Fredrick  
 LESSEE: Various  
 LEASE DATE: See Below  
 TERM: See Below  
 AREA LEASED: See Below  
 LEASE RATE: See Below  
 TENANT EXPENSES: Some tenants pay electric (gross monthly rental rates include electric)  
 OWNER EXPENSES: Management, Taxes, Insurance, Utilities, Maintenance, and Reserves  
 COMMENTS: This is a multi-tenant office building located three blocks south of O Street with frontage on South 70th Street in an established mixed-use neighborhood of east Lincoln. The building is occupied by a number of tenants including general office, medical, and commercial/service tenants. The building was constructed in 1983 and is in average condition. The building has adequate on-site parking with good tenant access via common areas, elevator, and stair access.

Suite	Tenant	Rentable		Gross		Lease	Gross Rent/Sq.Ft.
		Area	Sq. Ft.	Rent/Month	Lease Term		
105	Murray Clothing	605		\$450	1 year	12/13	\$8.93
110	Edward Jones	1,012		\$1,530	5 years	11/11	\$18.14
125	Home Smart	511		\$595	2 years	2/13	\$13.97
127	Exec Janitorial	480		\$425	2 years	10/12	\$10.63
130	Lincoln Art Glass	725		\$940	1 year	6/15	\$15.56
132	Vacant	1,708					
140 A	Paul Brodhagen	525		\$300	2 years	12/13	\$6.86
140 B	Easley	480		\$250	1 year	12/13	\$6.25
140 C	Otero	410		\$250	1 year	7/13	\$7.32
140 D	Raridon	350		\$275	1 year	12/14	\$9.43
140 E	Arango Law	350		\$300	1 year	12/14	\$10.29
150	Jantzen Law	815		\$595	3 years	1/13	\$8.76
155	Retire Trans	800		\$800	2 years	3/15	\$12.00
200 & 245	Lincoln OB	8,729		\$9,782	2 years	2/15	\$13.45
250	Stover Chiro	2,342		\$2,309	3 years	11/13	\$11.83
300 A	Info Analytics	250		\$250	1 year	11/13	\$12.00
300 B	RSW Medical	597		\$350	1 year	4/12	\$7.04
300 C & H	Info Analytics	651		\$400	1 year	12/13	\$7.37
300 D & G	Medill Appr.	631		\$450	3 years	1/12	\$8.56
300 E	Able Comm	331		\$250	month-to-month		\$9.06
300 F	Business Air	431		\$350	month-to-month		\$9.74
320	Leigl Acct	814		\$525	month-to-month		\$7.74
330	Burns Counseling	1,080		\$960	1 year	1/15	\$10.67
335	Women's Proth	690		\$740	2 years	6/15	\$12.87
340	Wilson Inv	833		\$600	month-to-month		\$8.64
350 A	Carmichael/Aug	2,240		\$1,550	3 years	12/12	\$8.30
350 B	Carmichael/Aug	800		\$360	2.5 years	6/13	\$5.40
355	Teichman Law	1,440		\$1,005	2 years	6/13	\$8.38

**RENTAL 1 PHOTOGRAPH**

301 South 70<sup>th</sup> Street



## COMPARABLE RENTAL 2

LOCATION: 4535 Normal Boulevard, Lincoln, NE  
 LESSOR: Linrea, LLC (Ken Long)  
 LESSEE: Various  
 LEASE DATE: Various  
 TERM: See Below  
 AREA LEASED: See Below  
 RENTAL RATE: See Below  
 TENANT EXPENSES: Gas, electric, telephone, cable, and other communications systems  
 OWNER EXPENSES: Water, CAM, exterior maintenance, insurance, and real estate taxes  
 COMMENTS: This is a multi-tenant office building located along Normal Boulevard. The property was built in 1988 and is in average condition. Below is the rent roll as of May of 2013. As of May of 2013 75% of the units were leased, and 77% of the total rentable area was leased.

Tenant	Unit #	Rent Per Mo.	Unit Area	Rent Per Sq. Ft.	Effective Gross Rate
Husker Surveying	101	\$1,000	1,111	\$10.80	\$12.10
Kathryn Hajj, MD	112	\$2,206	2,206	\$12.00	\$13.44
Vacant	105	\$0	1,360	\$0.00	\$0.00
Health In Harmony	132	\$672	672	\$12.00	\$13.44
Deb and Joan	142	\$600	585	\$12.31	\$13.79
Charlotte Wiebe	145	\$800	800	\$12.00	\$13.44
Edward Jones	155	\$925	925	\$12.00	\$13.44
Nebr. Weight Mng.	158	\$991	910	\$13.07	\$14.64
Labenz & Assoc.	195	\$5,832	5,832	\$12.00	\$13.44
Ameriprise	201	\$1,135	1,090	\$12.50	\$14.00
Leka Inc.	205	\$565	590	\$11.49	\$12.87
Steven Blum	212	\$1,399	1,370	\$12.25	\$13.72
Werner Family Business	222	\$663	650	\$12.24	\$13.71
James Brown	232	\$590	575	\$12.31	\$13.79
Vacant	235	\$0	1,013	\$0.00	\$0.00
Vacant	245	\$0	786	\$0.00	\$0.00
Eden Mng.	255	\$1,648	1,648	\$12.00	\$13.44
Hutchinson Arch.	257	\$925	925	\$12.00	\$13.44
Bill Lewis Att.	262	\$675	663	\$12.22	\$13.69
Methodist EAP	265	\$804	800	\$12.06	\$13.51
Susan Cooper	272	\$470	470	\$12.00	\$13.44
Vacant	275	\$0	746	\$0.00	\$0.00
Vacant	292	\$0	1,420	\$0.00	\$0.00
Vacant	295	\$0	1,189	\$0.00	\$0.00

**RENTAL 2 PHOTOGRAPH**

4535 Normal Blvd.



### COMPARABLE RENTAL 3

LOCATION: 770 North Cotner Blvd., Lincoln, NE  
 LESSOR: Gateway Executive Center Partnership  
 LESSEE: Various  
 LEASE DATE: See Below  
 TERM: See Below  
 AREA LEASED: See Below  
 LEASE RATE: See Below  
 TENANT EXPENSES: Electric, Janitorial  
 OWNER EXPENSES: Taxes, Insurance, Water/Gas, Trash, Maintenance  
 COMMENTS: This building was constructed in 1980. Building is adjacent to Gateway Shopping center and includes a mixture of general office space and medical office space. Tenants only pay electric and janitorial, owner pays the taxes, insurance, Water/Gas, Trash, and Maintenance. Rent roll is as of January 1, 2012.

Tenant	Area Leased (Sq. Ft.)	Lease Date	Lease Term	Monthly Lease Rate	Rate (Sq. Ft.)	Effective Gross Rate
Principal Financial	6,949	1980-2/29/2016	5 Years	\$7,404	\$12.79	\$14.32
Tamera Mowrey	300	8/26/97- Monthly	Monthly	\$325	\$13.00	\$14.56
NE Internal Medicine	8,766	1980-Monthly	Monthly	\$9,875	\$13.52	\$15.14
Sue Jeffrey	3,150	Month-to-Month	Monthly	\$3,553	\$13.53	\$15.15
Dr. Terri Wheeler	1,768	7/1/1992	Monthly	\$2,333	\$15.83	\$17.73
Family Physicians	4,789	6/20/1980	Monthly	\$4,915	\$12.32	\$13.80
Wayne Rulifson	727	2/13/2007	Monthly	\$675	\$11.14	\$12.48
Benefit Planning	570	9/10/10 - 8/31/13	3 Years	\$550	\$11.58	\$14.59
Dennis Hruby	722	1980	Monthly	\$837	\$13.91	\$15.58
Tiburon	5,242	12/1/99 -12/31/14	15 Years	\$5,339	\$12.22	\$13.69
Vacant	1,095					
Hypnosis	1,023	12/15/2008	Monthly	\$920	\$10.79	\$12.08
Tim Newman	750	7/1/2009	Monthly	\$695	\$11.12	\$12.45
New York Life	1,023	Month-to-Month	Monthly	\$902	\$10.58	\$11.85
DNI Medical	499	12/1/12 - 5/31/13	6 Months	\$500	\$12.02	\$13.46
Vacant	2,714					
Securitas	986	3/1/09 - 4/30/14	5 Years	\$1,388	\$16.89	\$18.92
Ron Ballou	1,120	Month-to-Month	Monthly	\$735	\$7.88	\$8.83
Computerland	1,217	Month-to-Month	Monthly	\$1,126	\$11.10	\$12.43
First United	1,195	Month-to-Month	Monthly	\$1,000	\$10.04	\$11.24
RELS	2,943	3/1/95 - 3/31/13	18 Years	\$2,949	\$12.03	\$13.47
Management	500					
Ancient Arts	732	Month-to-Month	Monthly	\$775	\$12.70	\$14.22
John Goff	315	9/1/12 - 8/31/15	3 Years	\$700	\$26.67	\$29.87
Vacant	2,020					
Bob Fitzsimmons	2,380	11/1/09 - 10/31/17	8 years	\$2,492	\$12.56	\$14.07

**RENTAL 3 PHOTOGRAPH**

770 N. Cotner Blvd.



## COMPARABLE RENTAL 4

**LOCATION:** 5555 South 48<sup>th</sup> Street, Lincoln, NE  
**LESSOR:** Hoppe Hall, Inc.  
**LESSEE:** Various, see below  
**USE:** Retail/Office/Restaurant/Bar  
**DATE OF LEASE:** Various  
**LEASE TERMS:** See Below  
**AREA LEASED:** See Below  
**LEASE RATE:** See Below  
**LESSEE PAYS:** Various  
**LESSOR PAYS:** Various  
**COMMENTS:** This property operates as Briarhurst Shopping Center which is located west of South 48<sup>th</sup> Street and south of Highway 2 in south Lincoln. The property is in average condition. The property includes two improvements, containing 55,097 gross square feet. One improvement is a 49,102 gross square foot improvement, containing 12,249 gross square feet on the second floor. The other improvement is a 5,995 gross square foot detached restaurant/bar. The improvements include total rentable areas of: 26,305 square feet is retail finish, 8,102 square feet is restaurant/bar finish, and 11,968 square feet is office finish, for a total net rentable area of 46,375 square feet.

The subject property is currently leased to 30 tenants which occupy approximately 98.54% of the overall subject property. The 11,968 square foot office areas and a 1,715 square foot retail area are gross leases. While four tenants are responsible for reimbursements related to CAM, insurance, management, utilities, and real estate taxes. Three tenants are also responsible for reimbursements related to CAM, insurance, management, utilities, and real estate taxes. Furthermore, the tenant, The Garage, must pay 6.5% of all gross sales above \$763,000 in addition to the base rent, and reimbursements. A summarization of the leases is provided below:

Tenant	Original Lease Commencement Date	Expiration	Area Leased (Sq. Ft.)	Base Rental Rate Per Sq. Ft.	Owner Expenses	Tenant Expenses	Eff. NNN.	Use
Grain Bin Bread Company	02/01/03	01/31/08	3,200	\$9.68	Mng., Res.	CAM, Ins., Util., Tax, Maint.	\$9.68	Bakery
Wolf Tackle Shop	06/01/10	05/31/15	2,960	\$8.00	Res.	CAM, Ins., Mang., Util., Tax, Maint.	\$8.40	Retail
Le Cupcake	11/01/11	10/31/17	880	\$9.75	Res.	CAM, Ins., Mang., Util., Tax, Maint.	\$10.24	Bakery
Atlantis Salon & Spa	10/01/05	09/30/15	1,620	\$10.26	Mng., Res.	CAM, Ins., Util., Tax, Maint.	\$10.26	Salon & Spa
Signs Now	04/01/03	05/01/15	1,715	\$8.40	Gross	None	\$5.88	Retail
Earl May Seed & Nursery	10/01/92	07/31/17	10,000	\$6.99	Mng., Res.	CAM, Ins., Util., Tax, Maint.	\$6.99	Home & Garden Store
Dietze Music House	07/01/09	12/31/16	5,930	\$8.49	Res.	CAM, Ins., Mang., Util., Tax, Maint.	\$8.91	Retail
Babylon	04/01/12	12/31/17	3,350	\$8.96	Res.	CAM, Ins., Mang., Util., Tax, Maint.	\$9.41	Restaurant
The Garage Sports Bar & Grill	03/01/08	04/30/17	4,752	\$10.86	Mng., Res.	CAM, Ins., Util., Tax, Maint.	\$10.86	Restaurant/Bar
Learning Rx	06/01/05	05/31/15	2,156	\$12.94	Gross	None	\$9.06	Office
Keli A. Hupka, LMT	10/01/03	12/31/08	196	\$16.47	Gross	None	\$11.53	Office
Heartland J.O.Y. Center	05/01/12	09/30/12	328	\$14.63	Gross	None	\$10.24	Office
Steven D. Armbruster, CPA	01/01/10	12/31/12	234	\$13.17	Gross	None	\$9.22	Office
Blue Heron Transitions	05/01/12	04/30/13	210	\$14.00	Gross	None	\$9.80	Office
Julia Dreamer Counsel Services	05/01/12	04/30/13	189	\$14.35	Gross	None	\$10.05	Office
Little Hands Massage Therapy	01/01/12	12/31/12	189	\$13.52	Gross	None	\$9.46	Office
Plum Creek Counseling	09/01/09	08/31/13	188	\$14.49	Gross	None	\$10.14	Office
Haute Resume Services, LLC.	07/01/11	06/30/13	188	\$14.79	Gross	None	\$10.35	Office
The Ground Water Foundation	06/01/98	12/31/13	3,120	\$13.73	Gross	None	\$9.61	Office
Hoppe Homes, LLP.	11/01/11	10/31/13	207	\$14.49	Gross	None	\$10.14	Office
Amira Aesthetics	04/01/11	03/31/13	148	\$15.69	Gross	None	\$10.98	Office
Terry Rogers Law Firm	05/01/04	02/28/13	234	\$14.67	Gross	None	\$10.27	Office
Lundy. L. Bixler, M.S.	09/01/07	09/30/12	246	\$15.51	Gross	None	\$10.86	Office
Bright Lights	06/01/03	05/31/14	1,176	\$11.33	Gross	None	\$7.93	Office
Merritt Studio	06/01/11	05/31/14	407	\$14.74	Gross	None	\$10.32	Office
Troy Heinrichs, LAC	03/01/12	08/31/13	242	\$14.63	Gross	None	\$10.24	Office
Stephanie Meyer Counseling	06/01/11	05/31/13	308	\$14.61	Gross	None	\$10.23	Office
Goldfinch Solutions, LLC.	08/01/10	06/30/13	887	\$10.82	Gross	None	\$7.57	Office
Margaret Rickers, M.S.	09/01/98	12/31/12	225	\$16.00	Gross	None	\$11.20	Office
Heather S. Hall	01/01/06	02/28/14	212	\$15.96	Gross	None	\$11.17	Office
Vacant	-	-	206	-	-	-	-	Office
Vacant	-	-	472	-	-	-	-	Office
<b>Total</b>			<b>46,375</b>					

**RENTAL 4 PHOTOGRAPH**

5555 South 48<sup>th</sup> St.



## COMPARABLE RENTAL 5

**LOCATION:** 3701 O Street, Lincoln, NE  
**LESSOR:** Construction Group, Incorporated  
**LESSEE:** Various  
**LEASE DATE:** Various  
**TERM:** See Below  
**AREA LEASED:** See Below  
**RENTAL RATE:** See Below  
**TENANT EXPENSES:** Telephone, cable, and other communications systems  
**OWNER EXPENSES:** Utilities, CAM, exterior maintenance, insurance, and real estate taxes  
**COMMENTS:** This is a multi-tenant office building located on Lincoln's main commercial thoroughfare. The property is being renovated but some of the leased areas include dated finish. The building was constructed in 1969 and is in average condition. Below is the rent roll as of September of 2009.

Tenant	Area Leased	Lease Rate	Rate/Sq. Ft.	Effective Gross Rate	Comments
State Farm Insurance	1,196	\$1,200	\$12.04	\$12.04	First Floor North
Wellness Center	1,116	\$1,100	\$11.83	\$11.83	First Floor South
102	1,139	\$1,200	\$12.64	\$12.64	First Floor Vacant
104	1,175	\$1,100	\$11.23	\$11.23	First Floor Vacant
Ramirez	265	\$285	\$12.91	\$12.91	Second Floor
Padgett	173	\$175	\$12.14	\$12.14	Second Floor
G. Essink/E Enterprise	242	\$250	\$12.40	\$12.40	Second Floor
201-F	301	\$275	\$10.96	\$10.96	Second Floor
Beltzer Law Office	776	\$700	\$10.82	\$10.82	Second Floor
Sandquist Construction	1,892	\$2,200	\$13.95	\$13.95	Second Floor
204	437	\$375	\$10.30	\$10.30	Second Floor Vacant
Duey's Computer	2,197	\$1,000	\$5.46	\$5.46	Lower Level
H-4 Co.	230	\$150	\$7.83	\$7.83	Lower Level
Eddie Brown Insurance	863	\$600	\$8.34	\$8.34	Lower Level
Leah Buckbee	391	\$260	\$7.98	\$7.98	Lower Level
Sandquist Storage	100	\$40	\$4.80	\$4.80	Lower Level Storage
Gustafson	115	\$75	\$7.83	\$7.83	Lower Level
Sandquist	1,344	\$650	\$5.80	\$5.80	Shop



## COMPARABLE RENTAL 6

**LOCATION:** 700 Van Dorn/2717 South 8<sup>th</sup> Street, Lincoln, NE  
**LESSOR:** B & J Partnership, Ltd.  
**LESSEE:** see below  
**USE:** Mixed-use commercial  
**DATE:** see below  
**TERM:** see below  
**SIZE:** see below  
**RENTAL RATE:** see below  
**TENANT EXPENSES:** see below  
**OWNER EXPENSES:** see below  
**COMMENTS:** This property is located in southwest Lincoln, north of Van Dorn Street between South 6<sup>th</sup> Street and South 8<sup>th</sup> Street within an industrial use area. The overall complex includes 76,492 square feet within two improvements including a combination of 37,937 square feet of service finish, 29,496 square feet of storage finish, 6,593 square feet of office finish, and 2,466 square feet of common area finish. The improvements were constructed between 1970 and 2004, with most construction occurring between 2003 and 2004. In spring of 2012, the property includes only 12% vacancy, with the two vacant storage areas currently listed at \$4.00 and \$5.50 per square foot/NNN.

<u>Tenant</u>	<u>Sq. Ft.</u> <u>Leased</u>	<u>Commencement</u>		<u>Effective</u>		<u>Owner Exp.</u>	<u>Effective</u> <u>NNN</u>	<u>Use</u>
		<u>Date</u>	<u>Terminates</u>	<u>Rate</u>	<u>Rate</u>			
Ford Van Lines, Inc.	4,120	Nov-08	Dec-13	\$8.98		None including mgmt.	\$9.45	Service
Dara & Co, LLC	2,170	Oct-07	Mo. to Mo.	\$5.71		None including mgmt.	\$6.01	Storage
VACANT	2,360	-	-	-		-	-	Storage
Health & Human Services	13,370	Jan-07	Dec-16	\$6.92		All	\$4.36	Storage
NEMA	1,791	Sep-10	Aug-12	\$9.87		All	\$6.22	Office
DV Auction, Inc.	1,362	Jun-10	Jul-13	\$6.86		None including mgmt.	\$7.22	Office
Starstruck Dance Academy	3,577	Jul-11	Aug-16	\$7.86		None including mgmt.	\$8.27	Dance Studio
NEMA	3,440	Oct-10	Sep-20	\$14.77		All	\$9.31	Office/Lab
VACANT	6,624	-	-	-		-	-	Storage
Crossfit Lincoln, LLC	3,813	Oct-11	Dec-14	\$7.27		None including mgmt.	\$7.65	Fitness Gym
Protection Pros, Inc.	6,683	Apr-11	Jun-16	\$5.23		None including mgmt.	\$5.51	Service
Health & Human Services	2,486	Unknown	May-12	\$6.57		All	\$4.14	Storage
NEMA	2,486	Nov-11	Oct-12	\$6.57		All	\$4.14	Storage
Dept. of Enviro. Quality	19,744	Mar-05	Feb-15	\$9.11		All	\$5.74	Service



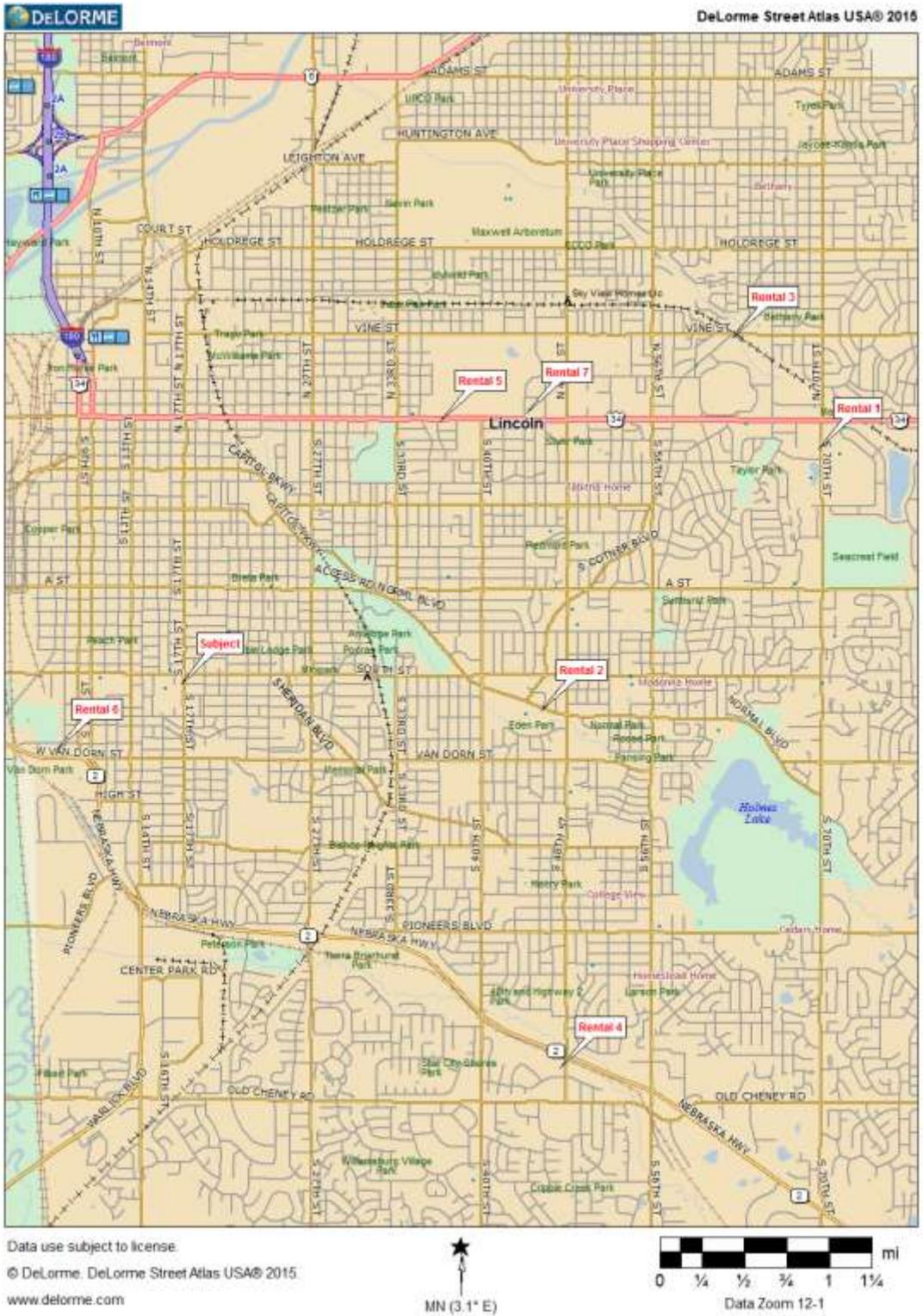
## COMPARABLE RENTAL 7

LOCATION: 144 North 44<sup>th</sup> Street, Lincoln, NE  
 LESSOR: 44<sup>th</sup> Centre Place  
 LESSEE: Various  
 USE: See below  
 AREA LEASED: See below  
 RENTAL RATE: See below  
 TERM: See below  
 TENANT EXPENSES: Utilities  
 OWNER EXPENSES: All other expenses  
 COMMENTS: This two-level building does not have good visibility from O Street, although it is located less than one block north of Lincoln's main arterial. The west end of the lower level has no windows and is used as storage space. Lower level space was previously utilized by the owner and is currently generally a shell finish.

