



# Community Redevelopment Authority (CRA)

**Wednesday, January 11, 2006  
Regular Meeting**

## **Item H1**

### **TIF Request**

Staff Contact: Chad Nabity

**Ann's Pet Salon  
1311 Geddes  
Grand Island, NE 68801**

December 28, 2005

RE: Community Redevelopment Authority, TIF application enclosed.

I have owned and operated Ann's Pet Salon in Grand Island since 1987. Currently this business operates from my home site. When purchasing the lot for home construction, we specifically selected this site because it was zoned for residential and commercial use. Our intentions have been to eventually develop the business into a larger, more diverse customer offering. The financial implications of expansion have been an obstacle to date. Now that the area has been blighted, we are hopeful that we can make it a reality.

The business plan proposed includes an expanded facility, adding boarding, pet daycare, pet training, and a small retail space to our existing grooming facilities. It will also include an expansion of those grooming facilities. Hours of operation will consist of 7 days per week, with extended hours as necessary. This marketing and business plan has been developed carefully over time with research conducted in the Kearney, Lincoln and Omaha areas as well as locally. These types of pet facilities are becoming very common in those cities and show great potential for the Central Nebraska customer base.

Employment opportunities will also be added with this project. Currently we employ 2 full-time people. Expectations with such a level of service would require approximately 8-10 full-time staffers and some additional part-time staff.

Our location, near the Central Nebraska Humane Society, has been very complementary to our current operation, and should prove to be positive in this expansion. The purpose and proposed additional business of this project aligns with the intent for area redevelopment. We hope you give this proposal serious consideration and look forward to your response.

Sincerely,

# BACKGROUND INFORMATION RELATIVE TO TAX INCREMENT FINANCING REQUEST

## Project Redeveloper Information

I. Business Name: Ann's Pet Salon  
Address: 1311 Geddes St., Grand Island, NE 68801  
Telephone No: 308-384-4679 Fax No.: \_\_\_\_\_  
Contact: Ann Bruns

II. Brief Description of Applicant's Business: Pet boarding and daycare will be our main business, grooming and training will also be available.

III. Present Ownership Proposed Project Site: 1311 Geddes Grand Island Ne. We currently own the property.

IV. Proposed Project: Building square footage, size of property, description of buildings -- materials, etc. Please attach site plan, if available.

The lot size is approximately 1/2acre. The building will be constructed of wood, brick, vinyl siding, asphalt shingles and will be 4704 sq. ft. We have our home, present location of Ann's Pet Salon, and additional steel building which my husband uses for his construction supplies for Bruns Construction.

V. If Property is to be Subdivided, Show Division Planned:

VI. Estimated Project Costs: The total project cost will be approximately \$350,000.00

### Acquisition Costs:

A. Land \$: We currently own the property.

B. Building \$ \_\_\_\_\_

### Construction Costs:

A. Renovation or Building Costs:	<u>\$325,000.00</u>
B. On-Site Improvements:	<u>\$25,000.00</u>

### Soft Costs:

A. Architectural & Engineering Fees:	<u>\$ N/A</u>
B. Financing Fees:	<u>\$ 2000.00</u>
C. Legal/Developer/Audit Fees:	<u>\$ 2500.00</u>
D. Contingency Reserves:	<u>\$ N/A</u>
E. Other (Please Specify)	<u>\$</u>
<b>TOTAL</b>	<b><u>\$ 354,500.00</u></b>

VII. Total Estimated Market Value at Completion: \$ 436,000.00

VIII. Source of Financing:

A. Developer Equity: \$ 100,000.00  
 B. Commercial Bank Loan: \$ 265,000.00  
 C. Tax Credits:  
     1. N.I.F.A. \$ \_\_\_\_\_  
     2. Historic Tax Credits \$ \_\_\_\_\_  
 D. Industrial Revenue Bonds: \$ \_\_\_\_\_  
 E. Tax Increment Assistance: \$ taxable credit available based on proposed tax assement  
 F. Other \$ \_\_\_\_\_

IX. Name, Address, Phone & Fax Numbers of Architect, Engineer and General Contractor:  
Contractor: Dennis Bruns Construction  
1311 Geddes Grand Island Ne. 68801 308-384-5594 Builders Warehouse Grand Island Ne. Jacque is  
the Draftsman who developed the prints.