Tenant	Lease Date	Lease Term	Level	Area Sq. Ft.	Rent Per Mo.	Rent Per Sq. Ft.	Effective Gross Rate	Use
Centre Point Dental	4/30/2012	1 Year	Upper	2,284	\$2,189	\$11.50	\$12.88	Dental
Dr. Uttecht	6/1/2009	5 Years	Upper	844	\$774	\$11.00	\$12.32	Dental
Vacant	-----	-----	Upper	1,560	\$0	\$0.00	\$0.00	Office
Mandi Lemay	6/30/2013	1 Year	Upper	984	\$820	\$10.00	\$11.20	Salon
Vacant	-----	-----	Lower	5,335	\$0	\$0.00	\$0.00	Vacant
Frank Skrupa Law	7/31/2013	1 Year	Upper	435	\$400	\$11.03	\$12.35	Office
Vacant	-----	-----	Lower	1,161	\$0	\$0.00	\$0.00	Storage



# Comparable Rentals Map



### **Correlation of Market Rents**

The comparable rentals listed here are some of the most recent rentals of similar office uses in the suburban Lincoln market. The comparable rentals vary in size, location, and use. Gross leases are typical for office properties of this type in the Lincoln market. The rents are all adjusted to reflect gross rent. In this report, gross rent includes the tenants paying only base rent. The subject ownership would be responsible for all expenses including real estate tax, insurance, utilities, maintenance, management, and reserves for replacement. The rentals are summarized in the following grid.

<b>LEASE</b>	<b>LOCATION</b>	<b>LEASED SQ. FT.</b>	<b>RATE</b>	<b>OWNER EXPENSE</b>	<b>GROSS RATE</b>	<b>COMMENTS</b>
1	301 SOUTH 70 <sup>TH</sup> ST.	1,012	\$18.14	ALL EXPENSES	\$18.14	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	511	\$13.97	ALL EXPENSES	\$13.97	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	480	\$10.63	ALL EXPENSES	\$10.63	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	525	\$6.86	ALL EXPENSES	\$6.86	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	480	\$6.25	ALL EXPENSES	\$6.25	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	410	\$7.32	ALL EXPENSES	\$7.32	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	350	\$9.43	ALL EXPENSES	\$9.43	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	350	\$10.29	ALL EXPENSES	\$10.29	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	815	\$8.76	ALL EXPENSES	\$8.76	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	800	\$12.00	ALL EXPENSES	\$12.00	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	250	\$12.00	ALL EXPENSES	\$12.00	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	597	\$7.04	ALL EXPENSES	\$7.04	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	651	\$7.37	ALL EXPENSES	\$7.37	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	631	\$8.56	ALL EXPENSES	\$8.56	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	331	\$9.06	ALL EXPENSES	\$9.06	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	431	\$9.74	ALL EXPENSES	\$9.74	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	814	\$7.74	ALL EXPENSES	\$7.74	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	1,080	\$10.67	ALL EXPENSES	\$10.67	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	690	\$12.87	ALL EXPENSES	\$12.87	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	833	\$8.64	ALL EXPENSES	\$8.64	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	2,240	\$8.30	ALL EXPENSES	\$8.30	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	800	\$5.40	ALL EXPENSES	\$5.40	OFFICE
	301 SOUTH 70 <sup>TH</sup> ST.	1,440	\$8.38	ALL EXPENSES	\$8.38	OFFICE
2	4535 NORMAL BLVD.	1,111	\$10.80	ALL EXCEPT GAS ELECTRIC.	\$12.10	OFFICE
	4535 NORMAL BLVD.	2,206	\$12.00	ALL EXCEPT GAS ELECTRIC.	\$13.44	OFFICE
	4535 NORMAL BLVD.	672	\$12.00	ALL EXCEPT GAS ELECTRIC.	\$13.44	OFFICE
	4535 NORMAL BLVD.	585	\$12.31	ALL EXCEPT GAS ELECTRIC.	\$13.79	OFFICE
	4535 NORMAL BLVD.	800	\$12.00	ALL EXCEPT GAS ELECTRIC.	\$13.44	OFFICE
	4535 NORMAL BLVD.	925	\$12.00	ALL EXCEPT GAS ELECTRIC.	\$13.44	OFFICE
	4535 NORMAL BLVD.	910	\$13.07	ALL EXCEPT GAS ELECTRIC.	\$14.64	OFFICE
	4535 NORMAL BLVD.	5,832	\$12.00	ALL EXCEPT GAS ELECTRIC.	\$13.44	OFFICE
	4535 NORMAL BLVD.	1,090	\$12.50	ALL EXCEPT GAS ELECTRIC.	\$14.00	OFFICE
	4535 NORMAL BLVD.	590	\$11.49	ALL EXCEPT GAS ELECTRIC.	\$12.87	OFFICE
	4535 NORMAL BLVD.	1,370	\$12.25	ALL EXCEPT GAS ELECTRIC.	\$13.72	OFFICE
	4535 NORMAL BLVD.	650	\$12.24	ALL EXCEPT GAS ELECTRIC.	\$13.71	OFFICE
	4535 NORMAL BLVD.	575	\$12.31	ALL EXCEPT GAS ELECTRIC.	\$13.79	OFFICE
	4535 NORMAL BLVD.	1,648	\$12.00	ALL EXCEPT GAS ELECTRIC.	\$13.44	OFFICE
	4535 NORMAL BLVD.	925	\$12.00	ALL EXCEPT GAS ELECTRIC.	\$13.44	OFFICE
	4535 NORMAL BLVD.	663	\$12.22	ALL EXCEPT GAS ELECTRIC.	\$13.69	OFFICE
	4535 NORMAL BLVD.	800	\$12.06	ALL EXCEPT GAS ELECTRIC.	\$13.51	OFFICE
	4535 NORMAL BLVD.	470	\$12.00	ALL EXCEPT GAS ELECTRIC.	\$13.44	OFFICE

LEASE	LOCATION	LEASED SQ. FT.	RATE	OWNER EXPENSE	GROSS RATE	COMMENTS	
3	770 N. COTNER BLVD.	6,949	\$12.79	ALL EXCEPT ELECTRIC.	\$14.32	OFFICE	
	770 N. COTNER BLVD.	300	\$13.00	ALL EXCEPT ELECTRIC.	\$14.56	OFFICE	
	770 N. COTNER BLVD.	8,766	\$13.52	ALL EXCEPT ELECTRIC.	\$15.14	OFFICE	
	770 N. COTNER BLVD.	3,150	\$13.53	ALL EXCEPT ELECTRIC.	\$15.15	OFFICE	
	770 N. COTNER BLVD.	1,768	\$15.83	ALL EXCEPT ELECTRIC.	\$17.73	OFFICE	
	770 N. COTNER BLVD.	4,789	\$12.32	ALL EXCEPT ELECTRIC.	\$13.80	OFFICE	
	770 N. COTNER BLVD.	727	\$11.14	ALL EXCEPT ELECTRIC.	\$12.48	OFFICE	
	770 N. COTNER BLVD.	570	\$11.58	ALL EXCEPT ELECTRIC.	\$12.97	OFFICE	
	770 N. COTNER BLVD.	722	\$13.91	ALL EXCEPT ELECTRIC.	\$15.58	OFFICE	
	770 N. COTNER BLVD.	5,242	\$12.22	ALL EXCEPT ELECTRIC.	\$13.69	OFFICE	
	770 N. COTNER BLVD.	1,023	\$10.79	ALL EXCEPT ELECTRIC.	\$12.08	OFFICE	
	770 N. COTNER BLVD.	750	\$11.12	ALL EXCEPT ELECTRIC.	\$12.45	OFFICE	
	770 N. COTNER BLVD.	1,023	\$10.58	ALL EXCEPT ELECTRIC.	\$11.85	OFFICE	
	770 N. COTNER BLVD.	499	\$12.02	ALL EXCEPT ELECTRIC.	\$13.46	OFFICE	
	770 N. COTNER BLVD.	986	\$16.89	ALL EXCEPT ELECTRIC.	\$18.92	OFFICE	
	770 N. COTNER BLVD.	1,120	\$7.88	ALL EXCEPT ELECTRIC.	\$8.83	OFFICE	
	770 N. COTNER BLVD.	1,217	\$11.10	ALL EXCEPT ELECTRIC.	\$12.43	OFFICE	
	770 N. COTNER BLVD.	1,195	\$10.04	ALL EXCEPT ELECTRIC.	\$11.24	OFFICE	
	770 N. COTNER BLVD.	2,943	\$12.03	ALL EXCEPT ELECTRIC.	\$13.47	OFFICE	
	4	770 N. COTNER BLVD.	732	\$12.70	ALL EXCEPT ELECTRIC.	\$14.22	OFFICE
770 N. COTNER BLVD.		315	\$26.67	ALL EXCEPT ELECTRIC.	\$29.87	OFFICE	
4	770 N. COTNER BLVD.	2,380	\$12.56	ALL EXCEPT ELECTRIC.	\$14.07	OFFICE	
	5555 S. 48 <sup>TH</sup> STREET	2,156	\$12.94	ALL EXPENSES	\$12.94	OFFICE	
5	5555 S. 48 <sup>TH</sup> STREET	3,120	\$13.73	ALL EXPENSES	\$13.73	OFFICE	
	3701 O STREET	1,196	\$12.04	GAS, ELECTRIC.	\$12.04	OFFICE	
	3701 O STREET	1,116	\$11.83	GAS, ELECTRIC.	\$11.83	OFFICE	
	3701 O STREET	265	\$12.91	GAS, ELECTRIC.	\$12.91	OFFICE	
	3701 O STREET	173	\$12.14	GAS, ELECTRIC.	\$12.14	OFFICE	
	3701 O STREET	242	\$12.40	GAS, ELECTRIC.	\$12.40	OFFICE	
	3701 O STREET	301	\$10.96	GAS, ELECTRIC.	\$10.96	OFFICE	
	3701 O STREET	776	\$10.82	GAS, ELECTRIC.	\$10.82	OFFICE	
	3701 O STREET	1,892	\$13.95	GAS, ELECTRIC.	\$13.95	OFFICE	
	3701 O STREET	2,197	\$5.46	GAS, ELECTRIC.	\$5.46	OFFICE	
	3701 O STREET	230	\$7.83	GAS, ELECTRIC.	\$7.83	OFFICE	
	3701 O STREET	863	\$8.34	GAS, ELECTRIC.	\$8.34	OFFICE	
	3701 O STREET	391	\$7.98	GAS, ELECTRIC.	\$7.98	OFFICE	
	3701 O STREET	100	\$4.80	GAS, ELECTRIC.	\$4.80	OFFICE	
	3701 O STREET	115	\$7.83	GAS, ELECTRIC.	\$7.83	OFFICE	
	3701 O STREET	1,344	\$5.80	GAS, ELECTRIC.	\$5.80	OFFICE	
	6	700 VAN DORN ST.	1,791	\$9.87	ALL EXPENSES	\$9.87	OFFICE
		700 VAN DORN ST.	1,362	\$6.86	NONE INCLUDING MGMT.	\$9.95	OFFICE
		700 VAN DORN ST.	3,440	\$14.77	ALL EXPENSES	\$14.77	OFFICE
	7	144 N. 44TH STREET	2,284	\$11.50	ALL EXCEPT UTILITIES	\$12.88	OFFICE
144 N. 44TH STREET		844	\$11.00	ALL EXCEPT UTILITIES	\$12.32	OFFICE	
144 N. 44TH STREET		984	\$10.00	ALL EXCEPT UTILITIES	\$11.20	OFFICE	
144 N. 44TH STREET		435	\$11.03	ALL EXCEPT UTILITIES	\$12.35	OFFICE	

The comparable rentals summarized above have been adjusted for estimated owner expenses to make the lease rates like the subject's potential gross leases. The office leases are considered similar to the subject property in size, utility, and location. The above indicated market rental rates for the subject property as demonstrated by these rentals falls in the range of \$4.80 to \$29.87 per square foot. The indicated market rental rates at the high end of the range include smaller areas, areas which were recently renovated, or areas that include sophisticated medical finish.

Rental 1 is a large multi-floor office building; located in southeast Lincoln near the intersection of L Street and South 70<sup>th</sup> Street. The property has adequate access from adjacent streets. The multi-tenant building includes a mix of retail, general office, and medical office uses. The applicable office rents indicate adjusted rental rates of \$5.40 to \$18.14 per square foot.

Rental 2 is a multi-floor office building with average finish; located near the intersection of South 48<sup>th</sup> Street and Normal Boulevard. The building has good arterial access and visibility. The multi-tenant office building has adjusted rental rates ranging from \$12.10 to \$14.64 per square foot.

Rental 3 is a large multi-floor office building with average finish; located just south of the intersection of North Cotner Boulevard and Vine Street. This building has good access and visibility from arterial streets. The leases indicated adjusted rental rates ranging from \$8.83 to \$29.87 per square foot.

Rental 4 is located near the intersection of South 48<sup>th</sup> and Highway 2. The property has good access arterials. The building includes adequate on-site parking. The multi-tenant building includes a mix of retail and office uses. The applicable office rents indicate adjusted rental rates of \$12.94 to \$13.73 per square foot.

Rental 5 is located along the south side of O Street; near its intersection with South 37<sup>th</sup> Street in central Lincoln. The multi-tenant building has leases indicating adjusted rental rates ranging from \$4.80 to \$13.95 per square foot.

Rental 6 is located near the intersection of South 6<sup>th</sup> Street and Van Dorn Street in southwest Lincoln. The multi-tenant building has leases indicating adjusted rental rates ranging from \$6.52 to \$14.77 per square foot.

Rental 7 is located near the intersection of North 44<sup>th</sup> Street and O Street in central Lincoln location. The multi-tenant building has leases indicating adjusted rental rates ranging from \$11.20 to \$12.88 per square foot.

Several of the leased areas are very similar to the subject in utility, size, and location. The market rental rate for average quality office areas such as the subject as demonstrated by the rentals considered to be most similar to the subject property falls in the range of about \$10.00 to \$12.00 per square foot.

As previously noted, based on a Highest and Best Use for 31,800 square feet of office space due to parking considerations, the net rentable area of the subject property shall be limited to 31,800 square feet of office finish; with the remainder for storage use. The calculation of storage use area is as follows:

Net Rentable Area:	35,035 sq. ft.
Less Projected Office Use:	31,800 sq. ft.
<u>Storage Use:</u>	<u>3,235 sq. ft.</u>

Rental rates for storage uses within the subject's competing market generally range from \$2.50 to \$3.50 per square foot when adjusted to the potential gross lease basis of the subject property. Based on the size of the subject's rentable area, and the subject's location and utility, the subject property's rental rate is held toward the middle portion of the value range; or about \$3.00 per square foot annually.

Considering all factors relating to the subject property including size, condition, utility, and location within an established neighborhood, the applicable gross rental rate and potential gross income for the subject property with existing zoning are estimated to be as follows:

### Existing Zoning

<u>Use</u>	<u>Net Rentable Area</u>		<u>Rate/Sq. Ft.</u>		
Office	31,800 Sq. Ft.	x	\$12.00	=	\$381,600
Storage	3,235 Sq. Ft.	x	\$3.00	=	<u>\$9,705</u>
<b>Potential Gross Income:</b>					<b>\$391,305</b>

When considering the hypothetical zoning of the subject property as B-3 Commercial District, full utilization of the subject improvements for office use is legally allowable and supported by the existing parking area.

The B-3 zoning would also allow more medical office use of the subject property. Full utilization of the subject improvements would include 35,035 square feet of office/medical office area at rental rates ranging from \$13.50 to \$14.50 per square foot. The resulting potential gross income for the subject property with hypothetical zoning would be as follows:

### Hypothetical Zoning

<u>Use</u>	<u>Net Rentable Area</u>		<u>Rate/Sq. Ft.</u>		
Office	35,035 Sq. Ft.	x	\$14.00	=	\$490,490
<b>Potential Gross Income:</b>					<b>\$490,490</b>

A discussion of the estimated stabilized expenses and capitalization for the subject property is included in the following sections of this report. The same expenses and capitalization rate will be used in the *Projected Income to the Real Estate* for the subject property with existing zoning and with the hypothetical zoning.

### ***Historic Operating Expenses***

The facility is partially occupied by an agency of Lancaster County and is not leased. Portions of the property are leased and occupied by Lutheran Family Services. Historic operating expenses were not provided for analysis. The subject ownership reported the property will be vacant within approximately 30 days following the date of inspection. Gross leases are typical for office properties of this type in the Lincoln market. Under gross leases, the subject ownership is responsible for all expenses.

### ***Estimation of Stabilized Vacancy and Expenses***

The subject property includes a two story mental health center and office building with supervised residential area. The layout and multiple elevators would facilitate further subdivision of the property into separate tenancies. Historic income and expense data were not provided. This analysis is based on a gross lease structure.

Based on similar medical office and general office facilities in the Lincoln market, the following allowances are made for the various expense categories.

**Vacancy and Credit Loss:** The appraiser reviewed the data included in the area description of this report and observed other similar properties in an effort to project the anticipated vacancy level of the subject property. Vacancy in similar properties has been increasing from about 5% to as high as 15% over the past few years, largely because a number of new office buildings have been constructed in suburban areas, increasing competition for tenants in those areas. The appraiser has estimated stabilized vacancy of 5% for a property with the good location and quality construction of the subject.

**Management:** Typical expenses for similar commercial properties in Lincoln average approximately 5% to 7% of effective gross income based on management fees charged by reputable and competent agencies. The subject's management expense is estimated to be 5% of the projected stabilized income for multi-tenant medical and office use.

**Utilities:** Expenses for utilities typically range from 6% to 10% for similar use properties. Based on typical expenses for similar buildings, the utilities expense for the subject property projected to be 8% of the effective gross income.

**Real Estate Tax:** The subject property is currently exempt from taxation but the value estimated is a market value at typical occupancy. The expense for real estate taxes would be the responsibility of the ownership under the proposed gross lease.

The real estate taxes are estimated based on the assessed value of the subject property. Typically, this expense has been in the range of 12% to 14% of the effective gross income for similar properties. If the subject property is assessed at \$2,483,500, the assessed value may exceed the market rate. The expense for the real estate tax expense will be projected at 12% of the effective gross income.

**Insurance:** Insurance expense would be the responsibility of the ownership under a gross lease. Typical expenses for similar buildings average approximately 1-4% of effective gross income. The expense for insurance expenses is projected to be 4% of the overall effective gross income.

**Maintenance:** The subject is in good condition. Under a gross lease, the expense for maintenance is the responsibility of the ownership. Based on typical expenses for similar buildings, the utilities expense for the subject property projected to be 6% of the overall effective gross income.

**Reserves:** The subject property is generally of good quality and is in good condition with an extended remaining life. However, the owner typically will have updating expense at the end of the lease period for new tenants. Therefore, the reserve for replacement of short-lived items is estimated to be 5% of the effective gross income, based on the good quality and renovated condition of the building and on the experience of similar properties.

## ***Capitalization Rate***

A capitalization rate is a ratio utilized to translate net income into a value indication by the income capitalization approach. The capitalization rate can be estimated by several methods, including direct abstraction from market sales and through the use of a band of investment to allow for mortgage and equity positions. Both of these methods will be utilized in this report.

### ***Direct Capitalization Rate***

The appraiser constantly reviews sales of income producing real estate for market capitalization rates. These rates vary based on the buyer's motivation, the size of the project, its location, and the financing available. The appraiser's review of sales attempts to stabilize the motivations and the size of the project by including a large number of sales. The larger the sample, the more accurate the results.

Since this approach treats the subject as an income-producing property, the appraiser has relied on typical rates of return investors are requiring on investment properties in the area. The following sales from the market were used to indicate typical capitalization rates.

The appraiser has used the sales or new construction on the following page to indicate the capitalization rate of each. Sufficient information is available from each to indicate the capitalization rate.

Location	Sale Price	Sale Date	Year Built	Indicated Rate	Use
2900 North 1 <sup>st</sup> Street	\$3,800,000	2015	1990	7.23%	Multifamily
3300 North 27 <sup>th</sup> Street	\$13,491,252	2015	1993	5.26%	Big Box
3400 North 27 <sup>th</sup> Street	\$9,270,482	2015	1999	8.27%	Big Box
220 Southwest 32 <sup>nd</sup> Street, Lincoln	\$1,157,904	2015	2015	9.11%	Cold-Storage
4330 Cornhusker Highway, Lincoln	\$476,500	2015	1974	9.41%	Daycare
4200 South 27 <sup>th</sup> Street Lincoln	\$5,957,696	2015	1970	7.25%	Big Box
2940 Cornhusker Highway, Lincoln	\$957,340	2014	1954	8.30%	Service/Retail
4310 North 27 <sup>th</sup> Street Lincoln	\$560,000	2014	1996	6.41%	Retail
2301 O Street, Lincoln	\$1,585,000	2014	1962	6.40%	Retail
4400 North 48 <sup>th</sup> Street, Lincoln	\$1,230,000	2014	1974	9.43%	Flex
11302 I Street, Omaha	\$4,400,000	2014	2003	7.73%	Warehouse
8225 Northwoods Drive, Lincoln	\$13,365,496 (cost)	2014	2014	7.00%	Multifamily
4111 Pioneer Woods Drive, Lincoln	\$1,586,000	2014	2004	7.83%	Restaurant
212 North 48 <sup>th</sup> Street, Lincoln	\$4,672,500	2013	2012	8.25%	Retail/Grocery
6800 South 27 <sup>th</sup> St., Lincoln,	\$1,990,000	2013	1999	7.46%	Restaurant
5025 Grover Street, Omaha	\$3,437,500	2013	1966	8.71%	Big Box
5250 Cornhusker Hwy., Lincoln	\$1,500,000	2013	1960	15.96%	Motel
3001 Northwest 12 <sup>th</sup> St., Lincoln	\$950,000	2013	1972	7.85%	Motel
2130 Winthrop Road, Lincoln	\$690,000	2013	1957	10.30%	Retail
880 North 27 <sup>th</sup> Street Lincoln	\$610,000	2013	1980	8.11%	Retail/Service
6851 Cornhusker Hwy., Lincoln	\$2,600,000	2013	1999	6.26%	Warehouse
623 South 18 <sup>th</sup> Street, Lincoln	\$490,000	2013	1973	15.12%	Multifamily
1228 South 23 <sup>rd</sup> Street, Lincoln	\$144,000	2012	1965	10.63%	Multifamily
4433 South 70 <sup>th</sup> Street, Lincoln	\$4,700,000	2012	1997	8.74%	Office
4731 Douglas Circle, Lincoln	\$415,000	2012	1997	9.76%	Warehouse
2635 West O Street, Lincoln	*\$1,857,500	2012	1982	12.95%	Motel
134 South 13 <sup>th</sup> Street, Lincoln	\$5,775,000	2011	1926	8.75%	Office
1740 M Street, Lincoln	\$1,550,000	2011	1984	12.17%	Motel
4815 S. 14 <sup>th</sup> St., Unit C, Lincoln	\$680,000	2011	2001	7.87%	Retail/Warehouse
5200 S. 19 <sup>th</sup> Street, Lincoln	\$3,350,000	2011	1997	8.94%	Warehouse
9717 Q Street, Omaha	\$9,250,000	2010	1989	8.54%	Big Box
2851 South 168 <sup>th</sup> Street, Omaha	\$3,610,000	2010	1998	10.19%	Retail
6800 South 27 <sup>th</sup> Street, Lincoln	\$1,550,000	2010	1999	8.15%	Restaurant
8320 Northwoods Drive, Lincoln	\$2,050,000	2010	2002	7.69%	Retail Strip
1101 Arapahoe Street, Lincoln	\$1,685,000	2010	1978	8.62%	Retail Strip
100 W. Cornhusker Hwy, Lincoln	\$360,000	2010	1995	7.27%	Service
4440 Lucille Drive, Lincoln	\$654,728 (cost)	2010	2010	7.78%	Retail/Greenhouse

\*Indicates additional \$257,500 made in capital expenses immediately after sale to keep franchise (Super 8) – see GPA file 12-0363

The sales data and corresponding net operating incomes indicate a range of 5.26% to 15.96%. The most recent sales indicate rates generally below 10.0%. The sales cited above suggest that overall rates have been steady over the recent past, with some recent sales indicating rates below 9.0%.

The subject property functions as a mental health center and office property and has typical exposure. It is considered to carry typical risk of similar properties in the market. The subject is typical of the Lincoln and southeast Nebraska markets. Over the past several years interest rates have remained near historic lows and the recent actions of the Federal Reserve Board are keeping rates low. The effect of recent events on the real estate market and overall rates cannot be predicted.

Based on current trends and the range established by the sales listed, and considering the quality, condition, location, and use of the subject property, the appraiser estimates that the applicable rate for the subject property is near the middle end of the range, or approximately 8.50% to 9.20%.

**Band of Investment**

The band of investment method considers both the lender's interest and the investor's interest in a property. The lenders interest is reflected in the loan amount, term of loan, and interest rates charged. The investor's interest is reflected in the equity yield rate, or the return on the initial investment.

This method essentially synthesizes a weighted ratio of debt and equity into a capitalization rate. Therefore, the variables include debt-to-equity ratios, interest rates, loan terms, and desired equity rates. Inasmuch as these vary, based on investors' motivations and tax brackets, financial institutions' portfolio philosophies for lending, and the Federal Reserve policy, the changes can impact the capitalization rate considerably. At the same time, the interest rate changes the loan-to-value ratios on debt coverage, requiring more equity. In today's market, it is estimated that the interest rate on a typical loan on a property of this type may be in the range of 5.00% to 7.00%, with a loan-to-value ratio of 70 to 75% and an amortization period of 20 to 25 years. Assuming a 75% loan-to-value, a 6.50% fixed rate, a 22-year term, and a 10.00% equity dividend rate results in the following capitalization rate:

0.75	X	0.08555	=	0.06416
0.25	X	0.10000	=	<u>0.02500</u>
		OAR	=	<u>0.08916</u>
		Called		8.90%

**Summary**

The market sales are considered to indicate a rate in the range of 8.50% to 9.20%. The band of investment indicates rates of 8.90%. The appraiser considers both methods in the final selection. The overall capitalization rate selected is 8.90%.

***Projected Income to the Real Estate – Existing R-4 Zoning***

POTENTIAL GROSS INCOME		\$391,305
LESS VACANCY & COLLECTION LOSS	5.00%	<u>\$19,565</u>
EFFECTIVE GROSS INCOME		\$371,740
LESS EXPENSES		
MANAGEMENT	5.00%	\$18,587
UTILITIES	8.00%	\$29,739
REAL ESTATE TAXES	12.00%	\$44,609
INSURANCE	4.00%	\$14,870
MAINTENANCE	6.00%	\$22,304
RESERVES FOR REPLACEMENT	5.00%	<u>\$18,587</u>
TOTAL EXPENSES	40.00%	<u>\$148,696</u>
NET OPERATING INCOME		\$223,044
CAPITALIZED AT	8.90%	\$2,506,111
		<b>CALLED \$2,506,000</b>

***Value based on Income Capitalization Approach with existing zoning***

Based on the income capitalization approach, the preceding analysis has estimated value of the subject property to be \$2,506,000.

An additional analysis of the *Projected Income to the Real Estate* is include on the following page and includes the potential gross income estimated based on the hypothetical zoning.

**Projected Income to the Real Estate – Hypothetical B-3 Zoning**

POTENTIAL GROSS INCOME		\$490,490
LESS VACANCY & COLLECTION LOSS	5.00%	<u>\$24,525</u>
EFFECTIVE GROSS INCOME		\$465,966
LESS EXPENSES		
MANAGEMENT	5.00%	\$23,298
UTILITIES	8.00%	\$37,277
REAL ESTATE TAXES	12.00%	\$55,916
INSURANCE	4.00%	\$18,639
MAINTENANCE	6.00%	\$27,958
RESERVES FOR REPLACEMENT	5.00%	<u>\$23,298</u>
TOTAL EXPENSES	40.00%	<u>\$186,386</u>
NET OPERATING INCOME		\$279,579
CAPITALIZED AT	8.90%	\$3,141,340
		<b>CALLED \$3,140,000</b>

**Value based on Income Capitalization Approach with Hypothetical Zoning**

Based on the Income Capitalization Approach with hypothetical zoning, the preceding analysis has estimated value of the subject property to be \$3,140,000.

The estimated value based on the Income Capitalization Approach with existing zoning and with hypothetical zoning is as follows:

<b>Value with Existing Zoning:</b>	<b>\$2,506,000</b>
<b>Value with Hypothetical Zoning:</b>	<b>\$3,140,000</b>

**Estimation of Utility Adjustment**

The difference between the estimated value of the subject property with its existing R-4 zoning and the hypothetical B-3 zoning is \$187,000. This figure is used to estimate an adjustment to the value indicated by the Sales Comparison Approach with existing zoning to account for the full utilization of the subject improvements under the hypothetical zoning. Calculation of this adjustment is shown below:

Value with Hypothetical Zoning:	\$3,141,000
Less Value with Existing Zoning:	<u>- \$2,506,000</u>
<b>Utility Adjustment:</b>	<b>\$635,000</b>

## RECONCILIATION OF VALUE

The three approaches have indicated the following values:

	Existing Zoning	Hypothetical Zoning
COST APPROACH:	N/A	N/A
SALES COMPARISON APPROACH:	\$2,580,000	\$3,210,000
INCOME APPROACH:	\$2,506,000	\$3,140,000

In this report, the subject property has been identified, described, and analyzed. The description and analysis have included the general Lincoln market, the neighborhood, the Highest and Best Use, and the subject property.

The subject property includes a mental health center and office building including a lower level and two floors above grade. The property includes 28,641 square feet of above grade area, with an additional 14,774 square feet of lower level area, and a total gross building area of 43,415 square feet. The property is located along the west side of South 17<sup>th</sup> Street in south central Lincoln.

The subject property is located in an R-4 Residential District zone but has been granted a special permit. The assumptions of Special Permit SP14001 do not allow for use of the entire area of the subject improvement as a non-residential health care facility. Additional special use permits for office use are considered to be probable. However, future office use permits are likely to be limited to office areas that can be supported by the existing on-site parking. The subject property currently includes 106 on-site parking spaces. Based on 300 square feet of office area per space, a total of 31,800 of office use space is projected to be permitted; with the remaining 3,235 square feet allocated for storage use.

The three approaches were considered in the appraisal problem presented. The cost approach to value generally provides a good indication of value for newer properties. The major limitation in this approach is the estimation of depreciation and obsolescence on properties that are not new. The subject improvements were constructed in 1950. Subsequent renovations, most recently in 1995, have extended the useful life of the structure. Recently, three office spaces were converted for pharmacy use by Lutheran Family Services. Depreciation and obsolescence are difficult to extract from the market, and these estimates tend to be subjective. Therefore, the cost approach is not considered necessary to provide for reliable indication of the subject's value due to the age of the existing improvements.

The Sales Comparison Approach typically provides a strong indication of value. This is especially true when sufficient, highly comparable sales are available. In the Lincoln market, similar buildings are used for a broad range of uses.

The sales used in this report include office properties located within subject property's local market. Even though the sales varied in size, condition, amenities, and amount of finish, they provide a good indication of the market conditions for the subject property as proposed. The Sales Comparison Approach is considered to be a reliable indication of value, and is given consideration in the final estimate of value.

The Income Capitalization Approach is typically given consideration in the valuation of income producing properties. The Income Capitalization Approach includes income, expense, and rate data taken from the market.

The gross income estimate was derived from reliable market data. The rental rates estimated in this report are within the indicated market rental range, and the appraiser concludes that the market rent estimated represents the current market for a property similar to the subject improvements as proposed. The Income Capitalization Approach is given consideration in the final estimate of value.

The capitalization rate was derived from mortgage and equity considerations and is supported by the market. The operating expenses are based on expenses of similar properties, and the experience of the appraiser. The Income Capitalization Approach is considered to be a reliable indication of value, and is given consideration in the final estimate of value.

Because the appraisal includes the hypothetical condition of B-3 Commercial District zoning, an analysis of a utility adjustment is completed within this report. The conclusion of this analysis results in an upward adjustment of \$187,000 that is applied to the value indicated in the Sales Comparison Approach. This adjustment is added to estimate the value of the subject property with full utilization of the subject improvements allowed by the hypothetical zoning. The utility adjustment is considered in the appraiser's reconciled opinion of the subject property's overall value. The appraiser's conclusion of value for the subject property with existing zoning, and with hypothetical zoning, is as follows:

Conclusion at Existing R-4 Residential District Zoning:

Based on the previous data and analysis, subject to *Extraordinary Assumptions, Hypothetical Conditions* and *General Limiting Conditions* herein cited, and in accordance with the exposure period herein noted, the estimated market value of the Fee Simple Estate in the property, existing R-4 Residential District zoning, as of February 10, 2016, is estimated to be:

TWO MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS  
(\$2,550,000.00)

Conclusion with Hypothetical B-3 Commercial District Zoning:

Based on the previous data and analysis, subject to *Extraordinary Assumptions, Hypothetical Conditions* and *General Limiting Conditions* herein cited, and in accordance with the exposure period herein noted, the estimated market value of the Fee Simple Estate in the property, hypothetical B-3 Commercial District zoning, as of February 10, 2016, is estimated to be:

THREE MILLION ONE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS  
(\$3,185,000.00)

# QUALIFICATIONS OF APPRAISER

*Thomas W. Kubert, MAI, CCIM*

## EXPERIENCE

Great Plains Appraisal Company, Lincoln, Nebraska  
Staff Appraiser, Commercial Division 1992-Present  
Lancaster County Assessors Office, Lincoln, Nebraska  
Sr. Residential Appraiser, Residential Division 1993-1994  
Staff Appraiser, Residential Division 1992-1993  
Listing Technician, Residential Division 1991-1992

Extensive experience since 1991 in the appraisal of commercial, industrial, agricultural, residential, and special-purpose properties. Primary experience related to general appraisal, real property tax, condemnation, and litigation issues.

## LICENSES

Nebraska Real Estate Appraiser  
- Certified General Appraiser CG 950191  
Nebraska Real Estate Brokers License  
- Brokers License 20070663

## PROFESSIONAL AFFILIATIONS

Appraisal Institute - MAI Designation - 2002  
Realtors Association of Lincoln - REALTOR®-Appraiser Member - 2003  
CCIM Institute (Certified Commercial Investment Member Institute) – CCIM Designation 2006  
Nebraska Department of Revenue, Property Assessment Division  
- County Assessor/Deputy Assessor Certification –2012 to Current  
o Certificate 120801  
Nebraska Real Property Appraiser Board - 2011 to 2016  
- 1<sup>st</sup> Congressional District Representative  
- Association of Appraisal Regulatory Officials  
Nebraska Department of Roads  
Right of Way Division – Approved Appraiser List for All Appraisals and Appraisal Reviews

## EDUCATION

University of Nebraska-Lincoln, Lincoln, Nebraska  
Bachelor of Science, Business Administration 1990  
Appraisal Institute - Coursework  
"Standards of Professional Practice, Part C - Course 430" - 2000  
"Report Writing and Valuation Analysis - Course 540" - 1998  
"Advanced Applications - Course 550" - 1997  
"Advanced Sales Comparison & Cost Approaches - Course 530" - 1997  
"Standards of Professional Practice, Parts A & B - Course 410/420" - 1996  
"Highest & Best Use and Market Analysis - Course 520" - 1996  
"Advanced Income Capitalization - Course 510" - 1995  
"Basic Income Capitalization - Course 310" - 1994  
"Residential Valuation" - 1992  
"Real Estate Appraisal Methods" - 1991  
Appraisal Institute – Seminars  
"Analyzing Tenant Credit Risk and Commercial Lease Analysis" – 2012  
"Business Practices and Ethics" - 2012  
"Real Estate Finance Statistics and Valuation Modeling" - 2012  
"Effective Appraisal Report Writing" – 2011  
"Uniform Standards of Professional Appraisal Practice Update" – 2011  
"Uniform Standards of Professional Appraisal Practice Update" – 2010  
"Appraisal Curriculum Overview - 2010  
"Appraising Distressed Commercial Real Estate - 2009  
"Forecasting Revenue" – 2009  
"Introduction to Valuing Green Buildings" – 2008

## QUALIFICATIONS OF APPRAISER

*Thomas W. Kubert, MAI, CCIM*  
*(Page 2)*

### EDUCATION (Continued)

#### Appraisal Institute – Seminars (Continued)

- “Appraisal Challenges: Declining Markets and Sales Concessions” - 2008
- “Uniform Standards of Professional Appraisal Practice Update” – 2008
- “Business Practice and Ethics – Course 420” - 2007
- “Litigation Skill for the Appraiser: An Overview” - 2007
- “Uniform Appraisal Standards for Federal Land Acquisitions” - 2006
- “Market Analysis and the Site to Do Business” - 2005
- “Building Transferable Skills Sets Seminar” - 2005
- “Scope of Work: Expanding Your Range of Services” - 2004
- “Loss Prevention Program for Real Estate Appraisers” - 2004
- “Subdivision Analysis” - 2003
- “The Road Less Traveled: Special Purpose Properties” - 2003
- “Appraisal Consulting: A Solutions Approach for Professionals” - 2003
- “Appraisal in Litigation” - 2002
- “Appraising Environmentally Contaminated Properties” - 2002
- “Attacking and Defending an Appraisal in Litigation” - 2002
- “Eminent Domain and Condemnation Appraising” - 2001
- “Case Studies in Commercial Highest and Best Use” - 2000
- “Demonstration Appraisal Report Writing” - 1998
- “Litigation Skills for the Appraiser” - 1997
- “Analyzing Operating Statements” – 1997

#### Nebraska Real Property Appraisal Board

- “Ed Tour 2009” -2009
- “Standard 3 Review Training Session” - 2009
- “Standard 3 Review Training Session” - 2007

#### The Appraisal Foundation

- “State Investigator Training – Level 1” – 2013
- “State Investigator Training – Level 2” - 2013

#### The American Society of Farm Managers and Rural Appraisers

- “Appraisal Review Under Uniform Standards for Federal Land Acquisitions”-Course A-380 - 2007

#### CCIM Institute

- “Ethics Course Online Seminar” - 2008
- “Core Concept Review Course” - 2006
- “Investment Analysis for Commercial Investment Real Estate- Course CI104” – 2006
- “User Decision Analysis for Commercial Investment Real Estate – Course CI103” – 2006
- “Market Analysis for Commercial Investment Real Estate– Course CI102” – 2005
- “Financial Analysis for Commercial Investment Real Estate– Course CI101” - 2005

#### Southeast Community College

- “Real Estate Law” - 1996
- “Real Estate Investments” - 1996
- “Real Estate Finance” - 1995
- “Real Estate Appraisal” - 1991

#### Other Education Providers

##### American Bankers Association

- “Going Concern Appraisals; Understanding Tangible and Intangible Assets” - 2011

##### Crew Midwest

- “2013 Commercial Real Estate Workshop” - 2013
- “2012 Commercial Real Estate Workshop” - 2012

##### International Association of Assessing Officers

- “CAMA Valuation Model Building” Course 305 - Residential - 1993

##### International Right of Way Association

- “Reviewing Appraisals in Eminent Domain” –Course 410 - 2006

## QUALIFICATIONS OF APPRAISER

**Thomas W. Kubert, MAI, CCIM**  
**(Page 3)**

### EDUCATION (Continued)

#### Other Education Providers (Continued)

The Moore Group

"Uniform Standards of Professional Appraisal Practice Update" – 2013

"Uniform Standards of Professional Appraisal Practices" - 2006

"Uniform Standards of Professional Appraisal Practices" – 1991

McKissock

"The Green Guide to Appraising" - 2013

Larabee School of Real Estate

"Fair Housing and Real Estate" – 2012

"Ethical Obligations to Clients and Customers" – 2012

"License Law / Agency Review" - 2011

"Nebraska Agency" - 2009

"Fair Housing" - 2008

"Sales and Brokerage" - 2007

"Writing the Narrative Report" - 1995

Midwest Appraisers Association

"Uniform Standards of Professional Appraisal Practice" – 7 Hour Update - 2004

*State of Nebraska*  
*Real Property Appraiser Board*



Hereby certifies that: THOMAS W KUBERT  
GREAT PLAINS APPRAISAL INC  
115 CHERRY HILL BLVD  
LINCOLN, NE 68510-2639

Is credentialed in the State of Nebraska as a:  
Certified General Real Property Appraiser

Holding credential number: CG950191

Issued on: Jan 01, 2016

Set to expire on: Dec 31, 2016

Nebraska Real Property Appraiser Board Director: \_\_\_\_\_

All address changes, business or residence must be reported to the Real Property Appraiser Board immediately.

This Pocket Card is proof that such person is credentialed under the Real Property Appraiser Act unless credential has been canceled, surrendered, suspended, or revoked.