X. Estimated Real Estate Taxes on Project Site Upon Completion of Project:  
 (Please Show Calculations)  
I have enclosed the tax estimate from the county office.

XI. Project Construction Schedule:

A. Construction Start Date: March 2006

B. Construction Completion Date: July 2006

C. If Phased Project:

	Year		% Complete
	Year		% Complete

XII. Please Attach Construction Pro Forma

XIII. Please Attach Annual Income & Expense Pro Forma  
 (With Appropriate Schedules)

**TAX INCREMENT FINANCING REQUEST INFORMATION**

I. Describe Amount and Purpose for Which Tax Increment Financing is Requested:  
See enclosed statement

II. Statement Identifying Financial Gap and Necessity for use of Tax Increment Financing for Proposed Project: See Attached.

III. Municipal and Corporate References (if applicable). Please identify all other Municipalities, and other Corporations the Applicant has been involved with, or has completed developments in, within the last five (5) years, providing contact person, telephone and fax numbers for each.

IV. Please Attach Applicant's Corporate/Business Annual Financial Statements for the Last Three Years.

Post Office Box 1968  
 Grand Island, Nebraska 68802-1968  
 Phone: 308 385-5240  
 Fax: 308 385-5423  
 Email: cnabity@grand-island.com

The Island Pet Resort will be a 35 room pet boarding facility which will also include a grooming salon. We will be including such extras as pet day care, individual obedience training as well as group lessons, and some retail.

As I have been planning this business I have visited other kennels throughout Nebraska and neighboring states and have learned what has been successful for them in doing this type of business.

Kenl Inn in Lincoln is the facility that I plan to structure the closest to. They started with 50 kennels and now 17 years later maintain 200 boarding areas and grooming salon staff of 6. They are open 7 days a week and staff is in the building 15 hours a day.

Her payroll averages \$15,000.00 a month. She offers her employees a full benefit package and vacation. K.Q. has offered me guidance and will continue to with the construction and development of this business.

Different activities will be offered with us, such as indoor-outdoor play areas, walks, and personal attention throughout the visit. Older pet needs will be accommodated.

In Grand Island we have very few options when it comes to pet boarding. The vet clinics and Rainwater Kennels. None of these facilities currently offer the type of service that we will be.

Our prices will be competitive with area charges. I have asked my regular clients about this and they are anxiously awaiting the construction. I feel the need is great in the area and also outside the Grand Island area. I will receive a lot of out of town revenue with this business. I feel we will be expanding in a short time.

I expect my business to triple what I currently am capable of making. This is more tax revenue for the city. With the humane society developing in this area we can do nothing but benefit each other by improving the looks of our neighborhood.

I have included a possible maximum gross and a lesser gross. This is per year. On the plus side of being full to capacity every day and

grooming as many dogs as needed the revenue could be as much a \$450,000.00. On the low side \$350,000.00 but in vacation season and holiday time I will be at maximum sales, and this should balance slow times out to an acceptable average.

Payroll will be figured on \$7.00 per hour for kennel staff which should consist of 2 full time employees and 2 part-time. Grooming staff will be paid commission and I have calculated that in a 50/50 split. I will have additional help needed at times. I will have 3 full time groomers. I am not taking any salary from my business at this time.

I would like to be considered for tax increment financing for the following reasons:

- 1) The area that I will be developing is currently in a blighted neighborhood and so money should be available to me to create a business that will increase tax value.
- 2) In developing my new business it will be necessary to pave our entire driveway, which will be a substantial cost, and also when the city paves Geddes Street the cost will be approximately \$30,000.00 for my property, this will be another reason that this money would make my project more financially attainable.
- 3) The current property has no landscaping such as trees or shrubs: I would like to add both to make the land more appealing. I will also install a privacy fence between my property and the city ditch that sits to the immediate north. This fence could also help with connection to the new Humane Society if they are enclosing their property.
- 4) I will be finishing the outside of my business with brick and siding to make it more appealing from Capitol Ave. As it sits right now it is just an empty field.

With the assistance from this program, I will be able to greatly improve this section of blighted property which wouldn't be financially possible otherwise.

This will make my building compatible with the new Humane Society building which will be located directly east of my building.