Nebraska Real Property Appraiser Board  
301 Centennial Mall South, LL, PO Box 94963  
Lincoln, Nebraska 68509-4963  
Phone: 402-471-9015 Fax: 402-471-9017 www.appraiser.ne.gov

Administrative Identification Number:	5428-2016	Registration Fee Paid:	\$275.00
Random Fingerprint Audit Program Fee Paid:	\$5.00	Federal Registry Fee Paid:	\$40.00

**ADDENDA**





**Great Plains  
Appraisal, Inc.**  
115 Cherry Hill Blvd., Lincoln, NE 68510  
(402) 476-1144 • FAX (402) 476-7171  
www.gpappraisal.com

Thomas W. Kubert, MAI, CCIM  
Cody Gerdes, MAI  
Lori L. Johnson, MAI  
Wayne W. Kubert, MAI  
Cay Lacey, MAI

**ENGAGEMENT FOR APPRAISAL SERVICES  
NON-RESIDENTIAL  
(Page 1 of 2)**

**CLIENT INFORMATION**

CLIENT: Lancaster County CLIENT CONTACT: Don Killam  
DELIVERY ADDRESS: 555 South 10th Street  
CITY: Lincoln STATE: NE ZIP CODE: 68508  
PHONE NUMBER: Don (402) 441-7356 E-MAIL: d.killam@lancaster.ne.gov

**PROPERTY INFORMATION**

OWNER NAME(S): Lancaster County  
PROPERTY ADDRESS: 2201 S. 17th  
LEGAL DESCRIPTION/PARCEL ID: 10-36-303-007-000  
PROPERTY TYPE:  APARTMENT # UNITS  OFFICE  INDUSTRIAL  SERVICE  
 RETAIL  MIXED USE  LAND  OTHER

**USE/USERS OF APPRAISAL**

USE:  SALE SALE PRICE \$ \_\_\_\_\_  
 FINANCE/REFINANCE \_\_\_\_\_  
 OTHER Internal planning and potential sale.  
USERS OF APPRAISAL REPORT:  CLIENT  OWNER  
 OTHER: \_\_\_\_\_

**SCOPE OF SERVICES**

APPRAISAL REPORT  
 RESTRICTED APPRAISAL REPORT  
 OTHER \_\_\_\_\_

**PRIOR APPRAISAL SERVICES**

I HAVE PERFORMED SERVICES AS AN APPRAISER, OR IN ANY OTHER CAPACITY, REGARDING THIS PROPERTY WITHIN THE 3-YEAR PERIOD IMMEDIATELY PRECEDING THIS PROPOSAL.  
 YES  NO COMMENT Previously Appraised by Cay Lacey in 2013

**INITIAL INFORMATION NEEDED (IF APPLICABLE)**

PURCHASE AGREEMENT  LEASE DATA/COPY  REAL ESTATE INCOME/EXPENSE DATA  
 BALANCE SHEET  OTHER If Applicable

**GREAT PLAINS APPRAISAL INC. – NON-RESIDENTIAL**  
**ENGAGEMENT FOR APPRAISAL SERVICES (Page 2 of 2)**

**PROPERTY ACCESS INFORMATION**

CONTACT NAME: Don Killen PHONE: (402) 441-7356  
 OWNER  VACANT  OTHER Client Representative

**PROPOSAL**

APPRAISAL SERVICES REPORT SHALL BE COMPLETED IN ACCORDANCE WITH THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE AND IN CONFORMITY WITH THE CODE OF PROFESSIONAL ETHICS AND STANDARDS OF THE APPRAISAL INSTITUTE.

PROPOSED FEE: \$ 4,000

PROPOSED COMPLETION DATE 3/1/2016

HOW MANY COPIES OF REPORT: 2 PDF:  YES  NO

COMMENTS \_\_\_\_\_

**DISCLOSURE**

THE APPRAISERS SIGNING THIS REPORT HAVE FUNCTIONED AS CONSULTANTS TO THE BOARD OF EQUALIZATION OF LANCASTER COUNTY, NEBRASKA DURING THE THREE-YEAR PERIOD PRECEDING THE DATE OF THIS APPRAISAL. THAT CONSULTING ASSIGNMENT MAY HAVE INCLUDED THE SUBJECT PROPERTY RELATED TO THE APPEAL OF ASSESSMENTS FOR TAXATION. THE FUNCTION OF THE APPRAISERS IN THAT CONSULTING CAPACITY WAS EXEMPT FROM THE NEBRASKA REAL PROPERTY APPRAISER ACT. ALL DATA, ANALYSIS, AND DOCUMENTATION RELATING TO THIS CONSULTING ASSIGNMENT ARE MAINTAINED BY THE COUNTY CLERK OF LANCASTER COUNTY, NEBRASKA.

OTHER \_\_\_\_\_

**ACCEPTANCE OF PROPOSAL**

PROPOSAL SUBMITTED BY:

[Signature] 1-19-2016  
GREAT PLAINS APPRAISAL INC. DATE  
PRINT NAME Thomas W. Kuba

PROPOSAL SHALL BE CONSIDERED VALID FOR 10 DAYS FROM DATE INDICATED WITH THE GREAT PLAINS APPRAISAL SIGNATURE.

ACCORDING TO THE TERMS OF THE PROPOSAL, I/WE ACCEPT YOUR PROPOSAL AND WORK IS AUTHORIZED TO BEGIN UPON RECEIPT OF THIS NOTICE. PROFESSIONAL FEES ARE DUE UPON RECEIPT OF THE APPRAISAL REPORT.

CLIENT SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

PRINT NAME: \_\_\_\_\_

DAVIS  
DL

Instr # 2007043004 Wed Aug 29 10:30:19 CDT 2007  
Filing Fee: \$2.00 Stamp Tax: \$2.00 County: 3 Grantor: J  
Lancaster County, NE Registrar of Deeds Office Wood  
Page: 3

### WARRANTY DEED

KNOW ALL MEN by these presents:

That the County of Lancaster, Nebraska, a political subdivision of the State of Nebraska (herein called the "grantor"), for and in consideration of one dollar and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, convey and confirm unto BryanLGH Medical Center, a Nebraska non-profit corporation (herein called the "grantee"), the following described real property in Lancaster County, Nebraska:

SEE ATTACHED "EXHIBIT A" FOR LEGAL DESCRIPTION

To have and to hold the above described premises together with all tenements, hereditaments, and appurtenances thereto belonging, unto the grantee and the grantee's heirs, successors and assigns in perpetuity.

The grantor does hereby covenant with the grantee and with grantee's heirs, successors and assigns that grantor is lawfully seized of said premises; that they are free from encumbrances except easements and restrictions of record; that grantor has good right and title to said premises and lawful authority to convey the same, and that grantor warrants and will defend the title to said premises against the lawful claims of all persons whomsoever. That County further warrants that it will indemnify grantor with regard to any liens of record with regard to the property more fully described in Exhibit "A" attached to this document.

Dated this 21 day of August, 2007.

COUNTY OF LANCASTER, NEBRASKA, Seller.

BY: Board of County Commissioners of Lancaster  
County

Bob Probst  
Chairman

Debra Thompson  
Commissioner

Debra Schorr  
Commissioner

Commissioner

Edward Hoffman  
1024 K Street  
(CB)

Commissioner

STATE OF NEBRASKA )  
                                  ) ss.  
COUNTY OF LANCASTER )

On this 21 day of August, 2007, before me, a general notary public, duly commissioned and qualified, personally came Bob Weckman, Ray Stevens, Dub Scherr, and \_\_\_\_\_, known to me to be the members of the Board of County Commissioners of Lancaster County, duly authorized to bind the County of Lancaster, and the identical persons who executed the foregoing instrument on behalf of the County of Lancaster, and acknowledge the execution thereof to be their voluntary act and deed as officers of the said County and the voluntary act and deed of the said political subdivision.

Witness my hand and notarial seal this 21 day of August, 2007.



  
Notary Public

**EXHIBIT "A"**

**LEGAL DESCRIPTION**

Lots 32, 33, 34 and 35; the North 28.5 feet of Lot 36 in the Southwest Quarter of Section 36, Township 10 North, Range 6 East of the 6th P.M., in the City of Lincoln, Lancaster County, Nebraska AND all of Lots 45, 46 and 47, except the West 73.3 feet; the North 46.4 feet of the East 55.5 feet of Lot 44; the 12.0 foot dedicated alley lying adjacent to the East of the above described tract; all in Davis Subdivision in the South west Quarter of Section 36, Township 10 North, Range 6 East of the 6th P.M., Lincoln, Lancaster County, Nebraska.

Davis  
ST  
RZ

Inet # 2887043983 Wed Aug 29 10:38:19 CDT 2007  
Filing Fee: \$0.00 Stamp Tax: \$0.00 Escrow: 2 copies  
Lancaster County, NE Registrar/Recorder of Deeds Office W020  
Page 3

### WARRANTY DEED

KNOW ALL MEN by these presents:

That BryanLGH Medical Center, a Nebraska non-profit corporation (herein called the "grantor"), for and in consideration of one dollar (\$1.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby grant, bargain, sell, convey and confirm unto the County of Lancaster, Nebraska, a political subdivision of the State of Nebraska (herein called the "grantee"), the following described real property in Lancaster County, Nebraska:

SEE ATTACHED "EXHIBIT A" FOR LEGAL DESCRIPTION

To have and to hold the above described premises, together with all tenements, hereditaments, and appurtenances thereto belonging, unto the grantee and the grantee's heirs, successors and assigns in perpetuity.

The grantor does hereby covenant with the grantee and with grantee's heirs, successors and assigns that grantor is lawfully seized of said premises; that they are free from encumbrances except easements and restrictions of record; that grantor has good right and title to said premises and lawful authority to convey the same; and that grantor warrants and will defend the title to said premises against the lawful claims of all persons whomsoever. That BryanLGH Medical Center further warrants that it will indemnify grantor with regard to any liens of record with regard to the property more fully described in Exhibit "A" attached to this document.

Dated this 22nd day of August, 2007.

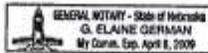
BryanLGH MEDICAL CENTER, Seller.

BY: Craig M. Ames  
Craig M. Ames, President  
BryanLGH Medical Center

STATE OF NEBRASKA )  
                                  ) ss.  
COUNTY OF LANCASTER )

On this 22nd day of August, 2007, before me, a general notary public, duly commissioned and qualified, personally came Craig M. Ames, President of BryanLGH Medical Center, known to me to be the identical person who executed the foregoing instrument on behalf of BryanLGH Medical Center, and acknowledged the execution thereof to be his voluntary act and deed.

Witness my hand and notarial seal this 22 day of August, 2007.



G. Elaine Gersham  
Notary Public

County Attorney

**EXHIBIT "A"**

**LEGAL DESCRIPTION**

The east 60.0' of Lots 9 and 10, and the west 5.38' of the east 65.38' except the north 28.5' of Lot 10; The east 65.38' of Lots 11, 12 and 13, all in "Davis's Subdivision" of Lot 3 in the SW¼ of Section 36, Township 10 North, Range 6 East, of the 6th Principal Meridian, Lancaster County Nebraska.

And

That part of the NE¼ of Lot 6, "State Subdivision" of the SW¼ of Section 36, Township 10 North, Range 6 East, of the 6th Principal Meridian, Lancaster County, Nebraska more particularly described as follows:

Commencing at the northeast corner of said NE¼ of Lot 6, "State Subdivision" of the SW¼ of Section 36, said point being the centerline of platted "17th Street" and "Sewell Street"; thence on an assumed bearing of S89°59'15"W, and with the north line of said NE¼ of Lot 6, "State Subdivision" 30.00' to a point on the west right-of-way line of "17th Street", said point also being the POINT OF BEGINNING; thence S0°20'19"W, 30.00' west of as measured perpendicular to and parallel with the east line of said NE¼ of Lot 6, "State Subdivision" and with the west right-of-way line of "17th Street" 265.77'; thence N88°57'31"W, 98.21'; thence N0°19'56"E, 200.38'; thence N31°06'08"E, 64.23'; thence N0°21'52"E, 8.60' to a point on the north line of said NE¼ of Lot 6, "State Subdivision", said point also being on the south line of Lot 13, "Davis's Subdivision" of Lot 3 in the SW¼ of said Section 36; thence N89°59'15"E, with said north line NE¼ of Lot 6, "State Subdivision" and with said south line Lot 13, "Davis's Subdivision" 65.38' to the POINT OF BEGINNING.

PA U6 SW¼ 36-10-10

RECORDED & INDEXED  
OCT 31 11 03 PM '97

INST. NO 97  
045693

96  
BLOCK  
CODE  
CHECKED  
ENTERED  
INDEXED  
K

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS, that **The City of Lincoln, Nebraska d/b/a Lincoln General Hospital**, a municipal corporation and political subdivision of the State of Nebraska (Grantor), in consideration of Ten Dollars (\$10.00), receipt of which from Grantee is hereby acknowledged, does grant, bargain, sell, convey, and confirm unto **Bryan Memorial Hospital**, a Nebraska non-profit corporation (Grantee), the following described real estate, as defined in Neb. Rev. Stat. § 76-201 situated in the County of Lancaster and State of Nebraska, to wit:

See Exhibit 'A', Legal Description, attached hereto and incorporated herein by reference and subject to permitted exceptions described in Exhibit 'B' attached hereto and incorporated herein by reference.

NEBRASKA DOCUMENTARY  
STAMP TAX  
OCT 31 1997

\$ 12 BY     

Grantor covenants with the Grantee that Grantor:

1. Is lawfully seized of such real estate and that it is free from encumbrances subject to easements, reservations, covenants, and restrictions of record;
2. Has good, right, and lawful authority to convey the same; and
3. Warrants and will defend the title to the real estate against the lawful claims of all persons.

**Right of First Refusal.** In the event that, on or before the twentieth anniversary of the Closing Date, Grantee enters into an agreement to sell, transfer, convey, or lease all or substantially all of the Transferred Assets then owned by Grantee to a third party, then prior to such agreement becoming effective:

- (a) Grantee shall deliver a written notice (the "Offer Notice") to Grantor setting forth:
  - (i) A certification that Grantee intends in good faith to sell, transfer, convey, or lease substantially all of the Transferred Assets then owned by Grantee; and
  - (ii) The material terms and conditions of the sale, transfer or conveyance, including the purchase price and anticipated closing date.

✓

(b) For a period of one hundred twenty (120) days following the delivery of the Offer Notice (the "Refusal Period"), the Grantor shall have the right to purchase the Transferred Assets then owned by Grantee at a price and on the terms set forth in the Offer Notice by delivering to Grantee a written notice (the "Acceptance Notice") of its intent to purchase the Transferred Assets then owned by Grantee upon the terms and conditions set forth in the Offer Notice.

(c) If Grantor fails to deliver the Acceptance Notice by 5:00 p.m. central time on the last day of the Refusal Period, Grantee may proceed to sell the Transferred Assets then owned by Grantee upon the terms and conditions described in the Offer Notice.

(d) If the sale contemplated in the Offer Notice is for any reason not consummated within ninety (90) days of the anticipated closing date set forth in the Offer Notice, then any subsequent proposed sale, transfer or conveyance, whether or not to the same third party, shall be subject to the terms and conditions of this "right of first refusal."

(e) Any subsequent deed delivered by Grantee as permitted under this clause shall include covenants acknowledging the rights, obligations, terms and limitations set forth in this "right of first refusal."

(f) For a period of five (5) years following the Closing Date, if Grantee sells all or substantially all of the Transferred Assets then owned by Grantee to a third party for consideration (viewed on a consistent basis with the transactions contemplated in the Master Affiliation Agreement) in excess of:

(i) The Cash Consideration (consistently calculated with Section 3.1(a) of the Master Affiliation Agreement, including but not limited to consideration of the assumption of liabilities by the third party); plus

(ii) The aggregate amount of capital expenditures made by Grantee following the Closing in connection with its operation of Lincoln General Hospital; minus

(iii) The aggregate amount of depreciation on the Transferred Assets to be sold under this section; plus

(iv) Three percent (3%) per year (including any partial year) between the Closing and the date of the sale contemplated under this section multiplied by the aggregate amount determined under subsections (i), (ii), (iii), and (iv) of this section (f);

then Grantee shall pay to Grantor the difference between the purchase price paid by the third party and the aggregate amount determined under subsections (i), (ii), (iii), and (iv) of this section (f).

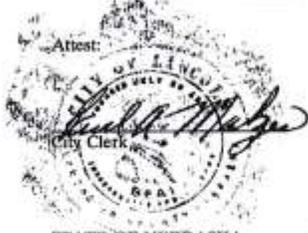
Notwithstanding anything to the contrary, this "right of first refusal" shall not apply in the event Grantor enters into an agreement to sell, transfer, convey, or lease all or substantially all of the Transferred Assets then owned by Grantee to a third party that is (i) a nonprofit corporation or (ii) an entity that is controlled by or under then common control of Grantee or Bryan Healthcare, Inc.

(For purposes of this clause, the terms "Transferred Assets", "Cash Consideration", "Acquired Current Liabilities" and "Closing Date" shall be defined as set forth in the Master Affiliation Agreement by and among Bryan Health Care, Inc. and Bryan Memorial Hospital, and the City of Lincoln, Nebraska and the Board of Trustees of Lincoln General Hospital, dated October 1, 1997 (the "Master Affiliation Agreement"), a copy of which is on file in the Office of the City Clerk of the City of Lincoln, Nebraska.)

To have and to hold the above-described premises together with all tenements, hereditaments, and appurtenances thereto belonging unto Grantee and to Grantee's successors and assigns forever.

IN WITNESS WHEREOF, Grantor has hereunto caused its corporate seal to be affixed and these presents signed by its Mayor.

DATED this 31<sup>st</sup> day of OCTOBER, 1997.

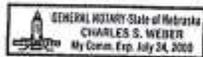


THE CITY OF LINCOLN, NEBRASKA,  
A Municipal Corporation

By: Mike Johanns  
Mayor

STATE OF NEBRASKA     )  
                                  ) ss:  
COUNTY OF LANCASTER    )

The foregoing instrument was acknowledged before me this 31<sup>st</sup> day of OCTOBER, 1997, by Mike Johanns, Mayor of the City of Lincoln, Nebraska.



Charles S. Weber  
Notary Public

**EXHIBIT 'A'**

**LEGAL DESCRIPTION**

- (1) LOTS 1, 2, 3, 4, 5, AND 6, JOHNSON'S SECOND SUBDIVISION, LINCOLN, LANCASTER COUNTY, NEBRASKA
- (2) LOTS 1, 2, 3, AND 4, JENNINGS ADDITION, LINCOLN, LANCASTER COUNTY, NEBRASKA
- (3) THE NORTHEAST QUARTER OF LOT 6, STATE SUBDIVISION OF THE SOUTHWEST QUARTER OF SECTION 36, TOWNSHIP 10 NORTH, RANGE 6 EAST OF THE 6TH P.M., LINCOLN, LANCASTER COUNTY, NEBRASKA
- (4) LOTS 1, 2, 3, 4, 5, AND 6, MEESE'S SUBDIVISION OF THE NORTHEAST QUARTER OF THE SOUTH HALF OF LOT 6, SUBDIVISION OF THE SOUTHWEST QUARTER OF SECTION 36, TOWNSHIP 10 NORTH, RANGE 6 EAST OF THE 6TH P.M., LINCOLN, LANCASTER COUNTY, NEBRASKA
- (5) LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, AND 14, BETZ AND CRAWFORD ADDITION, LINCOLN, LANCASTER COUNTY, NEBRASKA
- (6) LOTS 4, 5, 6, 7, 8, 9, 13, 15, 16, 17, 18, 19, AND 20, BLOCK 1, CENTRAL PARK SUBDIVISION, LINCOLN, LANCASTER COUNTY, NEBRASKA
- (7) LOTS 10, 11, AND 12, BLOCK 1, CENTRAL PARK SUBDIVISION, LINCOLN, LANCASTER COUNTY, NEBRASKA
- (8) LOT 14, BLOCK 1, CENTRAL PARK SUBDIVISION, LINCOLN, LANCASTER COUNTY, NEBRASKA
- (9) LOTS 1, 2, 3, 7, 8, 9, 10, 11, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, AND 24, GOULD'S SUBDIVISION OF LOT 5 IN THE SOUTHWEST QUARTER OF SECTION 36, TOWNSHIP 10 NORTH, RANGE 6 EAST OF THE 6TH P.M., LINCOLN, LANCASTER COUNTY, NEBRASKA
- (10) LOTS 4, 5, AND 6, GOULD'S SUBDIVISION OF LOT 5 IN THE SOUTHWEST QUARTER OF SECTION 36, TOWNSHIP 10 NORTH, RANGE 6 EAST OF THE 6TH P.M., LINCOLN, LANCASTER COUNTY, NEBRASKA
- (11) LOT 1, BETZ ADDITION TO LINCOLN, LANCASTER COUNTY, NEBRASKA

- (12) LOTS 2 AND 3, BETZ ADDITION TO LINCOLN, LANCASTER COUNTY, NEBRASKA
- (13) THE NORTH 33 1/3 FEET OF LOT 1 AND ALL OF LOT 6, JOHNSON'S ADDITION TO LINCOLN, LANCASTER COUNTY, NEBRASKA
- (14) THE SOUTH 1/3 OF LOT 1 AND ALL OF LOTS 2, 4, AND 5, JOHNSON'S ADDITION TO LINCOLN, LANCASTER COUNTY, NEBRASKA
- (15) LOT 3, JOHNSON'S ADDITION TO LINCOLN, LANCASTER COUNTY, NEBRASKA
- (16) THE EAST 60 FEET OF LOT 9; LOT 10, EXCEPT THE NORTH 28.5 FEET OF THE WEST 68.8 FEET THEREOF; AND ALL OF LOTS 11 TO 16, INCLUSIVE; THE SOUTH 21.5 FEET OF LOTS 17 AND 36; AND ALL OF LOTS 31, 37, 38, 39, 40, 41, 42, AND 43; LOT 44, EXCEPT THE NORTH 46.4 FEET OF THE EAST 55.5 FEET THEREOF; THE WEST 73.3 FEET OF LOTS 45, 46, AND 47; AND ALL OF LOTS 48, 49, AND 50; AND LOT 51, EXCEPT THE NORTH 5 FEET THEREOF, DAVIS SUBDIVISION, LINCOLN, LANCASTER COUNTY, NEBRASKA
- (17) THE NORTH 5 FEET OF LOT 51, AND THAT PORTION OF LOT 52 MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTH-EAST CORNER OF SAID LOT 52; THENCE NORTH ALONG THE EAST LINE OF SAID LOT 52 ON AN ASSUMED BEARING OF NORTH 00 DEGREES 20 MINUTES 43 SECONDS EAST, A DISTANCE OF 7.52 FEET TO THE INTERSECTION WITH A CIRCULAR CURVE; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CIRCULAR CURVE BEARING TO THE LEFT, WHOSE CENTRAL ANGLE IS 35 DEGREES 28 MINUTES 17 SECONDS, WHOSE RADIUS IS 20.00 FEET, WHOSE CHORD LENGTH IS 12.19 FEET, AND WHOSE CHORD BEARING IS NORTH 69 DEGREES 24 MINUTES 07 SECONDS WEST, A DISTANCE OF 12.38 FEET; THENCE NORTH 87 DEGREES 08 MINUTES 15 SECONDS WEST, A DISTANCE OF 103.51 FEET TO THE POINT OF TANGENCY WITH A CIRCULAR CURVE; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CIRCULAR CURVE BEARING TO THE LEFT, WHOSE CENTRAL ANGLE IS 43 DEGREES 21 MINUTES 01 SECONDS, WHOSE RADIUS IS 20.00 FEET, WHOSE CHORD LENGTH IS 14.77 FEET, AND WHOSE CHORD BEARING IS SOUTH 71 DEGREES 11 MINUTES 15 SECONDS WEST, A DISTANCE OF 15.13 FEET TO THE WEST LINE OF SAID LOT 52; THENCE SOUTH 00 DEGREES 20 MINUTES 43 SECONDS WEST, ALONG THE WEST LINE OF SAID LOT 52, A DISTANCE OF 12.17 FEET TO THE SOUTHWEST CORNER OF SAID LOT 52; THENCE SOUTH 89 DEGREES 58 MINUTES 40 SECONDS EAST ALONG THE SOUTH LINE OF SAID LOT 52, A DISTANCE OF 128.80 FEET TO THE POINT OF BEGINNING, ALL IN DAVIS SUBDIVISION, LINCOLN, LANCASTER COUNTY, NEBRASKA