## Construction Costs

### Building:

The building will be constructed by my husband who is a contractor. The electrical and plumbing bids have been submitted and are included in this figure. Other costs are concrete work, paving driveway. The total of this portion will be \$265,000.00

### Landscaping:

This will be planting trees, shrubs, grass and landscaping rock. I will be installing a privacy fence around the building as well.  
\$25,000.00

### Interior:

The kennels and equipment needed to complete the project will be  
\$60,000.00

This brings the total project cost to \$350,000.00



Average Yearly Income.

My kennel will be able to board between 35 and 40 dogs daily.  
I am using the average of 25 dogs per day to do my business calculations.

25dogs x \$18.00=	\$164,250.00
3 full time employees @\$7.00 per hour	
1 part time	\$50960.00
15% tax payroll	\$58604.00
Monthly Loan Payment (taxes & insurance)	\$54000.00
Based on \$4500.00/month	
Operating Expenses \$2000.00/month	\$24000.00
Utilities \$1500.00/month	\$18000.00
Advertising \$1000.00/month	<u>\$12000.00</u>
Net Income from Boarding	\$42646.00
Grooming:	
18 dogs x \$25.00/day 6 days/week	\$135,000.00
Yearly Payroll	\$77000.00
15% tax payroll	\$10800.00
Extra Expenses	<u>\$10000.00</u>
	\$42200.00
Net Income per year	\$84846.00
Monthly	\$7070.00



COMMUNITY REDEVELOPMENT AUTHORITY  
OF THE CITY OF GRAND ISLAND, NEBRASKA  
RESOLUTION # \_\_\_\_\_

A RESOLUTION RECOMENDING AN AMENDMENT TO A REDEVELOPMENT PLAN OF THE AUTHORITY, APPROVING A REDEVELOPMENT CONTRACT AND GIVING NOTICE OF INTENT TO ENTER INTO A REDEVELOPMENT CONTRACT, AND APPROVAL OF RELATED ACTIONS (ANN BRUNS PROJECT).

WITNESSETH:

WHEREAS, the Community Redevelopment Authority of the City of Grand Island, Nebraska ("Authority"), in furtherance of the purposes and pursuant to the provisions of Section 18-2101 to 18-2154, Reissue of Revised Statutes of Nebraska, 1997, as amended (the "Act") has recommended and the City of Grand Island ("City") has adopted a Redevelopment Plan for a blighted and substandard area designated by the City designated Redevelopment Area no. 5 (the "Redevelopment Area"); and

WHEREAS, pursuant to any furtherance of the Act, the Authority published notice of a Request for Proposals for redevelopment of the blighted and substandard area targeted for redevelopment pursuant to the Redevelopment Plan, and received a proposal from Ann E. Bruns ("Redeveloper") to enter into a Redevelopment Contract in substantially the form attached hereto as Exhibit A, the terms and conditions of which are herein incorporated by reference ("Redevelopment Contract"), hereby Authority would agree to rebate taxes for purposes specified in the Redevelopment Contract pursuant to the Act (the "Project");

WHEREAS, the Authority has made certain findings and pursuant thereto has determined that it is in the best interests of the Authority and the City as expressed in the Redevelopment Plan to enter into the Redevelopment Contract and to carry out the transactions contemplated thereby.

NOW, THEREFORE, be it resolved by the Community Redevelopment Authority of the City of Grand Island, Nebraska as follows:

1. The Authority has determined that the proposed land uses and building requirements in the Redevelopment Project area are designed with the general purposes of accomplishing, and in conformance with the general plan of the City, a coordinated, adjusted, and harmonious development of the City and its environs which will, in accordance with present and future needs, promote health, safety, morals, order, convenience, prosperity and the general welfare, as well as efficiency in economy in the process of development; including, among other things, adequate provision for traffic, vehicular parking, the promotion of safety from fire, panic, and other dangers, adequate provisions for light and air, the promotion of the healthful and convenient distribution of population, the provision of adequate transportation, water, sewerage, and other public utilities, schools, parks, recreational and communitive facilities, and other public requirements, the promotion of sound design and arrangement, the wise and efficient

expenditure of public funds, and the prevention of the recurrence of unsanitary or unsafe dwelling accommodations, or conditions of blight.