- (18) ALL OF VACATED MARION STREET FROM THE EAST RIGHT OF WAY LINE OF SOUTH 15TH STREET TO THE WEST RIGHT OF WAY LINE OF VACATED 16TH STREET; ALL OF VACATED PARK AVENUE FROM THE EAST RIGHT OF WAY LINE OF VACATED 16TH STREET TO THE WEST RIGHT OF WAY LINE OF VACATED ST. MARY'S AVENUE; VACATED SOUTH 16TH STREET FROM THE NORTH LINE OF LOT 4 (EXTENDED) BLOCK 1, CENTRAL PARK SUBDIVISION, TO THE SOUTH LINE OF LOT 11 (EXTENDED), GOULD'S SUBDIVISION OF LOT 5 SOUTHWEST QUARTER OF SECTION 36, TOWNSHIP 10 NORTH, RANGE 6 EAST OF THE 6TH P.M., LINCOLN, LANCASTER COUNTY, NEBRASKA; VACATED ST. MARY'S AVENUE FROM THE NORTH LINE OF LOT 31 (EXTENDED), DAVIS SUBDIVISION, TO THE NORTH RIGHT OF WAY LINE OF LAKE STREET; ALL OF THE VACATED NORTH-SOUTH ALLEY LYING BETWEEN THE NORTH LINE OF VACATED PARK AVENUE AND A POINT LOCATED 3.6 FEET NORTH OF THE NORTH LINE OF LOTS 36 AND 43, DAVIS SUBDIVISION; ALL OF THE VACATED NORTH-SOUTH ALLEY LYING BETWEEN THE SOUTH LINES OF LOTS 31 AND 48 AND THE NORTH LINES OF LOTS 29 AND 50, DAVIS SUBDIVISION; AND THE WEST ONE-HALF OF THE VACATED NORTH-SOUTH ALLEY ABUTTING LOT 51, DAVIS SUBDIVISION, AND ALL OF THE VACATED NORTH-SOUTH ALLEY FROM THE NORTH LINES OF LOT 1, JENNINGS ADDITION AND LOT 1, BETZ ADDITION TO THE SOUTH LINE OF LOTS 3 AND 4, JOHNSON'S ADDITION, LINCOLN, LANCASTER COUNTY, NEBRASKA; AND ALL OF THE VACATED ALLEY IN JOHNSON'S 2ND ADDITION, LINCOLN, LANCASTER COUNTY, NEBRASKA; AND ALL OF THE VACATED NORTH-SOUTH ALLEY FROM THE NORTH LOT LINE OF LOT 4 (EXTENDED) BLOCK 1, CENTRAL PARK SUBDIVISION, TO THE SOUTH LOT LINES OF LOTS 12 AND 13 (EXTENDED), BLOCK 1, CENTRAL PARK SUBDIVISION, LINCOLN, LANCASTER COUNTY, NEBRASKA; AND ALL OF THE VACATED ALLEY FROM THE NORTH LOT LINES OF LOTS 1 AND 24 (EXTENDED), GOULD'S SUBDIVISION, TO THE SOUTH LOT LINE OF LOT 13 (EXTENDED), GOULD'S SUBDIVISION, LINCOLN, LANCASTER COUNTY, NEBRASKA; AND THE VACATED NORTH-SOUTH ALLEY LYING BETWEEN THE SOUTH LINE OF LOTS 13 AND 14 AND A POINT LOCATED 21.5 FEET NORTH OF THE NORTH LINES OF LOTS 11 AND 16, ALL IN DAVIS SUBDIVISION, LINCOLN, LANCASTER COUNTY, NEBRASKA
- (19) LOTS 4 AND 6; AND ALL OF LOT 7, EXCEPT THE WEST 1 FOOT THEREOF, BLOCK 4, GARFIELD PARK ADDITION, LINCOLN, LANCASTER COUNTY, NEBRASKA
- (20) THE WEST 54 FEET OF LOTS 29 AND 30 IN DAVIS SUBDIVISION OF LOT 3 IN THE SOUTHWEST QUARTER OF SECTION 36, TOWNSHIP 10 NORTH, RANGE 6 EAST OF THE 6TH P.M., IN LINCOLN, LANCASTER COUNTY, NEBRASKA

**EXHIBIT 'B'**

(1) Grantor hereby excepts and reserves in perpetuity to itself and to any person, firm, or corporation, public or private, lawfully engaged in a utility operation, their successors and assigns, easements for existing and future utilities (including all lines, conduits, cables, wires, poles, mains, meters, pipes, and all appurtenances thereto) and rights of access to such utilities and easements therefor in, through, over, upon, and under the following:

- (a) Permanent easement for all utilities over the entire width of the vacated 16th Street right-of-way lying between the north line of Lot 4, Block 1, Central Park Subdivision, and the south line of Lot 11, Gould's Subdivision.
- (b) Permanent easement for a water main or mains over the entire width of vacated Marion Street lying between the east line of 15th Street and the west line of vacated 16th Street.
- (c) Permanent easement for electrical and telephone utilities over the entire width of the vacated 12-foot north-south alley in Davis Subdivision located between vacated 16th Street and vacated St. Mary's Avenue from the south lot lines (extended) of Lots 29 and 50 to the north lot lines (extended) of Lots 29 and 50, Davis Subdivision and over the west one-half of said vacated 12-foot north-south alley as it abuts Lot 51, Davis Subdivision.
- (d) Permanent easement for electrical and telephone utilities over the entire width of the vacated north-south alley located between 15th Street and vacated 16th Street from the north line of Lot 4, to a point located 5.00 feet south of the north line of Lot 20, both located in Block 1, Central Park Subdivision; and over the north 5.00 feet of Lots 4 and 20, Block 1, Central Park Subdivision.
- (e) Permanent easement for electrical and telephone utilities over the entire width of the vacated north-south alley located between vacated 16th Street and vacated St. Mary's Avenue from the north line of Lake Street to the north line of Johnson's Addition; and over the east 5.00 feet of Lots 5 and 6, and that portion of Lot 4 lying east of a straight line between a point on the north line of said Lot 4, located 5.00 feet west of the northeast corner thereof, and a point on the south line of said Lot 4, located 11.00 feet west of the southeast corner thereof, all located in Johnson's Addition.
- (f) Permanent easement for a gas main over the east 20.00 feet of Lots 1, 2, and 3, Johnson's Addition; and over the east 20.00 feet of the south 25.00 feet of Lot 3, Betz Addition.

- (g) Permanent easement for sanitary sewer over the entire width of the vacated north-south alley located between 15th Street and vacated 16th Street from the north line of Lake Street to the north line of Lot 12, Gould's Subdivision.
- (h) Permanent easement for sanitary sewer over the north 10.00 feet of the east 10.00 feet of Lot 11, and that portion of Lots 9 and 10 lying east of a straight line between a point on the north line of said Lot 9 located 40.00 feet west of the northeast corner thereof, and a point on the south line of said Lot 10 located 10.00 feet west of the southeast corner thereof, all located in Davis Subdivision.

Said exceptions and reservations shall include the right to construct, reconstruct, operate, maintain, repair, replace, and remove such utilities.

NTC (asw)

600  
INST. NO 97  
045691  
Oct 31 4 05 PM '97

BLOCK  
INDEXED  
CHECKED  
ENTERED  
FILED  
072716

**PERPETUAL EASEMENT**

That LANCASTER COUNTY, NEBRASKA, a body politic and corporate and a governmental subdivision of the State of Nebraska, GRANTOR, record owner of the real property hereinafter described, for and in consideration of the sum of One Dollar and other valuable consideration (\$1.00 and OVC), receipt of which is hereby acknowledged, does hereby GRANT, REMISE AND RELINQUISH unto the CITY OF LINCOLN, NEBRASKA, a municipal corporation, its successors and assigns, herein called "City" as follows:

The permanent right, privilege and easement to operate, maintain and repair that portion of the existing building known as the Professional Building (formerly Physicians Office Building) located at 2221 South 17th Street, Lincoln, Nebraska, which encroaches onto the following described real property, and an easement for light and air over, above and across the following described real property, to wit:

The South 1.5 feet of the North 28.5 feet of the West 68.8 feet of Lot 10, the South 1.5 feet of the North 28.5 feet of Lot 17, and the vacated North-South Alley abutting thereto, all in Davis Subdivision, in the Southwest Quarter of Section 36, Township 10 North, Range 6 East of the 6th P.M., Lincoln, Lancaster County, Nebraska, containing approximately 135 square feet.

TO HAVE AND TO HOLD UNTO THE CITY OF LINCOLN, NEBRASKA, its successors and assigns, forever, or until released by City or until the Professional Building is removed, whichever event shall occur first.

City shall have the right of reasonable ingress and egress to and from the easement area from Grantor's property for its employees and contractors in connection with the operation, maintenance and repair of the Professional Building.

It is the intention of the parties hereto that Grantor is hereby granting the uses herein specified without divesting Grantor of title and ownership of the rights to use and enjoy the above-described property for any purpose except the construction of buildings or structures, or use of the area in any way which would endanger or be a hazard to or interfere with the rights of Grantee to use the same for the purpose herein expressed in accordance with the terms hereof.

THIS INSTRUMENT, and the covenants and agreements herein contained, shall inure to the benefit of and be binding and obligatory upon the heirs, executors, administrators, lessees, successors, and assigns of the respective parties.

Executed this 28 day of October, 1997.

LANCASTER COUNTY, NEBRASKA, Grantor,

By Linda Steinner

STATE OF NEBRASKA )  
                                  ) ss.  
LANCASTER COUNTY )

The foregoing instrument was acknowledged before me this 28 day of October, 1997, by Linda Steinner County Clerk



Arin C. Skyles  
Notary Public

✓  
NTE (OSW)  
K

CITY, NE  
Oct 31 4 09 PM '97

INST. NO 97  
045690

\$5.50

BLOCK  
INDEXED  
CHECKED  
ENTERED  
EDITED

073716

PERPETUAL EASEMENT

That CITY OF LINCOLN, NEBRASKA, a municipal corporation, GRANTOR, record owner of the real property hereinafter described, for and in consideration of the sum of One Dollar and other valuable consideration (\$1.00 and OVC), receipt of which is hereby acknowledged, does hereby GRANT, REMISE AND RELINQUISH unto LANCASTER COUNTY, NEBRASKA, a body politic and corporate and a governmental subdivision of the State of Nebraska, its successors and assigns, herein called "County" as follows:

The permanent right, privilege and easement to operate, maintain and repair the existing mechanical pit located adjacent to the Community Mental Health Center of Lancaster County located at 2200 St. Marys Avenue, Lincoln, Nebraska, above, across and under the following described real property upon which the mechanical pit encroaches, to wit:

The North 32.6 feet of the West 18.6 feet of the East 60.0 feet of Lot 9, Davis Subdivision, in the Southwest Quarter of Section 36, Township 10 North, Range 6 East of the 6th P.M., Lincoln, Lancaster County, Nebraska, (containing approximately 606 square feet).

TO HAVE AND TO HOLD UNTO LANCASTER COUNTY, NEBRASKA, its successors and assigns, forever, or until released by Lancaster County or until the mechanical pit is removed, whichever event shall occur first.

Lancaster County shall have the right of reasonable ingress and egress to and from the easement area from Grantor's property for its employees and contractors in connection with the operation, maintenance and repair of the mechanical pit.

It is the intention of the parties hereto that Grantor is hereby granting the uses herein specified without divesting Grantor of title and ownership of the rights to use and enjoy the above-described property for any purpose except the construction of buildings or structures, or use of the area in any way which would endanger or be a hazard to or interfere with the rights of Grantee to use the same for the purpose herein expressed in accordance with the terms hereof.

THIS INSTRUMENT, and the covenants and agreements herein contained, shall inure to the benefit of and be binding and obligatory upon the heirs, executors, administrators, lessees, successors, and assigns of the respective parties.

Executed this 28 day of October, 1997.

CITY OF LINCOLN, NEBRASKA, a municipal corporation,  
Grantor,

By: [Signature]  
Mayor

ATTEST:  
[Signature]  
City Clerk  
STATE OF NEBRASKA )  
LANCASTER COUNTY ) ss.

The foregoing instrument was acknowledged before me this 28th day of October 1997, by Mike Johanns, Mayor of the City of Lincoln, Nebraska, a municipal corporation.

[Signature]  
Notary Public



MTD (089N)

NEBRASKA DOCUMENTARY  
STAMP TAX  
OCT 14 1974  
*Exchanged By KJ*

SPECIAL WARRANTY DEED

The Grantor, COUNTY OF LANCASTER, NEBRASKA, for valuable consideration received from Grantee does hereby bargain, sell, convey and confirm unto the City of Lincoln, Nebraska, Grantee, the following described real estate:

The East 60.0 feet of Lots 8, 9, 10, 11, 12 and 13, Davis Subdivision in the SW 1/4, Section 36, Township 10 North, Range 6 East 6th P.M., Lincoln, Lancaster County, Nebraska.

To have and to hold the above described premises together with all tenements, hereditaments and appurtenances thereto unto the Grantee and its assigns forever.

Dated this 8th day of October, 1974.



*Carl S. Bartman*  
County Clerk

THE COUNTY OF LANCASTER, NEBRASKA

By *[Signature]*  
*[Signature]*  
*[Signature]*

STATE OF NEBRASKA :  
COUNTY OF LANCASTER :

On this 8th day of October, 1974, before me, the undersigned, a Notary Public, duly commissioned, qualified and residing in said County, personally came Robert E. Colin, Sr.,

Jan Gauger, Kenneth Bourne  
all of the members of the County Board of Commissioners of Lancaster County, Nebraska, to me personally known to be all of the members of the County Board of Commissioners of Lancaster County, Nebraska, the identical persons whose names are affixed to the above instrument and acknowledged the same to be their voluntary act and deed as members of the County Board of Commissioners of Lancaster County, Nebraska, and the voluntary act and deed of the County of Lancaster, Nebraska, and the seal of said County was affixed thereto be their authority.

Witness my hand and notarial seal the day and year last above written.

 GLORIA J. JACOB  
NOTARY PUBLIC - State of Neb.  
My Commission Expires  
December 11, 1976

*[Signature]*  
Notary Public

INDEXED  
MICRO - FILED  
GENERAL  
*9/2-376*  
*-385*  
*X*

LANCASTER COUNTY HERB  
*Herb St. Jacques*  
REGISTER OF DEEDS  
1974 OCT 14 AM 10:29  
ENTERED ON  
SERIAL INDEX  
FILED FOR RECORD AS:  
*1074*

*St. Jacques*  
County Clerk

8020  
NEBRASKA DOCUMENTARY  
STAMP TAX  
APR 30 1973  
\$10.00 BY 60

DEED

THE COUNTY OF LANCASTER, NEBRASKA, Grantor, for valuable consideration received from Grantee, does hereby grant, bargain, sell, convey, and confirm unto THE CITY OF LINCOLN, NEBRASKA, Grantee, the following described real estate:

Lot 10, except the north 28.5 feet and except the east 60 feet, all of Lots 11, 12 and 13 except the east 60 feet, all of Lots 14, 15 and 16, Lot 17, except the north 28.5 feet, Lot 36, except the north 28.5 feet, all of Lots 37, 38 and 39, and all vacated alley abutting thereon, Davis Subdivision, Lincoln, Lancaster County, Nebraska,

TO HAVE AND TO HOLD the above described premises together with all tenements, hereditaments and appurtenances thereto belonging unto the Grantee and to its assigns forever.

DATED this 20<sup>th</sup> day of March, 1973.

THE COUNTY OF LANCASTER, NEBRASKA

By: [Signature]  
[Signature]  
[Signature]

ATTEST  
[Signature]  
Deputy County Clerk

STATE OF NEBRASKA :  
COUNTY OF LANCASTER : ss

On the 20<sup>th</sup> day of March, 1973, before me, the undersigned, a Notary Public, duly commissioned, qualified and residing in said county, personally came ROBERT E. COLIN SR., KENNETH E. BOURNE and JAN GAUGER, all of the members of the County Board of Commissioners of Lancaster County, Nebraska, to me personally known to be all of the members of the County Board of Commissioners of Lancaster County, Nebraska, the identical persons whose names are affixed to the above instrument and acknowledged the same to be their voluntary act and deed as members of the County Board of Commissioners of Lancaster County, Nebraska, and the voluntary act and deed of the County of Lancaster, Nebraska, and the seal of said County was affixed thereto by their authority.

WITNESS my hand and notarial seal the day and year last above written.

ELONA J. JACOB  
NOTARY PUBLIC - State of Neb.  
My Commission Expires  
December 11, 1976

[Signature]  
Notary Public  
My Commission expires: 12/11/76

KNOW ALL MEN BY THESE PRESENTS:

THAT I or We,

Maurice Leslie Cole and Agnes Marie Cole, husband and wife

of the County of Lancaster, State of Nebraska for and in consideration of the sum of One and 00/100 DOLLARS, and other consideration in hand paid do hereby grant, bargain, sell, convey and confirm unto

THE COUNTY OF LANCASTER, NEBRASKA

of the County of Lancaster, State of Nebraska, the following described real estate situated in Lincoln, in Lancaster County, State of Nebraska, to-wit:

Lot 17 Davis Subdivision of Lot 3 in the SW 1/4 of Section 36, T 10 N, R 6 E, in Lincoln, Lancaster County, Nebraska

TO HAVE AND TO HOLD the premises above described, together with all the Tenements, Hereditaments and appurtenances thereto belonging, unto the said GRANTEE

and to ITS heirs and assigns forever. And I or We hereby covenant with the said Grantee or grantees and with his, her or their heirs and assigns, that I or We are lawfully seized of said premises; that they are free from encumbrance except easements and restrictions of record, if any

that I or We have good right and lawful authority to sell the same; and I or We hereby covenant to warrant and defend the title to said premises against the lawful claims of all persons whatsoever.

And the said Maurice Leslie Cole and Agnes Marie Cole hereby relinquishes all in and to the above described premises.

Signed this 19th day of July 1961
In Presence of Lee A. ...

Maurice Leslie Cole
Agnes Marie Cole



A88131

14R-64

Introduce: 3-3-14

RESOLUTION NO. A- 88131  
SPECIAL PERMIT NO. 14001

1           WHEREAS, Lancaster County, on behalf of Lutheran Family Services of  
2 Nebraska, Inc., has submitted an application in accordance with Sections 27.64.010,  
3 and 27.63.080 of the Lincoln Municipal Code designated as Special Permit No. 14001  
4 for authority to operate a non-residential health care facility, with a request to waive the  
5 requirements for front and side yard landscaping and to reduce the front, side and rear  
6 yard setbacks for the existing building and parking lot on property generally located at  
7 South 17th Street and South Street, known as 2201 South 17th Street, and legally  
8 described as:

9           Lots 8, 9, 18, 19, and a portion of Lots 10-13, Davis  
10 Subdivision, and a portion of Lot 6, State Subdivision of the  
11 Southwest Quarter of Section 36, Township 10 North, Range  
12 6 East of the 6th P.M., Lincoln, Lancaster County, Nebraska;  
13

14           WHEREAS, the real property adjacent to the area included within the site  
15 plan for this health care facility will not be adversely affected; and

16           WHEREAS, said site plan together with the terms and conditions  
17 hereinafter set forth are consistent with the intent and purpose of Title 27 of the Lincoln  
18 Municipal Code to promote the public health, safety, and general welfare.

1 NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of  
2 Lincoln, Nebraska:

3 That the application of Lancaster County, on behalf of Lutheran Family  
4 Services of Nebraska, Inc., ~~A Street, LLC~~<sup>19M</sup>, hereinafter referred to as "Permittee", for  
5 authority to operate a non-residential health care facility, with a request to waive the  
6 requirements for front and side yard landscaping and to reduce the front, side and rear  
7 yard setbacks for the existing building and parking lot, on the property legally described  
8 above, be and the same is hereby granted under the provisions of Sections 27.64.010,  
9 and 27.63.080 of the Lincoln Municipal Code upon condition that construction and  
10 operation of the health care facility be in substantial compliance with said application,  
11 the site plan, and the following additional express terms, conditions, and requirements:

12 1. This permit approves a non-residential health care facility with a  
13 reduction to the front and side yard setbacks to 3 feet and 0 feet, respectively, for the  
14 existing parking lot, a reduction to the side and rear yard setbacks to 6 feet and 19 feet,  
15 respectively, for the existing building and a waiver to the required landscaping in the  
16 front and side yards.

17 2. Before receiving building permits:

18 a. The Permittee shall cause to be prepared and submitted to  
19 the Planning Department a revised and reproducible final  
20 site plan including five copies showing the following  
21 revisions:

22 i. Add a note to the site plan that states, "The parking  
23 lot screening will be installed on the Community  
24 Mental Health Center property per SP 1020G, within  
25 six months of approval of this Special Permit. The

- 1 Planning Director may adjust the required parking lot  
2 screening if adequate justification is provided by the  
3 Permittee."
- 4 ii. List the approved waivers on the final site plan, and  
5 dimension the existing setbacks.
- 6 iii. Add to the General Notes, "Signs need not be shown  
7 on this site plan, but need to be in compliance with  
8 Chapter 27.69 of the Lincoln Zoning Ordinance, and  
9 must be approved by Building and Safety Department  
10 prior to installation."
- 11 b. Provide documentation from the Register of Deeds that the  
12 letter of acceptance as required by the approval of the  
13 special permit has been recorded.
- 14 c. The construction plans must substantially comply with the  
15 approved plans.
- 16 3. Before occupying the building or starting operations all  
17 development and construction must substantially comply with the approved plans.
- 18 4. All privately-owned improvements, including landscaping must be  
19 permanently maintained by the Permittee.
- 20 5. The physical location of all setbacks and yards, buildings, parking  
21 and circulation elements, and similar matters must be in substantial compliance with the  
22 location of said items as shown on the approved site plan.
- 23 6. The terms, conditions, and requirements of this resolution shall run  
24 with the land and be binding on the Permittee, its successors, and assigns.
- 25 7. The Permittee shall sign and return the letter of acceptance to the  
26 City Clerk. This step should be completed within 60 days following the approval of the  
27 special permit. The City Clerk shall file a copy of the resolution approving the special  
28 permit and the letter of acceptance with the Register of Deeds, filing fees therefor to be

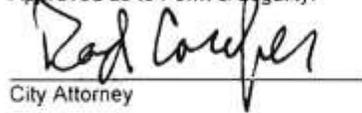
- 1 paid in advance by the Permittee. Building permits will not be issued unless the letter of
- 2 acceptance has been filed.

Introduced by:



AYES: Camp, Christensen, Cook,  
Emery, Eskridge, Fellers; NAYS:  
None; Gaylor Baird.

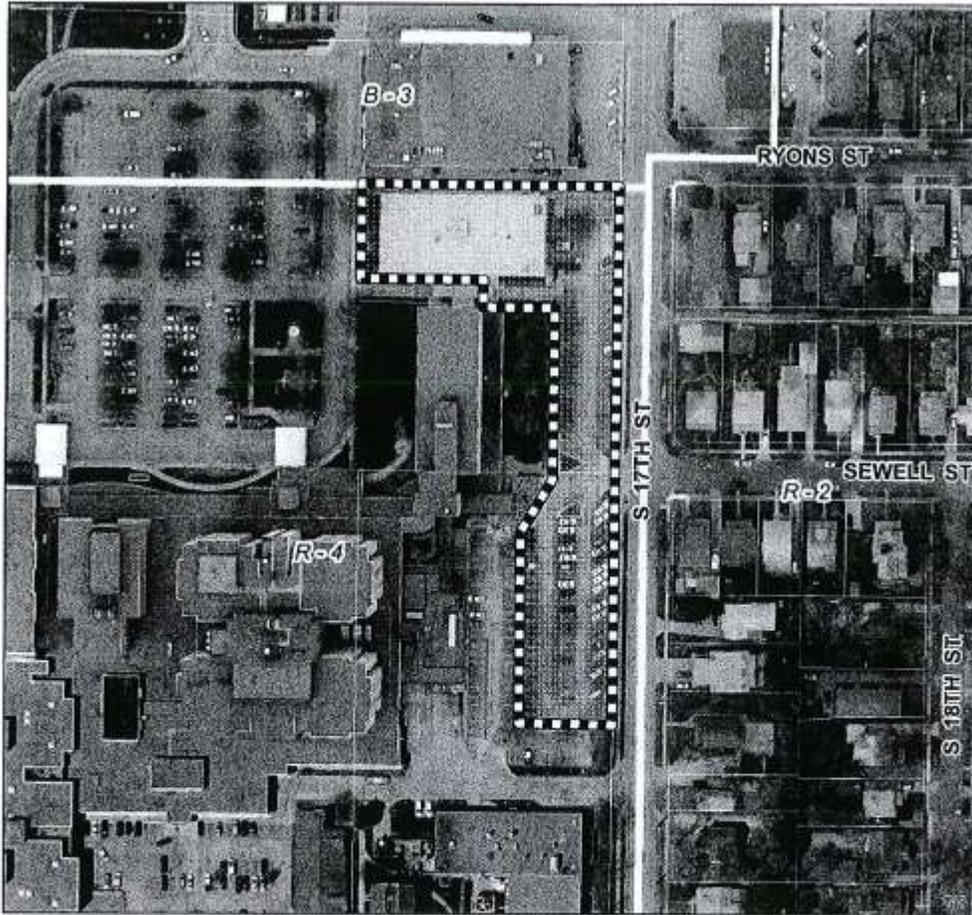
Approved as to Form & Legality:

  
City Attorney

**ADOPTED**  
MAR 10 2014  
**BY CITY COUNCIL**

Approved this 13<sup>th</sup> day of March, 2014:  
  
Mayor





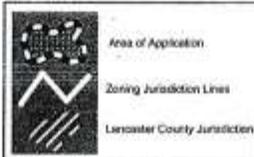
2013 aerial

**Special Permit #: SP14001**  
**S 17th & South St**

**Zoning:**

- R-1 to R-8 Residential District
- AG Agricultural District
- AGR Agricultural Residential District
- O-1 Office District
- O-2 Suburban Office District
- O-3 Office Park District
- R-T Residential Transition District
- B-1 Local Business District
- B-2 Planned Neighborhood Business District
- B-3 Commercial District
- B-4 Lincoln Center Business District
- B-5 Planned Regional Business District
- H-1 Interstate Commercial District
- H-2 Highway Business District
- H-3 Highway Commercial District
- H-4 General Commercial District
- I-1 Industrial District
- I-2 Industrial Park District
- I-3 Employment Center District
- P Public Use District

One Square Mile:  
 Sec.36 T10N R06E



File: M:\year\GIS\Planner\Packet\WX\Agenda\drawings.mxd (SP14001)

City Council Introduction: **Monday, March 3, 2014**  
Public Hearing: **Monday, March 10, 2014, at 3:00 p.m.**

Bill No. 14R-64

## **FACTSHEET**

**TITLE:** SPECIAL PERMIT NO. 14001, requested by Lutheran Family Services of Nebraska, Inc., for authority to operate a non-residential health care facility, on property generally located at South 17<sup>th</sup> Street and South Street (2201 South 17<sup>th</sup> Street).

**SPONSOR:** Planning Department

**BOARD/COMMITTEE:** Planning Commission  
Public Hearing: Consent Agenda: 02/19/14  
Administrative Action: 02/19/14

**STAFF RECOMMENDATION:** Conditional approval.

**RECOMMENDATION:** Conditional Approval (8-0: Beecham, Cornelius, Corr, Harris, Hove, Lust, Sunderman and Weber voting 'yes'; Scheer absent).

### **FINDINGS OF FACT:**

1. This is a request for a special permit to operate a non-residential health care facility located at 2201 South 17<sup>th</sup> Street, Lancaster County previously operated this facility and has transitioned the operation of four services to Lutheran Family Services as a private contractor.
2. The applicant is also requesting to reduce the front and side yard setbacks to allow the existing parking; to reduce the side and rear yard setbacks to allow the existing building; and to waive the requirement that the front and side yards be landscaped.
3. The staff recommendation of conditional approval, including approval of the waiver requests, is based upon the "Analysis" as set forth on p.4-5, concluding that the building is an existing facility that provides mental health services to eligible individuals of the public. The services provided at this location are important to the community and should continue. The site contains many existing conditions that do not meet the current zoning ordinance; however, subject to the conditions of approval, this request is in conformance with the Comprehensive Plan.
4. On February 19, 2014, this application appeared on the Consent Agenda of the Planning Commission and was opened for public hearing. No one came forward to speak.
5. On February 19, 2014, the Planning Commission agreed with the staff recommendation and voted 8-0 to recommend conditional approval as set forth in the staff report (Scheer absent).

**FACTSHEET PREPARED BY:** Jean L. Preister

**DATE:** February 24, 2014

**REVIEW ED BY:** Marvin Krout, Director of Planning

**DATE:** February 24, 2014

**REFERENCE NUMBER:** FS\CC\2014\SP14001

**LINCOLN CITY/LANCASTER COUNTY PLANNING STAFF REPORT**

**for February 19<sup>th</sup>, 2014 PLANNING COMMISSION MEETING**

**PROJECT #:** Special Permit No. 14001

**PROPOSAL:** A request per Section 27.63.080 for a Non-Residential Health Care Facility

**LOCATION:** S. 17<sup>th</sup> Street and South Street, more specifically 2201 S. 17<sup>th</sup> Street

**LAND AREA:** 1.54 acres, more or less

**EXISTING ZONING:** R-4, Residential District

**WAIVER REQUEST:**

1. Per the Zoning Ordinance Section 27.63.080 - Reduce the setbacks to allow the existing parking in the required front and side yards.
2. Per the Zoning Ordinance Section 27.63.080 - Reduce the side and rear yard setbacks for the existing building.
3. Per the Zoning Ordinance Section 27.63.080 - Waive the requirement that the front and side yards be landscaped.

**CONCLUSION:** This building is an existing facility that provides mental health services to eligible individuals of the public. The services provided at this location are important to the community and should continue. The site contains many existing conditions that do not meet the current zoning ordinance. Subject to the conditions of approval, this request is in conformance with the Comprehensive Plan.

<b>RECOMMENDATION:</b>	Conditional Approval
<b>WAIVERS:</b>	
1. Reduce the setbacks to allow the existing parking in the required front and side yards.	Conditional Approval
2. Reduce the side and rear yard setbacks for the existing building.	Approval
3. Waive the requirement that the front and side yards be landscaped.	Conditional Approval

**GENERAL INFORMATION:**

**LEGAL DESCRIPTION:** Lots 8, 9, 18, 19, and a portion of Lots 10-13, Davis Subdivision, and a portion of Lot 6, State Subdivision of the SW 1/4 of 36-10-06, located in the SW 1/4 of Section 36-10-6, Lincoln, Lancaster County, Nebraska.

**EXISTING LAND USE:** Community Mental Health Center

**SURROUNDING LAND USE AND ZONING:**

North: Grocery Store; B-3  
South: Hospital; R-4  
East: Single and Multi-Family Dwellings; R-2  
West: Hospital; R-4

**HISTORY:** This property was rezoned from B, Two-Family Dwelling District to R-4, Residential District in the 1979 zoning update.

Special Permit #1020G was approved in 2001 and authorized an expansion of Bryan West Hospital, added a multi-story parking garage and adopted a landscaping plan for the campus. Representatives of the Irvingdale Neighborhood worked with the hospital to develop the landscape plan. The majority of the current Community Mental Health Center parking lot was owned by Bryan West Hospital in 2001, and screening around the existing CMHC parking lot was approved as part of the special permit for the hospital expansion. Bryan Hospital deeded the parking lot to Lancaster County in 2005.

**COMPREHENSIVE PLAN SPECIFICATIONS:**

The 2040 Future Land Use Map shows this property as Public & Semi-Public (p. 1.9).

Expansions of existing health care locations are expected and a wide variety of new facilities will likely come forward over time (p. 5.3).

Develop Lincoln as a major network of quality regional health care services at reasonable costs (p. 8.2).

Encourage health care service facilities to meet the demand of the community's growing and aging population base (8.3).

Medical services, including physical and mental health care services, should be integrated and accessible within the community (8.3).

Many of the existing medical facilities are located near existing residential neighborhoods and are expected to remain the vital core of health care services in the county and region (8.3).

Provide for accessible physical and mental health care services in appropriate areas in and around residential neighborhoods (8.7).

Plan for further construction on medical campuses (8.7).

The demand for health care services increases as a result of the community's growing and aging population (8.7).

**UTILITIES:** The site is served by existing utilities.

**TRAFFIC ANALYSIS:** South Street and S. 17<sup>th</sup> Street are identified as Minor Arterials.

**AESTHETIC CONSIDERATIONS:** Parking lot screening shown on a previously approved plan is not installed today. The screening would soften the view of the parking lot from 17<sup>th</sup> Street.

**ANALYSIS:**

1. This is a request for a special permit to operate a non-residential health care facility located at 2201 S. 17<sup>th</sup> Street. Lancaster County currently owns and previously operated this facility and as of February 1<sup>st</sup> it transitioned the operations of four services to Lutheran Family Services, a private contractor.

2. Non-residential health care facilities are allowed by Special Permit in the R-4 zoning district. These health care facilities were previously owned and operated by Lancaster County and did not need a Special Permit. Because Lutheran Family Services is not a governmental entity, they need to obtain a Special Permit to comply with zoning at this location.

The County owned and operated Crisis Center will remain in the building at this time. Since the Crisis Center is County owned and operated, it does not need obtain a Special Permit to operate.

3. The parking lot for this building provides 106 spaces. Lutheran Family Services will occupy approximately 16,000 square feet of the building and is required to have 1 parking space per 225 square feet of floor area. A total of 72 spaces is required.

4. Lancaster County has operated public offices at this site for many years, and several existing conditions with the site do not meet current zoning requirements. The Special Permit provisions impose several additional requirements that cannot be met due to the existing conditions on the site. Therefore, Lutheran Family Services is requesting waivers from the zoning ordinance in order to continue to operate the mental health services at this location.

5. The setbacks in the R-4 zoning district are 25 foot front yard, 5 foot side yard and 30 foot rear yard or 20% of the lot depth, and the Special Permit provisions add the requirement that all yards be at least 10 feet. The provisions go further and state that one foot additional setback needs to be provided for each one foot of building height in excess of 20 feet. The building is approximately 25 feet in height and the site would therefore require a 30 foot front yard, 15 foot side yard and a 35 foot rear yard.

For this lot, the front yard is along S. 17<sup>th</sup> Street. The existing building does not meet the side or rear yard setbacks, and the existing parking lot does not meet the front or side yard setbacks. The side and rear yards for the building are approximately 6 feet and 19 feet respectively, and the front and side yards for the parking lot are approximately 3 feet and 0 feet, respectively. The setbacks are existing conditions and are abutting other non-residential uses. Approving the setback reductions should not have a significant negative impact on the surrounding properties.

6. The Special Permit for Non-Residential Health Care Facilities includes provisions for landscaping and screening. The Special Permit states that required front and side yards be landscaped. For this site the required 30 foot front yard and the required 15 foot side yard would need to be landscaped. However, the existing parking lot is located in the required front and side yards. A waiver of the requirement to landscape the required front and side yards is supported due to the existing conditions.

The Special Permit also states that parking is not permitted in the required front or side yards, and that all parking shall be screened. Approximately 45 existing parking stalls are located within the front and side yards. The majority of the existing parking was deeded from Bryan Hospital to the County Mental Health Center in 2005, and it is needed to meet the parking needs of the facility. A landscape plan was approved with Special Permit #1020G and shows screening of the Community Mental Health Center parking lot. It appears that approximately 15 bushes and ornamental trees were not installed or have since been removed north of the north driveway along S. 17<sup>th</sup> Street and along the north property line. The reduction in front and side yard setbacks for the parking lot is justified if the missing parking lot screening is installed.

The waivers are requested due to existing conditions on this property. Subject to the conditions of approval, the waivers to the zoning ordinance should have no significant impact on the adjacent properties.

7. The Special Permit requires that buildings on this site not occupy more than 35% of the total land area. The existing building footprint is approximately 14,000 square foot and covers 21% of the land area. A waiver is not needed for this requirement.
8. The Comprehensive Plan recognizes the importance of having adequate health care and mental health care facilities in Lincoln. If the Special Permit is approved, Lutheran Family Services would continue to provide these services to individuals in Lincoln. This request is supported by the Comprehensive Plan.

**CONDITIONS OF APPROVAL:**

Per Section 27.63.080 this approval permits a non-residential health care facility with a reduction to the front and side yard setbacks to 3 feet and 0 feet for the existing parking lot, a reduction to the side and rear yard setbacks to 6 feet and 19 feet for the existing building, and a waiver to the required landscaping in the front and side yards.

**Site Specific Conditions:**

1. Before receiving building permits the permittee shall cause to be prepared and submitted to the Planning Department a revised and reproducible final plot plan including 5 copies with all required revisions and documents as listed below:
  - 1.1 Add a note to the site plan that states, "The parking lot screening will be installed on the Community Mental Health Center property per SP1020G, within six months of approval of this Special Permit. The Planning Director may adjust the required parking lot screening if adequate justification is provided by the Permittee."
  - 1.2 List the approved waivers on the final site plan, and dimension the existing setbacks.
  - 1.3 Add to the General Notes, "Signs need not be shown on this site plan, but need to be in compliance with chapter 27.69 of the Lincoln Zoning Ordinance, and must be approved by Building & Safety Department prior to installation".

2. Before receiving building permits provide the following documents to the Planning Department:
  - 2.1 Verification from the Register of Deeds that the letter of acceptance as required by the approval of the special permit has been recorded.
3. Prior to the issuance of a building permit:
  - 3.1 The construction plans must substantially comply with the approved plans.

**Standard Conditions:**

4. The following conditions are applicable to all requests:
  - 4.1 Before occupying the building or starting the operation all development and construction shall substantially comply with the approved plans.
  - 4.2 All privately-owned improvements, including landscaping, shall be permanently maintained by the Permittee or an appropriately established homeowners association approved by the City.
  - 4.3 The physical location of all setbacks and yards, buildings, parking and circulation elements, and similar matters be in substantial compliance with the location of said items as shown on the approved site plan.
  - 4.4 The terms, conditions, and requirements of this resolution shall run with the land and be binding upon the Permittee, its successors and assigns.
  - 4.5 The applicant shall sign and return the letter of acceptance to the City Clerk. This step should be completed within 60 days following the approval of the special permit. The City Clerk shall file a copy of the resolution approving the special permit and the letter of acceptance with the Register of Deeds, filing fees therefore to be paid in advance by the applicant. Building permits will not be issued unless the letter of acceptance has been filed.

Prepared by

Paul Barnes, Planner  
[pbarnes@lincoln.ne.gov](mailto:pbarnes@lincoln.ne.gov)  
402-441-6372

**DATE:** January 31, 2014

**APPLICANT:** Lutheran Family Services of Nebraska, Inc.  
124 S. 24<sup>th</sup> Street, Suite 230  
Omaha, NE 68102

**OWNER:** Lancaster County  
555 S. 10<sup>th</sup> Street  
Lincoln, NE 68508

**CONTACT:** Steve Peterson  
124 S. 24<sup>th</sup> Street  
Omaha, NE 68102

## **SPECIAL PERMIT NO. 14001**

**CONSENT AGENDA**  
**PUBLIC HEARING & ADMINISTRATIVE ACTION**  
**BEFORE PLANNING COMMISSION:**

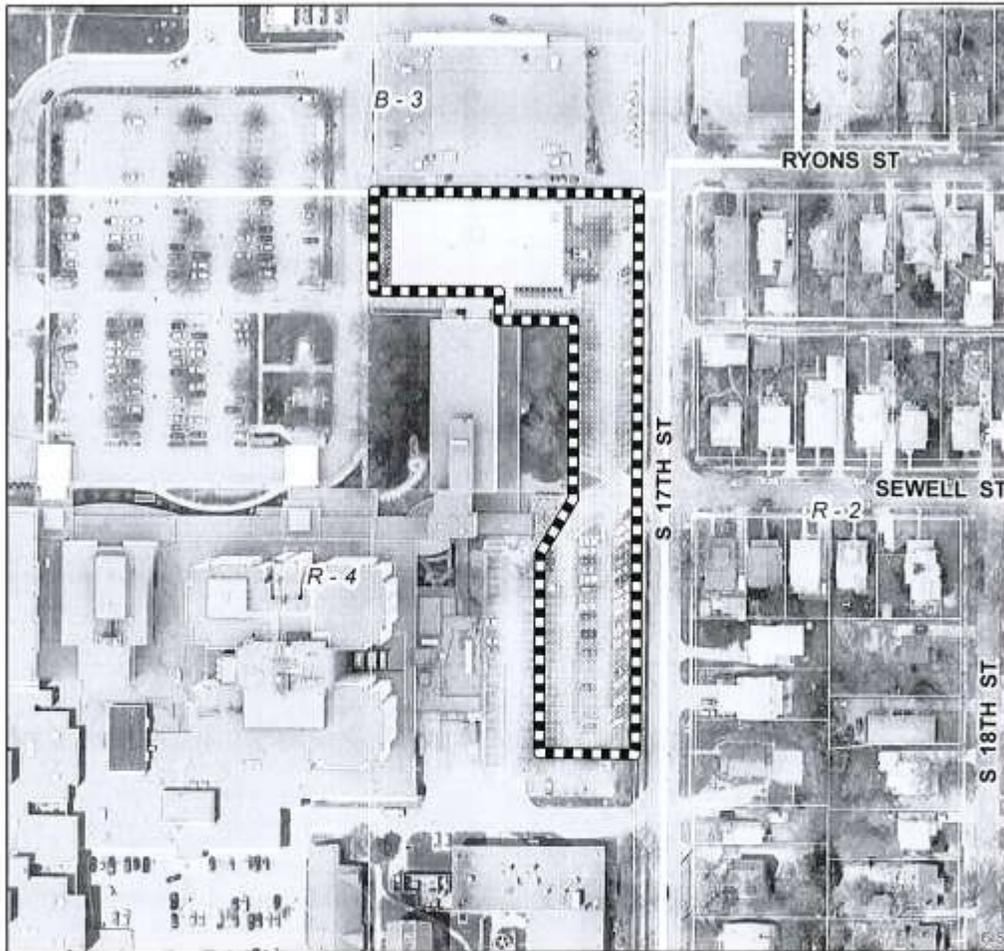
**February 19, 2014**

Members present: Beecham, Cornelius, Corr, Harris, Hove, Lust, Sunderman and Weber;  
Scheer absent.