2. The Authority has conducted a cost benefit analysis for the Project in accordance with the Act, and has found and hereby finds that the Project would not be economically feasible without the use of tax increment financing; the Project would not occur in the Area without the use of tax increment financing and the costs and benefits of the Project, including costs and benefits to other affected political subdivisions, the economy of the community, and the demand for public and private services have been analyzed and have been found to be in the long term best interests of the community impacted by the Project.

3. The Authority hereby gives the City notice of its intent to enter into the Redevelopment Contract, and hereby recommends to the City approval of the Redevelopment Contract as an Amendment to the Redevelopment Plan, following publication of notice of and a public hearing with respect to the proposed Redevelopment Contract pursuant to the Act.

4. Subject to approval of the Redevelopment Contract by the City, the Authority hereby authorizes and approves the Redevelopment Contract between the Authority and the Redeveloper for the redevelopment of the Project area, and hereby authorizes and approves the execution, delivery, and performance of the documents and transactions contemplated by the Redevelopment Project.

5. The Chair and Secretary of the Authority are hereby authorized and directed to execute and deliver the Redevelopment Contract, in substantially the form presented at this meeting, but with such changes, additions or deletions as they deem reasonable or necessary, together with all documents, certificates or instruments contemplated thereby or necessary in connection therewith, and carry out all transactions and take all actions contemplated by the foregoing.

IN WITNESS WHEREOF, the undersigned members of the Community Redevelopment Authority of the City of Grand Island, Nebraska, hereby pass and adopt this Resolution and is in force this 1st day of March, 2006.

COMMUNITY REDEVELOPMENT AUTHORITY  
OF THE CITY OF GRAND ISLAND, NEBRASKA

Chair \_\_\_\_\_

ATTEST:

Secretary \_\_\_\_\_

**EXHIBIT A  
REDEVELOPMENT CONTRACT**

## REDEVELOPMENT CONTRACT

This Redevelopment Contract is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2006, by and between the Community Redevelopment Authority of the City of Grand Island, Nebraska (“Authority”) and Dennis W. Bruns and Ann E. Bruns, husband and wife, (“Redeveloper”), whether one or more.

### WITNESSETH:

WHEREAS, Authority is a duly organized and existing community redevelopment authority, a body politic and corporate under the law of the State of Nebraska, with lawful power and authority to enter into this Redevelopment Contract, acting by and through its Chair or Vice Chair and Members;

WHEREAS, the City of Grand Island, Nebraska (the “City”), in furtherance of the purposes and pursuant to the provisions of Section 2 of Article VIII of the Nebraska Constitution and Sections 18-2101 to 18-2154, Reissue Revised Statutes of Nebraska, 1999, as amended (collectively the “Act”), has adopted a Redevelopment Plan for a blighted and substandard area designated by the City; and

WHEREAS, Authority and Redeveloper desire to enter into this Redevelopment Contract for acquisition and redevelopment of the redevelopment area;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, Authority and Redeveloper do hereby covenant, agree and bind themselves as follows:

### ARTICLE I

#### DEFINITIONS AND INTREPRETATION

##### Section 1.01 Terms Defined in this Redevelopment Contract.

Unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Redevelopment Contract, such definitions to be equally applicable to both the singular and plural forms and masculine, feminine and neuter gender of any of the terms defined:

“Act” means Section 12 of Article VIII of the Nebraska Constitution, Sections 18-2101 through 18-2154, Reissue Revised Statutes of Nebraska, 1943, as amended, and acts amendatory thereof and supplemental thereto.

“City” means the City of Grand Island, Nebraska.

“Completion” means substantial completion of the Project as described on the attached Exhibit B.

“Governing Body” means the Mayor and City Council of the City, of Grand Island, Nebraska.

“Premises” or “Redevelopment Area” means all that certain real property situated in the City of Grand Island, Hall County, Nebraska, more particularly described as Exhibit A attached hereto and incorporated herein by this reference.

“Project” means the improvements to the Premises, as further described in Exhibit B attached hereto and incorporated herein by reference.

“Project Costs” means only costs or expenses incurred by Redeveloper to acquire, construct and equip the Project pursuant to the Act as identified on Exhibit C.

“Redevelopment Contract” means this redevelopment contract between Authority and Redeveloper dated \_\_\_\_\_, 2006, with respect to the Project.

“Redevelopment Plan” means the Redevelopment Plan for Area No. 5, prepared by the Authority and approved by the City pursuant to the Act, as amended from time to time.