The Consent Agenda consisted of the following items: **SPECIAL PERMIT NO. 14001.**

Ex Parte Communications: None

Cornelius moved approval of the Consent Agenda, seconded by Hove and carried 8-0;  
Beecham, Cornelius, Corr, Harris, Hove, Lust, Sunderman and Weber; Scheer absent.



2013 aerial

**Special Permit #: SP14001**  
**S 17th & South St**

**Zoning:**

- R-1 to R-8 Residential District
- AG Agricultural District
- AGR Agricultural Residential District
- O-1 Office District
- O-2 Suburban Office District
- O-3 Office Park District
- R-T Residential Transition District
- B-1 Local Business District
- B-2 Planned Neighborhood Business District
- B-3 Commercial District
- B-4 Lincoln Center Business District
- B-5 Planned Regional Business District
- H-1 Interstate Commercial District
- H-2 Highway Business District
- H-3 Highway Commercial District
- H-4 General Commercial District
- I-1 Industrial District
- I-2 Industrial Park District
- I-3 Employment Center District
- P Public Use District

One Square Mile:  
 Sec.36 T10N R06E



File: M:\plans\Plan\Packet\MRD\AgendaDrawings.mxd (SP14001)

# Lutheran Family Services of Nebraska, Inc.

120 South 24th Street, Suite 100 • Omaha, NE 68102  
(402) 342-7007 • Fax (402) 661-7117 • www.lfsneb.org

January 21, 2014

Mr. Paul D. Barnes  
City Planner  
City of Lincoln  
555 South 10<sup>th</sup> Street  
Lincoln, NE 68508

Dear Paul:

Lutheran Family Services of Nebraska, Inc. (LFS) respectfully requests approval of the Special Permit necessary for LFS to provide the services detailed below. These services were previously provided by Lancaster County via the Community Mental Health Center (CMHC). LFS will be providing these services at the same location (2201 South 17<sup>th</sup> Street) as did the County.

Lutheran Family Services of Nebraska, Inc. (LFS) is a statewide, multi-service, community based human care organization whose mission for 121 years has been "To express God's love for all people by providing quality human care services that build and strengthen individual, family and community life." The statewide corporate headquarters are located at 124 South 24th Street, Omaha, Nebraska. LFS has 28 office locations in 15 cities that span from as far east as Council Bluffs, Iowa to as far west as North Platte. LFS Regional administrative offices are located in North Platte, Omaha and in Lincoln at 2900 O Street.

LFS will provide the Core Services (Community Support, Medication Management, Outpatient Mental Health, and Day Treatment) formerly provided by the Lancaster County Community Mental Health Center to eligible individuals living within the Region V catchment area. Services shall be located in Lancaster County, Nebraska but available and accessible to persons located in all 16 counties within Region V, with a priority given to those individuals residing in Lancaster County.

#### Services Definitions:

- **Community Support:** Rehabilitation service for individuals disabled by severe and persistent mental illness. Skilled paraprofessionals provide direct rehabilitation and support services and interventions and assist in developing services necessary to maintain community living and prevent exacerbation of illness and admission to higher levels of care. Services include:
  - Comprehensive strength-based psychosocial assessment within 30 days
  - Collect information and develop individual Program/Service plan within 30 days
  - Direct provision of active rehabilitation and support interventions with focus on: Activities of Daily Living, education, budgeting, medication compliance and self-administration, relapse prevention, social skills, and independent living skills
  - Participation in and reporting to treatment/rehabilitation team on the progress in areas of medication compliance, relapse prevention, social skill acquisition and application, education and substance use/abuse
  - Service coordination and case management activities including coordination or assistance in accessing medical, social, education, housing, transportation, or other appropriate support services as well as linkage to more/less intensive community services
  - Crisis/relapse prevention plan
  - Support and intervention in time of crisis, Crisis/relapse intervention and involvement to transition consumer's return to community and avoid need for higher levels of care
  - Facilitate communication between treatment and rehabilitation providers and with primary/supervision practitioner
  - Monitor medication compliance

-- 010



- **Medication Management:** Evaluation, provision and monitoring of psychotropic medication and symptom management. Services include:
  - Psychiatrist or Psychiatric APRN evaluation of need for psychotropic medication
  - Provision of prescriptions for psychotropic medications
  - Ongoing medication monitoring
  - Medication evaluation, checks and education as often as medically necessary
- **Outpatient Mental Health Services:** Comprehensive, coordinated, and defined services that address a variety of needs focusing primarily on treatment for mental health disorders. Other related issues include situational stressors, family relations, interpersonal relationships, lifespan issues and issues related to trauma. Services include:
  - Individual therapy
  - Group therapy
  - Wellness groups
  - Pretreatment assessments
  - Intakes/discharges
- **Day Treatment:** Medically supervised alternative to psychiatric short-term inpatient services. Provides a coordinated set of individualized therapeutic services to persons who may be able to function in a normal school, work and/or home environment but are in need of therapeutic supports. This service may be used as transition from higher levels of care or for those at risk of being admitted to a higher level of care. Services include:
  - Multidisciplinary bio-psycho-social assessments and initial treatments, including but not limited to initial diagnostic interview by psychiatrist/psychologist within 24 hours, history and physical within 24 hours, alcohol and drug assessment, rehabilitation readiness assessment, functional assessment
  - Structured treatment environment
  - Modalities include: medical treatment, psychiatric care psychopharmacology
  - Integrated substance abuse treatment, if appropriate
  - Transitional support services

**The target population for these services is:**

- Persons 19 years of age and over who reside within the Region V geographic service area (priority will be given to Lancaster County residents);
- Adults with or at risk of experiencing disruption in functioning or impairments due to mental illness; a majority of whom have a diagnosis consistent with a serious and persistent mental illness (SPMI); i.e. a primary diagnosis of schizophrenia, major affective disorder or other major mental illness; and,
- Adults who meet financial eligibility criteria and do not have coverage for services through other payer sources including Medicaid.

I am not aware of any other waivers LFS will need related to this project.

If you have any questions concerning the services LFS will be providing at the 2201 South 17<sup>th</sup> Street location, please contact me either via telephone (402-978-5645) or email ([speterson@lfsneb.org](mailto:speterson@lfsneb.org))

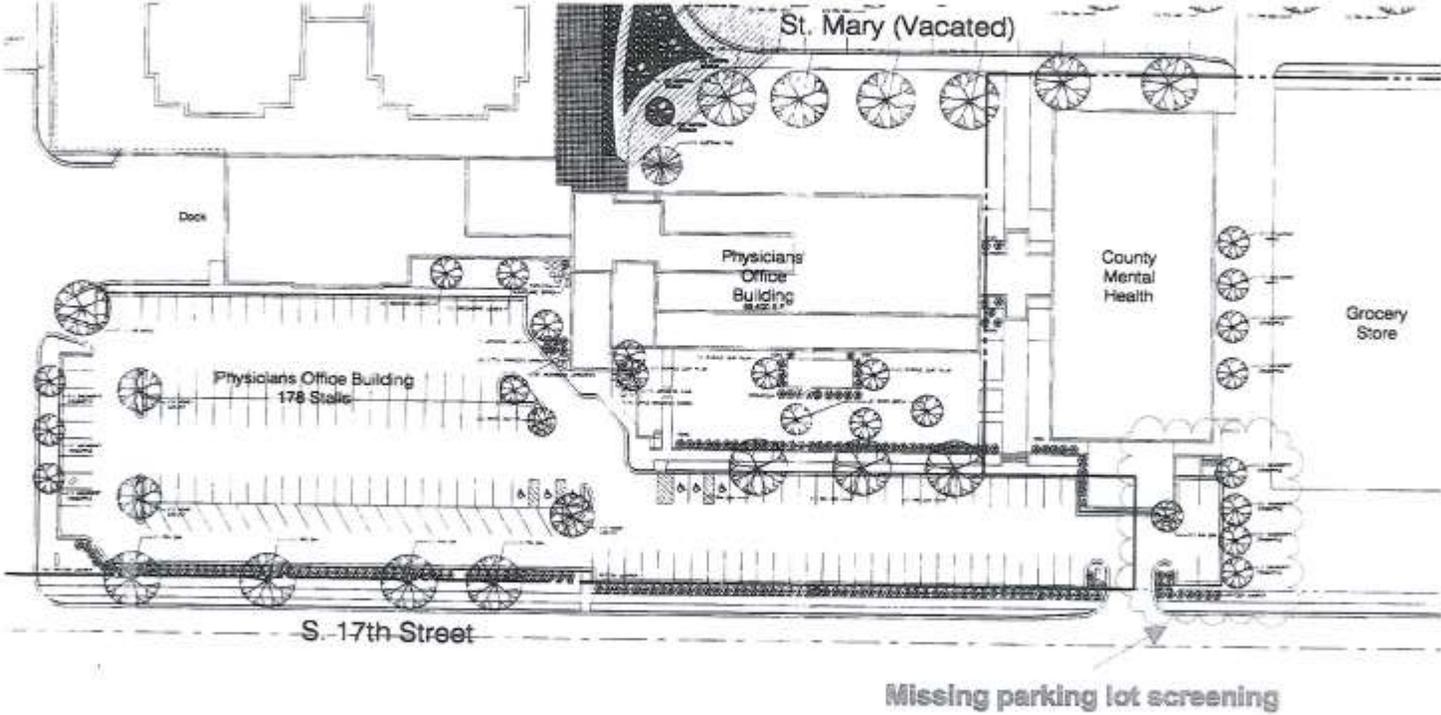
Respectfully Yours,



Steve Peterson  
Vice President of Administrative Services



# Landscape Plan Approved per SP1020G



Parcel ID: 10-36-303-007-000

**OWNER NAME AND MAILING ADDRESS**  
LANCASTER COUNTY  
555 S 10 ST  
LINCOLN, NE 68508

Additional Owners  
No

**PROPERTY SITUS ADDRESS**  
2201 S 17 ST  
LINCOLN, NE

**GENERAL PROPERTY INFORMATION**  
Prop Class: Commercial Improved  
Primary Use: 17 Public Use  
Living Units:  
Zoning: R4-Residential District  
Neighborhood: CNCOM - Central Lincoln  
Tax Unit Grp: 0001  
Schi Code Base: 55-0001 Lincoln  
Schi Code Affilate:  
Exemptions: County

**LEGAL DESCRIPTION**  
DAVISS SUBDIVISION, Lot 5 - 9, & LOT 10 EX  
S21 50 W63.42' & E65 38' LOTS 11-13 & E PT OF  
NE 1/4 LOT 5 (#2007-43903) SW 35-10-6

**LANCASTER COUNTY APPRAISAL CARD**

Tax Year: 2016

Run Date: 1/26/2016 9:34:37 AM

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SALES INFORMATION					
Date	Type	Sale Amount	Inst.Type	Instrument #	Incl Other Parcels
08/22/2007	Improved	\$0	Warranty Deed	2007043903	

BUILDING PERMITS					
Number	Issue Date	Amount	Status	Type	Description
B1403285	11/14/2014	\$21,450	Closed	IR	REMOVE INTERIOR WALLS, ADD SINK ON 1ST
B0701207	08/13/2008	\$65,000	Closed	PL	PARKING LOT ALTERATIONS AND ADA RAMP

INSPECTION HISTORY					
Date	Time	Code	Reason	Appraiser	Contact-Code
12/04/2008		Routine, Interior and Exterior - 12	General Review	RJS	Other - 6
02/26/1998		Conversion - 13	Conversion		

RECENT APPEAL HISTORY				
Year	Level	Case #	Status	Action

TAXABLE VALUE HISTORY			
Year	Land	Building	Total
2016	\$0	\$0	\$0
2015	\$0	\$0	\$0
2014	\$0	\$0	\$0

MARKET LAND INFORMATION		
Method	Type	AC/SF/Units
Soft	CRL-Retail	66.905

Total Acres 1.54 GIS SF 66905

LANCASTER COUNTY APPRAISAL CARD

Parcel ID: 10-36-303-007-000

Tax Year: 2016

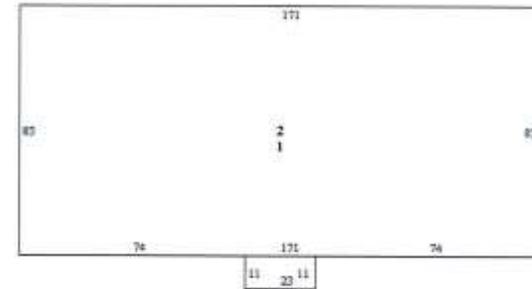
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GENERAL BUILDING INFORMATION

Blde No: 1 Community Mental H Building Type: 82-Medical Office - Single Tenant Identical Units: 1 No. of Units: 1 Func: 4 - Typical  
 Building 1 of 1

COMMENTS



SKETCH VECTORS

A1CU83R171D83L74D11L23U11L74 A2CU83R171D83L171

COMMERCIAL BUILDING SECTIONS & BASEMENTS

Sec	Occupancy	MS Class	Yr Blt	Rank	Stories	Area	Perimeter	Wall Hgt	Eff Age
01	341 Medical Office	C	1950	2.00	1	14,445	530	11	25
01	344 702 Semifinished	C		1.33		14,193	664	10	
02	341 Medical Office	C	1950	2.00	1	14,193	508	11	25

COMMERCIAL COMPONENTS

Sec	Code	Units	Pct	Size	Other	Year
01	603 Forced Air Unit		100			
01	625 Refrigerated Cooling Pack		100			
01	817 Concrete, Precast Panels		100			
01	651 Passenger #	2				
01	683 Wet Sprinklers	42,832				
02	603 Forced Air Unit		100			
02	625 Refrigerated Cooling Pack		100			

Parcel ID: 10-36-303-007-000

LANCASTER COUNTY APPRAISAL CARD  
Tax Year: 2016

Run Date: 1/26/2016 9:34:37 AM

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LANCASTER COUNTY APPRAISAL CARD

Parcel ID: 10-35-303-007-000

Tax Year: 2015

Run Date: 1/26/2015 9:34:37 AM

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OTHER BUILDINGS AND YARD IMPROVEMENTS

COMPONENTS

Occupancy	MSCI	Rank	Qty	Yr Blt	Area	Perim	Hgt	Dimensions	Stories	Phys	%Comp	Code	Units	Pct	Size	Oth	Rank	Year
PVA		2.00		1984	37,861					3		6350 Paving, Asphalt w	37,861					2.00

COMMENTS

Parcel ID: 10-36-303-007-000

LANCASTER COUNTY APPRAISAL CARD

Tax Year: 2016

Run Date: 1/26/2016 9:34:37 AM

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LANCASTER COUNTY APPRAISAL CARD

Parcel ID: 10-36-303-007-000

Tax Year: 2016

Run Date: 1/26/2016 9:34:37 AM

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INCOME AND EXPENSES

PROPERTY LEVEL INCOME DATA AND OVERRIDES

Building Type: 12-Medical Office - Net  
 Investment Class: 1 - Poor  
 NOI Override: Ovr Rsn:  
 Cap Rate Ovr: Ovr Rsn:

PROPERTY LEVEL INCOME SUMMARY

Use Net Cap Rate: N NOI: 273,187 Income Value: \$2,483,500  
 Cap Rate: 11.00 Calc Income Value: 2,483,500  
 Eff Tax Rate: 0.00 Residual Land: 0 Cost Area: 28,639  
 Overall Rate: 11.00 FF and E: 0 Income Area: 43,085

INCOME SUMMARY SQUARE FOOT MODELS

Type: Office Other Income  
 Name: Bsmnt Vac & Coll Ovr  
 Rating: 0 - Very Poor Expense Ovr

Description  
 Ovr Reason  
 Ovr Reason

	EXPENSE AMT	EXPENSE %
Management	4,371	5.00
Utilities	0	0.00
Insurance	0	0.00
Res for Repl	4,371	5.00
Maintenance	0	0.00
<b>Total Expenses</b>	<b>8,743</b>	<b>10.00</b>

INCOME CALCULATIONS

Area	14,193	Total EGI	87,429
PGI	99,351	Total Expenses	8,743
PGI per SF	7.00	NOI	78,686
Vac & Coll %	12.00		
Vac & Coll	11,922		

SQUARE FOOT MODEL DETAIL

Interior Use 07-Office - Net  
 Use Group 07 Model 70  
 Net Rentable 14,193 Rent 7.00  
 Gross Area 14,193 Vac & Coll 12.00  
 Rent Rate Ovr  
 Ovr Reason

	EXPENSE AMT	EXPENSE %
Management	4,371	5.00
Utilities	0	0.00
Insurance	0	0.00
Res for Repl	4,371	5.00
Maintenance	0	0.00
<b>Total Expenses</b>	<b>8,743</b>	

Income Calculations	
Income Area	14,193
PGI	99,351
Vac & Coll	11,922
EGI	87,429

## Chapter 27.17

### R-4 RESIDENTIAL DISTRICT

#### Sections:

<b>27.17.010</b>	<b>Scope of Regulations.</b>
<b>27.17.020</b>	<b>Permitted Uses.</b>
<b>27.17.030</b>	<b>Permitted Conditional Uses.</b>
<b>27.17.040</b>	<b>Permitted Special Uses.</b>
<b>27.17.050</b>	<b>Accessory Uses.</b>
<b>27.17.060</b>	<b>Parking Regulations.</b>
<b>27.17.070</b>	<b>Sign Regulations.</b>
<b>27.17.075</b>	<b>Grading and Land Disturbance Regulations.</b>
<b>27.17.080</b>	<b>Height and Area Regulations.</b>
<b>27.17.090</b>	<b>Neighborhood Design Standards.</b>

This district is intended to provide a stable area of residential use at a gross density in the range of three to five dwelling units per acre. It is anticipated that some redevelopment will occur in this district. The use of the district includes single- and two-family dwellings, plus support facilities, such as schools, parks, community buildings, and churches.

#### **27.17.010 Scope of Regulations.**

The regulations set forth in this chapter, or set forth elsewhere in this title when referred to in this chapter, are the district regulations in the R-4 Residential District. (Ord. 12571 §117; May 8, 1979).

#### **27.17.020 Permitted Uses.**

A building or premises is allowed to be used for those use types designated in the Use Group Tables in Chapter 27.06 as a permitted use in the R-4 Residential District. (Ord. 19733 §9; June 25, 2012; prior Ord. 19158 § 12; October 20, 2008; Ord. 12571 §118; May 8, 1979).

#### **27.17.030 Permitted Conditional Uses.**

A building or premises is allowed to be used for those use types designated in the Use Group Tables in Chapter 27.06 as a permitted conditional use in the R-4 Residential District in conformance with the Chapter 27.62 conditions of approval for such use. (Ord. 19733 §9; June 25, 2012; prior Ord. 18476 §7; December 13, 2004; Ord. 16854 §12; August 14, 1995; Ord. 15751 §6; October 15, 1990; Ord. 14060 §2; February 25, 1985; Ord. 13302 §4; February 1, 1982; Ord. 12571 §119; May 8, 1979).

#### **27.17.040 Permitted Special Uses.**

A building or premises is allowed to be used for those use types designated in the Use Group Tables in Chapter 27.06 as a permitted special use in the R-4 Residential District in conformance with the conditions of approval under the special permit granted for such use in conformance with the requirements of Chapter 27.63. (Ord. 19733 §9; June 25, 2012; prior Ord. 19172 §5; November 3, 2008; Ord. 19158 §13; October 20, 2008; Ord. 18535 §10; May 9, 2005; Ord. 18476 § 8; December 13, 2004; Ord. 17780 §3; December 18, 2000; Ord. 16854 §13; August 14, 1995; Ord.

16820 §4; July 10, 1995: Ord. 16673 §8; September 26, 1994: Ord. 15371 §4; December 18, 1989: Ord. 15368 §6; December 18, 1989: Ord. 14815 §3; January 4, 1988: Ord. 14780 §5; November 2, 1987: Ord. 14767 §4; October 12, 1987: Ords. 14475, 14510, 14562 amended by Ord. 14644 §6; April 13, 1987: Ord. 14378 §4; May 5, 1986: Ord. 13980 §10; October 29, 1984: Ord. 13588 §5; May 9, 1983: Ord. 13546 §5; February 28, 1983: Ord. 13535 §4; January 24, 1983: Ord. 12978 §6; August 25, 1980: Ord. 12894 §6; April 7, 1980: Ord. 12571 §120; May 8, 1979).

**27.17.050 Accessory Uses.**

Accessory uses permitted in the R-4 Residential District are accessory buildings and uses customarily incident to any of the permitted uses, permitted conditional uses, or permitted special uses in said district. (Ord. 19733 §9; June 25, 2012: prior (Ord. 12571 §121; May 8, 1979).

**27.17.060 Parking Regulations.**

Parking within the R-4 Residential District shall be regulated in conformance with the provisions of [Chapter 27.67](#). (Ord. 12571 §122; May 8, 1979).

**27.17.070 Sign Regulations.**

Signs within the R-4 Residential District shall be regulated in conformance with the provisions of [Chapter 27.69](#). (Ord. 12571 §123; May 8, 1979).

**27.17.075 Grading and Land Disturbance Regulations.**

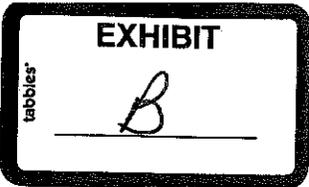
Grading and land disturbance within the R-4 Residential District shall be regulated in conformance with the provisions of [Chapter 27.81](#). (Ord. 17618 §6; February 22, 2000.)

**27.17.080 Height and Area Regulations.**

The maximum height and minimum lot requirements within the R-4 Residential District shall be regulated in conformance with the requirements in [Chapter 27.72](#). (Ord. 19733 §9; June 25, 2012: prior Ord. 18827 §4; October 9, 2006: Ord. 16971 §1; April 22, 1996: Ord. 14447 §4; July 28, 1986: Ord. 13929 §4; August 27, 1984: Ord. 12751 §4; November 5, 1979: Ord. 12657 §4; August 6, 1979: Ord. 12571 §124; May 8, 1979).

**27.17.090 Neighborhood Design Standards.**

Each application for a building permit for new construction of a principal building on property located within the Lincoln city limits as of December 31, 1949 shall comply with the [neighborhood design standards](#). (Ord. 18305 §4; February 23, 2004: prior Ord. 17664 §1; May 1, 2000).