“Resolution” means the Resolution of the Authority dated March 1, 2006, as supplemented from time to time, approving this Redevelopment Contract.

“TIF” Revenues” means incremental ad valorem taxes generated by the Project which are allocated to and paid to the Authority pursuant to the Act.

## ARTICLE II REPRESENTATIONS

### Section 2.01 Representations by Authority.

Authority makes the following representations and findings;

(a) Authority is a duly organized and validly existing community redevelopment authority under the Act.

(b) The Redevelopment Plan has been duly approved and adopted by the City pursuant to Section 18-2116 and 18-2117 of the Act.

(c) The Authority deems it to be in the public interest and in furtherance of the purposes of the Act to accept the proposal submitted by Redeveloper as specified herein.

(d) The Redevelopment Project will achieve the public purposes of the Act by, among other things, increasing employment, improving public infrastructure, increasing the tax base, and lessening conditions of blight and substandard in the Redevelopment Area.

Section 2.02 Representations of Redeveloper.

The Redeveloper makes the following representations:

(a) The Redeveloper is a Nebraska resident having the power to enter into this Redevelopment Contract and perform all obligations contained herein and by proper action has been duly authorized to execute and deliver this Redevelopment Contract.

(b) The execution and delivery of the Redevelopment Contract and the consummation of the transactions therein contemplated will not conflict with or constitute a breach of or default under any bond, debenture, note or other evidence of indebtedness or any contract, loan agreement or lease to which Redeveloper is a party or by which it is bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature upon any of the property or assets of the Redeveloper contrary to the terms of any instrument or agreement.

(c) There is no litigation pending or to the best of its knowledge threatened against Redeveloper affecting its ability to carry out the acquisition, construction, equipping and furnishing of the Project or the carrying into effect of this Redevelopment Contract or, except as disclosed in writing to the Authority, as to any other matter materially affecting the ability of Redeveloper to perform its obligations hereunder.

(d) Any financial statements of the Redeveloper delivered to the Authority prior to the date hereof are true and correct in all respects and fairly present the financial condition of the Redeveloper and the Project as of the dates thereof; no materially adverse change has occurred in the financial condition reflected therein since the respective dates thereof; and no additional borrowings have been made by the Redeveloper since the date thereof except in the ordinary course of business, other than the borrowing contemplated hereby or borrowings disclosed to or approved by the Authority.

ARTICLE III

OBLIGATIONS OF THE AUTHORITY

Section 3.01 Division of Taxes

In accordance with Section 18-2147 of the Act, the Authority hereby amends the Redevelopment Plan of the Authority by providing that any ad valorem tax on real property in the Project for the benefit of any public body be divided for a period of fifteen years after the effective date of this provision as provided in Section 18-2147 of the Act. The effective date of this provision shall be April 1, 2006.



Section 3.02 TIF Pledge of Revenues.

Authority shall not incur TIF indebtedness in the form of a principal amount bearing interest but, rather, hereby pledges to the Redeveloper and its Lender that the Authority will pay, semi-annually, the TIF Revenues to Redeveloper's Lender as additional security for the payment of the indebtedness incurred by Redeveloper for funding the Redevelopment Project.

Section 3.03 Payment.

Authority will pay to Redeveloper's Lender the proceeds of the TIF Revenues derived from Redeveloper's semi-annual payment of ad valorem taxes on the real property included in the Redevelopment Project. If such real estate taxes are not paid by Redeveloper, no TIF Revenues will be generated to enable the Authority to pay TIF Revenues to the Redeveloper.

Section 3.04 Creation of Fund.

Authority will create a special fund to collect and hold the TIF Revenues. Such special fund shall be used for no purpose other than to pay TIF Revenues pursuant to Sections 3.02 and 3.03 above.

ARTICLE IV

OBLIGATIONS OF REDEVELOPER

Section 4.01 Construction of Project; Insurance

(a) Redeveloper will complete the Project and install all equipment necessary to operate the Project. Redeveloper shall be solely responsible for obtaining all permits and approvals necessary to acquire, construct and equip the Project. Until construction of the Project has been completed, Redeveloper shall make reports in such detail and at such times as may be reasonably requested by the Authority as to the actual progress of Redeveloper with respect to construction of the Project. Promptly after completion by the Redeveloper of the Project, the Redeveloper shall furnish to the Authority a Certificate of Completion. The certification by the Redeveloper shall be a conclusive determination of satisfaction of the agreements and covenants in this Redevelopment Contract with respect to the obligations of Redeveloper and its successors and assigns to construct the Project.