BEFORE THE BOARD OF COUNTY COMMISSIONERS  
OF LANCASTER COUNTY, NEBRASKA

RESOLUTION IN THE MATTER OF COUNTY )  
SPECIAL PERMIT NO. 16021, EXPANDED )  
HOME OCCUPATION FOR HILLSIDE EVENTS ) RESOLUTION NO. \_\_\_\_\_  
ON PROPERTY GENERALLY LOCATED AT )  
12400 WEST DENTON ROAD, LANCASTER )  
COUNTY, NEBRASKA )

WHEREAS, Tyler and Melissa Smith, on behalf of Hillside Events LLC, requested approval of County Special Permit No. 16021, to allow an Expanded Home Occupation on property generally located at 12400 West Denton Road, Lancaster County, Nebraska, legally described as follows:

Lot 19 I.T. located in the SW1/4 of Section 17, Township 9 North,  
Range 5 East; Lancaster County, NE;

WHEREAS, the Lincoln-Lancaster County Planning Department recommended conditional approval of said Special Permit, concluding that the special permit for Expanded Home Occupation to allow large gatherings, such as wedding receptions, should have limited impact on adjacent properties given the site plan and proposed conditions;

WHEREAS, on May 25, 2016, the Lincoln-Lancaster County Planning Commission conducted a public hearing on County Special Permit No. 16021 and voted 5-2 to recommend denial of the special permit;

WHEREAS, on June 28, 2016, the Board of Commissioners of Lancaster County, Nebraska, conducted a public hearing on County Special Permit No. 16021; and

WHEREAS, on June 30, 2016, July 7, 2016, and July 12, 2016, the Board of Commissioners of Lancaster County, Nebraska, continued discussion regarding County Special

Permit No. 16021;

NOW, THEREFORE, BE IT RESOLVED, by the Lancaster County Board of Commissioners, that County Special Permit No. 16021 to allow an Expanded Home Occupation on property generally located at 12400 West Denton Road, Lancaster County, Nebraska, legally described as follows:

Lot 19 I.T. located in the SW1/4 of Section 17, Township 9 North, Range 5 East; Lancaster County, NE;

be and hereby is approved with the following waivers and conditions:

#### **WAIVERS**

1. Waive the requirement for gravel surface of parking lots for the overflow parking.
2. Waive the requirement that outside areas used for the business not exceed 15,000 square feet.
3. Waive the requirement that all outside business related activity be 200 feet from all property lines.
4. To allow more than two employed persons who are not members of the family residing on the premises to carry out the occupation or activity on the premises.

#### **SITE SPECIFIC CONDITIONS**

1. Events up to 250 persons are allowed two days in any one calendar month from March 1st through November 30<sup>th</sup>, provided that a wedding event may also include gatherings such as wedding rehearsals and pre-nuptial dinners not involving more than 50 people. No events are allowed between November 30th and March 1st.

(The limitation of two events per month effectively limits the number of people working on site. Thus, it eliminates the need to limit the number of persons working on site because events of this size are roughly equivalent to 80 hours of work on site)

2. Any outside music is not allowed to use speakers or other forms of amplification.
3. Any portion of an event held outdoors must conclude by 10:00 p.m.

4. Fireworks are not allowed except on July 3rd and 4th.
5. Owners shall provide a landscape plan that shows a 60% screen from the ground to 10 feet above the ground along the south and east property lines adjacent to the any outdoor area or parking lot.
6. ~~The special permit is granted for two years from the date of the County Board's approval.~~
7. 6. Any individual or entity dispensing alcohol on site must be licensed under the Nebraska Liquor Control Act.
8. 7. Prior to occupancy, as required by Article 13.001aa(11) of the Lancaster County Zoning Resolution, the Lincoln-Lancaster Building and Safety Department must approve the final certificate of occupancy for all new construction and/or remodeling of existing buildings under this special permit.

## **STANDARD CONDITIONS**

1. The following conditions are applicable to all requests:
  - 1.1. Before starting the operation all development and construction shall substantially comply with the approved plans.
  - 1.2 All privately-owned improvements, including landscaping shall be permanently maintained by the Permittee.
  - 1.3 The physical location of all setbacks and yards, buildings, parking and circulation elements, and similar matters be in substantial compliance with the location of said items as shown on the approved site plan.
  - 1.4 The terms, conditions, and requirements of this resolution shall run with the land and be binding upon the Permittee, its successors and assigns.
  - 1.5 The applicant shall sign and return the letter of acceptance to the County Clerk. This step should be completed within 60 days following the approval of the special permit. The Permittee shall file a copy of the resolution approving the special permit and the letter of acceptance with the Register of Deeds. Building permits will not be issued unless the letter of acceptance has been filed.

DATED this \_\_\_\_ day of July, 2016, at the County-City Building, Lincoln, Lancaster County,

Nebraska.

BY THE BOARD OF COUNTY  
COMMISSIONERS OF LANCASTER  
COUNTY, NEBRASKA

APPROVED AS TO FORM  
this \_\_\_\_ day of  
July, 2016.

\_\_\_\_\_  
for JOE KELLY  
County Attorney

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

LETTER OF ACCEPTANCE

Tyler and Melissa Smith, on behalf of Hillside Events, LLC, owner of record, hereby agree to all of the conditions of Special Permit No. 16021, to allow an Expanded Home Occupation on property generally located at 12400 West Denton Road, legally described as Lot 19 I.T. located in the SW1/4 of Section 17, Township 9 North, Range 5 East; Lancaster County, NE, granted by the Lancaster County Board of Commissioners, and embodied in Resolution No. \_\_\_\_\_, all costs which we hereby represent have been paid and that this agreement shall be binding upon Hillside Events, LLC, and its heirs, successors, and assigns, and shall run with the land.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2016, in Lancaster County, Nebraska.

Owner of Record

BY:

\_\_\_\_\_  
Melissa Smith  
for Hillside Events, LLC

STATE OF NEBRASKA            )  
  )     ss.  
County of Lancaster         )

On this \_\_\_\_ day of \_\_\_\_\_, 2016, before me, the undersigned, a notary public, duly commissioned, qualified for and residing in said County, personally came \_\_\_\_\_, known to be the identical person whose name is affixed to this agreement, and acknowledged execution of the same to be her voluntary act and deed.

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Notary Public

Owner of Record

BY:

\_\_\_\_\_  
Tyler Smith  
for Hillside Events, LLC

STATE OF NEBRASKA                    )  
  )  
County of Lancaster                    )        ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 2016, before me, the undersigned, a notary public, duly commissioned, qualified for and residing in said County, personally came Eugene R Benes, known to be the identical person whose name is affixed to this agreement, and acknowledged execution of the same to be her voluntary act and deed.

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Notary Public

**Subject:** Expanded Home Occupation Permit at 12400 W. Denton Rd (Hillside Events)

The following area residents are **OPPOSED** to any type of expanded home occupation permit to allow for weddings or any type of events at 12400 W. Denton Rd out of concerns for the increased traffic, lack of regulation for alcohol brought to and consumed at the location, the proximity to the road and other residents, the additional noise created, and for general public safety of the residents and their animals and pets.

5. Printed Name: Janice A. Johns  
 Signature: Janice A. Johns  
 Address: 11334 W. Denton Rd  
Denton, NE 68339  
 Phone Number: 402-797-2506
6. Printed Name: Rick L. Johns  
 Signature: Rick L. Johns  
 Address: 11334 W. DENTON RD.  
DENTON, NE. 68339  
 Phone Number: 402-797-2506
7. Printed Name: Sarah Bennetts  
 Signature: Sarah Bennetts  
 Address: 12121 W. Denton Rd  
Denton, NE 68339  
 Phone Number: 402.902.9881
8. Printed Name: Renee A. Wulf  
 Signature: Renee A. Wulf  
 Address: 1700 W Mulberry  
Lincoln, Ne 68522  
 Phone Number: 402.427.3121

**Subject: Expanded Home Occupation Permit at 12400 W. Denton Rd (Hillside Events)**

The following area residents are **OPPOSED** to any type of expanded home occupation permit to allow for weddings or any type of events at 12400 W. Denton Rd out of concerns for the increased traffic, lack of regulation for alcohol brought to and consumed at the location, the proximity to the road and other residents, the additional noise created, and for general public safety of the residents and their animals and pets.

9. Printed Name: Courtney Wulf  
Signature: Courtney Wulf  
Address: 12300 W. Denton Rd.  
Denton, NE 68339  
Phone Number: 402-477-4530

10. Printed Name: Zach Kauf  
Signature: [Signature]  
Address: 12300 W. Denton Rd.  
Denton, NE 68339  
Phone Number: 402-533-9998

11. Printed Name: Jasper Carthel  
Signature: [Signature]  
Address: 67421 SW 119th  
Denton, NE 68339  
Phone Number: 402-326-4834

12. Printed Name: JOHN PETSCHKE  
Signature: [Signature]  
Address: 9045 W DENTON RD  
DENTON NE 68339  
Phone Number: (402) 432-0512

13. Printed Name Luana Petsche

Signature Luana Petsche POA

Address: 7025 Cass Ave

Affected: 12600 W. D Rd. Leona Kunz Trust

Phone: 402-540-2791

---

14. Printed Name CHET R. BENNETT

Signature 

Address 12121 W. DENTON ROAD

Affected: SAME

Phone: 402 902 9245

---

Concerned Citizens - W Denton Road

Increased Traffic &, Speed (Weekends)

Opposed Hillside Events - 12400 W Denton Road, Denton NE

Name	Address	phone #
Brad & Cindy Braunsroth	10950 W Denton Rd	407-797-3185
Ming Chung	4020 Gentic Ac Lineby	402-525-0239
Doug Giles	8200 SW 98th Denton NE	402-450-9352
ROXANNE Watson	9400 W. Denton Rd	402 (416-67770)
Jean Susan Orisk	9400 W Denton Rd	402-381-8733
Holly Elston	9200 W. Denton Rd	402-802-5500
Jacob Baker	9140 W. Denton Rd	402-376-1313
Shelly Dennis	9140 W Denton Rd	402-770-3212
Richard Gray	10233 SW 126th St Denton	297-5365
Bob W Gray	1701 S42 Lincoln Ne	68806 402-520-6965

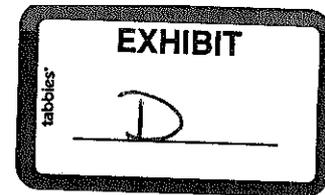
Concerned Citizens - W Denton Road

Increased Traffic &, Speed (Weekends)

Opposed Hillside Events - 12400 W Denton Road, Denton NE

Name	Address	phone #
<u>Joni R. Watson</u>	<u>9400 W. Denton Rd.</u>	<u>402 4110-6770</u>
<u>Luana Petsche</u>	<u>7025 Cass Ave Denton</u>	<u>402 - 540-2491</u>
<u>David L Petsche</u>	<u>7025 Cass Ave Denton, Ne</u>	<u>402 - 314-2490</u>
<u>Imeda Kippner</u>	<u>7000 Cass Ave Denton, NE</u>	<u>402 - 990-5185</u>
<u>John Kippner</u>	<u>7000 CASS AVE DENTON NE</u>	<u>402 546-9600 68339</u>
<u>Craig Van Slyke</u>	<u>7015 CASS AVE DENTON, NE</u>	<u>68339</u>
<u>Gary Bale</u>	<u>7030 Cass Ave Denton NE</u>	<u>68339</u>
<u>Shawn Kean</u>	<u>4601 SW 112 Denton, NE</u>	<u>68339</u>
<u>Patrick Kean</u>	<u>4601 SW 112 Denton NE</u>	<u>68339</u>
<u>Ken Ecker</u>	<u>7015 Cass</u>	<u>68339</u>





# Multiple Reasons Based on Background & Documented Issues as to Why SP16021 Should NOT Be Approved and Why There Should be Concerns That This Will Be Managed Appropriately

----- Forwarded message -----  
From: Tom J. Cajka <tcajka@lincoln.ne.gov>  
Date: Mon, May 2, 2016 at 9:21 AM  
Subject: RE: SP16021 Hillside Events (12400 West Denton Road) Expanded Home Occupation Permit & Safety Concerns with Location, Etc. & Unregulated Alcohol Serving & Consumption  
To: Sean Fintel <sean.fintel@gmail.com>

I wanted to let you know that Planning has turned this over to Building and Safety Department to be treated as a violation of the zoning ordinance. Building and Safety is the enforcement agency. Planning, Building and Safety and the County Attorney's Office have all advised the owners to cease operations until they have the special permit and their building is in compliance with all building codes.

Tom Cajka, Planner II  
County Planner  
Lincoln-Lancaster County Planning  
402-441-5662

- 1) Lack of appropriate permits ahead of time and they have shown that there may be issues with "respect with authority" when they were allowed to proceed in the interim on a "probationary basis" and have also been told to "cease operations" on 5/2 and still proceeded and potentially put people at risk.
- 2) Issues with "illegal wastewater treatment system" that they did on their own – shows potential for a lack of "following rules" which would be very important when it comes to essentially self-regulation.
- 3) Significant issue with proximity to neighboring property (Wulf) to the east (~84 feet) which is well below the 200 feet requirement.
  - This is very important considering they plan to have horses on this property. The right to farm policy should preclude any encroachment with something like this.

- 4) Multiple items that would require multiple waivers that if approved will significantly affect the neighboring properties (and this has already been documented that there are problems)
- 5) Lack of sufficient screening (even after the trees they have moved in) on the south and east side of the property.
- 6) Public safety concerns including lack of ability to respond to issues and for attendees to evacuate and for emergency personnel to arrive in small driveway.
- 7) Wildfire concerns from people smoking and putting out cigarettes in the grass parking lot area.
- 8) Proceeding with "special designated liquor license" and putting a vendor at risk when they were to cease operations (for May 21<sup>st</sup>)
- 9) Concerns with the design of the road currently (and issues with dust and the inherent health concerns) and even when it is paved, it will not be able to safely handle that many people entering this commercial business without a turn lane.
- 10) Documented issues including:
  - ✱ Crowd, light, and noise control
    - Increased litter in the area
  - ✱ Trespassing (on our property and another property to the east)
    - Mr. Ballentine (in his letter) mentioned a theft issue (report on file in April)
  - ✱ Impeding traffic on West Denton Road
    - Building and safety code concerns
    - Issues with "keeping the peace" among their neighbors
  - ✱ Reckless driving and harassment issues by people at the "Hillside Events"

✱ Public urination (2x)

- Why can't we review the resolution modifications?  
- Denton Community

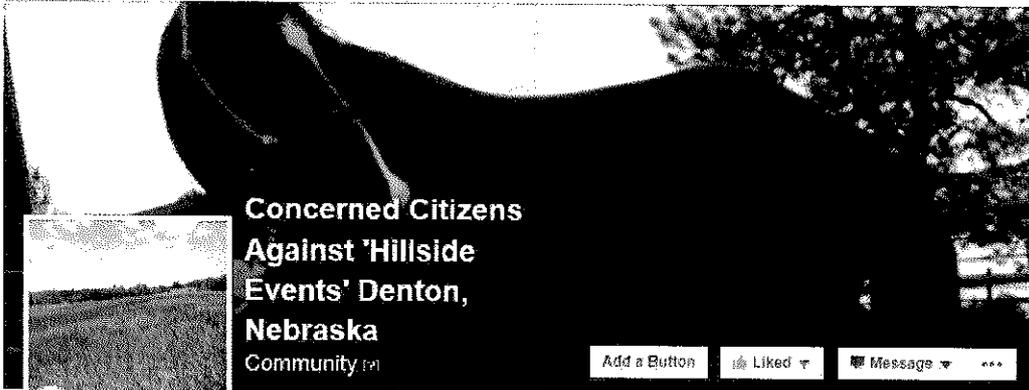
# Summary of Events in 2016 at Hillside Events According To My Records

## 8 Events

- **April 23<sup>rd</sup>** – First event in 2016 that we were aware of. We informed the Smiths about our concerns with the level of music and intensity of lights shining into our house in person (on April 24<sup>th</sup>).
- **April 30<sup>th</sup>** – I called Mr. Smith and then texted with concerns and our concerns were essentially ignored, even though I asked very nicely and professionally during the phone call. It is my understanding that a deputy (Deputy Brabec) later called and asked them to turn down music and lights.
- **May 7<sup>th</sup>** – Crowd control issues, people cussing, yelling, and cussing to us in a threatening manner. – Deputies were called and one showed up to address issues.
- **May 14<sup>th</sup>** – Multiple neighbors called with issues including trespassing, loud music, and crowd control issues. Three deputies came first time and they also came later when other neighbors called.
- **May 21<sup>st</sup>** – That is the date that Mr. Hunzeker is referring to regarding the special designated license. I called Ken's Kegs to inform them about Hillside Events being "advised to cease operations" (on May 20<sup>th</sup>) and they were appreciative because they were not told by the Smiths. The special designated license was not utilized is my understanding. However, no deputies were called because there wasn't an issue.
- **May 28<sup>th</sup>** – Trespassing issue on our property and loud music and loud, cussing people. Three deputies came.
- **June 4<sup>th</sup>** – A wedding only with no reception (that is our understanding) – No issues
- **June 25<sup>th</sup>** – Criminal harassment issue from someone departing Hillside Events at 8:26 PM, Reckless Driving / Endangerment Issue & Loud Music Issue at 10:11 PM – Multiple calls from multiple neighbors. One deputy came the first time and two deputies the 2<sup>nd</sup> time.

## What is the common denominator?

- Of these 8 events, when alcohol was served or brought to Hillside Events, there were issues with all of them.
- When there is alcohol involved, that is when the issues including public urination, drinking in parking lot, trespassing, harassment, and reckless endangerment / driving issues have occurred.
- When there was not alcohol on June 4<sup>th</sup>, and no late reception on the 21<sup>st</sup> (and special designated liquor license not used), WE did not have any issues nor did neighbors (as far as I am aware) report any issues to the Sheriff.
- Alcohol in this environment where people come and go and the Smiths admit "random people show up" (at hearing on May 25<sup>th</sup>) = troubles and an accident waiting to happen.



# Concerned Citizens Against 'Hillside Events' Denton, Nebraska

Community

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### THIS WEEK

12,915 Post Reach

1,141 Post Engagement

### Community

Status Photo / Video Offer, Event +

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Write something

1,130 likes +514 this week  
Stephanie Beckwith and 25 other friends

12,891 post reach this week

See Pages Feed  
Posts from Pages you've liked as your Page

Invite friends to like this Page

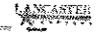
View Promotions

Concerned Citizens Against 'Hillside Events' Denton, Nebraska added 2 new photos.  
Yesterday at 5:27pm

Information below on the "illegal wastewater treatment" system that was installed at previously mentioned property. Did it affect our groundwater in the area? That is what we don't know and until we do we have to drink bottled water. That is very unfortunate.

### ABOUT

1 Hillside Events at 42100 W. Denton Rd Denton, NE



With the release of the new information...

**MINUTES**  
**LANCASTER COUNTY BOARD OF EQUALIZATION**  
**COUNTY-CITY BUILDING, ROOM 112**  
**TUESDAY, JULY 12, 2016**  
**IMMEDIATELY FOLLOWING THE LANCASTER COUNTY**  
**BOARD OF COMMISSIONERS MEETING**

*Advance public notice of the Board of Equalization meeting was posted on the County-City Building bulletin board and the Lancaster County, Nebraska, web site and emailed to the media on July 8, 2016.*

Commissioners present: Roma Amundson, Chair; Todd Wiltgen Vice-Chair; Bill Avery, Larry Hudkins and Deb Schorr

Others present: Scott Gaines, County Assessor/Register of Deeds Office; Kerry Eagan, Chief Administrative Officer; Gwen Thorpe, Deputy Chief Administrative Officer; David Derbin, Deputy County Attorney; Dan Nolte, County Clerk; and Kelly Lundgren, County Clerk's Office

*The Chair called the meeting to order at 11:43 a.m., and the location of the Nebraska Open Meetings Act was announced.*

**1) MINUTES: Approval of the minutes of the Board of Equalization meeting held on Tuesday, July 5, 2016.**

**MOTION:** Wiltgen moved and Schorr seconded approval of the minutes. Avery, Hudkins, Schorr, Wiltgen and Amundson voted aye. Motion carried 5-0.

**2) ADDITIONS AND DEDUCTIONS TO THE TAX ASSESSMENT ROLLS: (See attached additions and deductions.)**

**MOTION:** Schorr moved and Hudkins seconded approval of the additions and deductions. Hudkins, Schorr, Wiltgen, Avery and Amundson voted aye. Motion carried 5-0.

**3) NOTICE OF ASSESSED VALUATION CHANGE FOR PROPERTY TAXATION PURPOSES:**

**A.** Russell D. Smith

Gaines said this is the valuation notice provided to Mr. Smith with the appropriate adjustment.

**MOTION:** Hudkins moved and Schorr seconded approval of the notice. Schorr, Wiltgen, Avery, Hudkins and Amundson voted aye. Motion carried 5-0.

**4) PUBLIC HEARING:**

**A.** Motor Vehicle Tax Exemption Applications

**American Red Cross**  
**Fellowship Baptist Church**

**Our Savior's Lutheran Church  
Second Baptist Church  
St. Monica's Home  
Villa Marie School**

The Chair opened the public hearing.

No one appeared to testify in support, opposition or in a neutral position.

The Chair closed the public hearing.

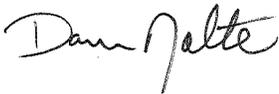
**MOTION:** Wiltgen moved and Hudkins seconded approval of the exemptions. Wiltgen, Avery, Hudkins, Schorr and Amundson voted aye. Motion carried 5-0.

**5) PUBLIC COMMENT:** Those wishing to speak on items relating to County Board of Equalization business not on the agenda may do so at this time.

No one appeared for public comment.

**6) ADJOURNMENT**

**MOTION:** Schorr moved and Hudkins seconded to adjourn the Lancaster County Board of Equalization meeting at 11:45 a.m. Wiltgen, Schorr, Hudkins, Avery and Amundson voted aye. Motion carried 5-0.



---

Dan Nolte, County Clerk