(b) Any contractor chosen by the Redeveloper or the Redeveloper itself shall be required to obtain and keep in force at all times until completion of construction, policies of insurance including coverage for contractors' general liability and completed operations and a penal bond as required by the Act. The Authority and the Redeveloper shall be named as additional insureds. Any contractor chosen by the Redeveloper or the Redeveloper itself, as an

owner, shall be required to purchase and maintain property insurance upon the Project to the full insurable value thereof. This insurance shall insure against the perils of fire and extended coverage shall include "All Risk" insurance for physical loss or damage. The contractor or the Redeveloper, as the case may be, shall furnish the Authority with a Certificate of Insurance evidencing policies as required above. Such certificates shall state that the insurance companies shall give the Authority prior written notice in the event of cancellation of or material change in any of the policies.

Sections 4.02 Reserved.

Section 4.03 Redeveloper to Operate Project.

Except as provided in Section 4.08 hereof, Redeveloper will operate the Project for not less than 15 years from the effective date of the provision specified in Section 3.01 of this Redevelopment Contract.

Section 4.04 Authority Costs.

Redeveloper shall pay to Authority on the date of execution of this Redevelopment Contract, the sum of \$1,000.00 to reimburse the Authority for its fees incurred in connection with this Redevelopment Contract.

Section 4.05 No Discrimination.

Redeveloper agrees and covenants for itself, its successors and assigns that as long as this Redevelopment Contract is in effect, it will not discriminate against any person or group of persons on account of race, sex, color, religion, national origin, ancestry, disability, marital status or receipt of public assistance in connection with the Project. Redeveloper, for itself and its successors and assigns, agrees that during the construction of the Project, Redeveloper will not discriminate against any employee or applicant for employment because of race, religion, sex, color, national origin, ancestry, disability, marital status or receipt of public assistance. Redeveloper will comply with all applicable federal, state and local laws related to the Project.

Section 4.06 Pay Real Estate Taxes.

Redeveloper intends to create a taxable real property valuation of the Project of \$436,001.00 no later than as of January 1, 2007. During the term of this contract, Redeveloper will (1) not protest a real estate property valuation on the Premises of \$497,960.00 or less after substantial completion or occupancy; (2) not convey the Premises or structures thereon to any

entity which would be exempt from the payment of real estate taxes or cause the nonpayment of such real estate taxes; and (3) cause all real estate taxes and assessments levied on the Premises to be paid prior to the time such become delinquent.

Section 4.07 Reserved.

Section 4.08 No Assignment or Conveyance.

Redeveloper shall not convey, assign or transfer the Premises, the Project or any interest therein prior to the termination of the 15 year period commencing on the effective date specified in Section 3.01 hereof, without the prior written consent of the Authority, which shall not be unreasonably withheld and which the Authority may make subject to any terms or conditions it deems appropriate, except for the following conveyances, which shall be permitted without consent of Authority:

(a) any conveyance as security for indebtedness (i) previously incurred by Redeveloper or incurred by Redeveloper after the effective date for Project Costs or any subsequent physical improvements to the premises with the outstanding principal amount of all such indebtedness (whether incurred prior to or after the effective date of this Agreement) secured by the Premises (ii) any additional or subsequent conveyance as security for indebtedness incurred by Redeveloper for Project Costs or any subsequent physical improvements to the premises provided that any such conveyance shall be subject to the obligations of the Redeveloper pursuant to this Redevelopment Contract;

(b) if Redeveloper is an individual, any conveyance to Redeveloper's spouse, or to Redeveloper's spouse or issue pursuant to bequest or the laws of intestacy upon the death of Redeveloper;

(c) any conveyance to a limited partnership or limited liability company so long as Redeveloper is general partner or manager of the entity.

ARTICLE V

FINANCING REDEVELOPMENT PROJECT; ENCUMBRANCES

Section 5.01 Financing.

Redeveloper shall pay all Project Costs, and prior to commencing Redeveloper shall provide Authority with evidence satisfactory to the Authority that private funds have been committed to the Redevelopment Project in amounts sufficient to complete the Redevelopment Project.

Section 5.02 Encumbrances.

Redeveloper shall not create any lien, encumbrance or mortgage on the Project or the Premises except encumbrances which secure indebtedness incurred to acquire, construct and equip the Project or for any other physical improvements to the Premises.

ARTICLE VI

DEFAULT, REMEDIES; INDEMNIFICATION

Section 6.01 General Remedies of Authority and Redeveloper.

Subject to the further provisions of this Article VI, in the event of any failure to perform or breach of this Redevelopment Contract or any of its terms or conditions, by either party hereto or any successor such party, such party, or successor, shall, upon written notice from the other, proceed immediately to commence such actions as may be reasonably designed to cure or remedy such failure to perform or breach which cure or remedy shall be accomplished within a reasonable time by the diligent pursuit of corrective action. In case such action is not taken, or diligently pursued, or the failure to perform or breach shall not be cured or remedied within a reasonable time, this Redevelopment Contract shall be in default and the aggrieved party may institute such proceedings as may be necessary or desirable to enforce its rights under this Redevelopment Contract, including, but not limited to, proceedings to compel specific performance by the party failing to perform or in breach of its obligations.

Section 6.02 Additional Remedies of Authority.

In the event that:

(a) The Redeveloper, or successor in interest, shall fail to complete the construction of the Project on or before January 1, 2007, or shall abandon construction work for any period of 90 days;

(b) The Redeveloper, or successor in interest, shall fail to pay real estate taxes or assessments on the Premises or any part thereof when due, and such taxes or assessments shall not have been paid, or provisions satisfactory to the Authority made for such payment within 30 days following written notice from Authority; or

(c) There is, in violation of Section 4.08 of this Redevelopment Contract, transfer of the Premises or any part thereof, and such failure or action by the Redeveloper has not been cured within 30 days following written notice from Authority, then the Redeveloper shall be in default of this Redevelopment Contract.

In the event of such failure to perform, breach or default occurs and is not cured in the period herein provided, the parties agree that the damages caused to the Authority would be difficult to determine with certainty and that a reasonable estimation of the amount of damages that could be incurred is the amount of the unpaid TIF payment remaining pursuant to Section 3.03 of this Redevelopment Contract plus interest as provided herein (the "Liquidated Damages Amount"). The Liquidated Damages Amount shall be paid by Redeveloper to Authority within 30 days of demand from Authority.

Interest shall accrue on the Liquidated Damages Amount at the rate of one percent (1%) over the prime rate as published and modified in the Wall Street Journal from time to time and interest shall commence from the date that the Authority gives notice to the Redeveloper demanding payment.

Payment of the Liquidated Damages Amount shall not relieve Redeveloper of its obligation to pay real estate taxes or assessments with respect to the Project.

#### Section 6.03 Remedies in the Event of Other Redeveloper Defaults.

In the event the Redeveloper fails to perform any other provisions of this Redevelopment Contract (other than those specific provisions contained in Section 6.02), the Redeveloper shall be in default. In such an instance, the Authority may seek to enforce the terms of this Redevelopment Contract or exercise any other remedies that may be provided in this Redevelopment Contract or by applicable law; provided, however, that the default covered by this Section shall not give rise to a right of rescission or termination of this Redevelopment Contract, and shall not be covered by the Liquidated Damages Amount.

#### Section 6.04 Enforced Delay Beyond Party's Control.

For the purposes of any of the provisions of this Redevelopment Contract, neither the Authority nor the Redeveloper, as the case may be, nor any successor in interest, shall be considered in breach of or default in its obligations with respect to the conveyance or preparation of the Premises for redevelopment, or the beginning and completion of the construction of the Project, or progress in respect thereto, in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not restricted to, acts of God, or of the public enemy, acts of the Government, acts of the other party, fires, flood, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather or delays in subcontractors due to such causes; it being the purpose and intent of this provision that in the event of this occurrence of any such enforced delay, the time

or times for performance of the obligations of the Authority or of the Redeveloper with respect to construction of the Project, as the case may be, shall be extended for the period of the enforced delay: Provided, that the party seeking the benefit of the provisions of this section shall, within thirty (30) days after the beginning of any such enforced delay, have first notified the other party thereof in writing, and of the cause or causes thereof and requested an extension for the period of the enforced delay.

Section 6.05 Limitation of Liability; Indemnification.

Notwithstanding anything in this Article VI or this Redevelopment Contract to the contrary, neither Authority, City, nor their officers, directors, employees, agents or their governing bodies shall have any pecuniary obligation or monetary liability under this Redevelopment Contract. The obligation of the Authority shall be limited solely to the TIF Revenues pledged as security for the Redeveloper's financing. Specifically, but without limitation, neither City nor Authority shall be liable for any costs, liabilities, actions, demands, or damages for failure of any representations, warranties or obligations hereunder. The Redeveloper releases the Authority and the City from, agrees that the Authority and the City shall not be liable for, and agrees to indemnify and hold the Authority and the City harmless from any liability for any loss or damage to property or any injury to or death of any persons that may be occasioned by any cause whatsoever pertaining to the Project.

The Redeveloper will indemnify and hold each of the Authority and the City and their directors, officers, agents, employees and members of their governing bodies free and harmless from any loss, claim, damage, demand, tax, penalty, liability disbursement, expense, including litigation expenses, attorneys' fees and expenses, or court costs arising out of any damage or injury, actual or claimed, of whatsoever kind or character, to property (including loss of use thereof) or persons, occurring or allegedly occurring in, on or about the Project during the term of this Redevelopment Contract or arising out of any action or inaction of Redeveloper, injury, actual or claimed, of whatsoever kind or character, to property (including loss of use thereof) or persons, occurring or allegedly occurring in, on or about the Project during the term of this Redevelopment Contract or arising out of any action or inaction of Redeveloper, whether or not related to the Project, or resulting from or in any way related to the enforcement of this Redevelopment Contract or any other cause pertaining to the Project.

ARTICLE VII  
MISCELLANEOUS

Section 7.01 Notice Recording.

A notice memorandum of this Redevelopment Contract shall be recorded with the County Register of Deeds in which the Premises is located.

Section 7.02 Governing Law.

This Redevelopment Contract shall be governed by the laws of the State of Nebraska, including but not limited to the Act.

Section 7.03 Binding Effect; Amendment.

This Redevelopment Contract shall be binding on the parties hereto and their respective heirs, personal representatives, devisees, successors and assigns. This Redevelopment Contract shall run with the Premises. The Redevelopment Contract shall not be amended except by a writing signed by the party to be bound.

IN WITNESS WHEREOF, Authority and Redeveloper have signed this Redevelopment Contract as of the date and year first above written.

COMMUNITY REDEVELOPMENT  
AUTHORITY OF THE CITY OF  
GRAND ISLAND, NEBRASKA

ATTEST:

\_\_\_\_\_

By: \_\_\_\_\_  
Its Chair

STATE OF NEBRASKA     )  
  )ss.  
COUNTY OF HALL        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2006, by Barry G. Sandstrom and Chad Nabity, Chair and Secretary, respectively, of the Community Redevelopment Authority of the City of Grand Island, Nebraska, on behalf of the Authority.

(SEAL)

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Dennis W. Bruns

\_\_\_\_\_  
Ann E. Bruns

STATE OF NEBRASKA    )  
                                  )ss.  
COUNTY OF HALL        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2006 by Dennis W. Bruns and Ann E. Bruns, husband and wife.

(SEAL)

\_\_\_\_\_  
Notary Public



EXHIBIT A

DESCRIPTION OF PREMISES

Lot Two (2) Bruns Subdivision, in the City of Grand Island, Hall County, Nebraska.

## EXHIBIT B

### DESCRIPTION OF PROJECT

Construction of an approximately 4,704 square feet one story wood and brick building located on a .5 acre site to be utilized primarily for pet boarding and daycare plus grooming and training.

EXHIBIT C  
(Estimated)

1.	<u>Construction Costs:</u>	
	A. Renovation or Building Costs:	\$325,000.00
	B. On-Site Improvements:	\$ 25,000.00
2.	<u>Soft Costs:</u>	
	A. Architectural & Engineering Fees:	\$ <u>NA</u>
	B. Financing Fees:	\$ <u>2,500.00</u>
	C. Legal/Developer/Audit Fees:	\$ <u>2,500.00</u>
	D. Contingency Reserves:	\$ <u>NA</u>
	E. Other (Please Specify)	\$
	<b>TOTAL</b>	<b>\$354,500.00</b>