



City of Grand Island

Tuesday, July 09, 2002

Council Session

Item G13

#2002-195 - Approving Amendment to Community Redevelopment Authority (CRA) Plan and Authorizing Tax Increment Financing for Dental Office Development

At the June 4, 2002 meeting of the Community Redevelopment Authority, the CRA adopted Resolution #38 providing for an amendment to the Redevelopment Plan for Blight and Substandard Area #4, approving a redevelopment contract and giving notice of intent to enter into a redevelopment contract. Kris and Tim Harris, dba RSF Limited, are redeveloping the property at 1003 West Third Street for a dental office. A church was previously located on this property. CRA Resolution #38 was provided to the City Council in the June 11, 2002 Agenda Packet. The proposed redevelopment contract provides for the use of tax increment financing for the redevelopment project. Tax increment financing is a mechanism whereby the increased property taxes for the improved property are used to pay for the improvements. The anticipated tax increment financing for this project is \$35,000.

In December, 2000, the City Council adopted a Redevelopment Plan for this area, which is generally described as the central portion of the City of Grand Island, beginning at the intersection of the west line of Clark Street and the north line of the alley between Fourth and Fifth Streets, south to the alley between Second and Third Streets, and west to Broadwell Avenue. State Statutes require that amendments to the Redevelopment Plan, to address specific projects, be considered by the Community Redevelopment Authority and Regional Planning Commission, in addition to the City Council. The Regional Planning Commission considered the Amendment at their meeting of June 19, 2002 and recommended approval. Notification of the proposed Amendment and Redevelopment Project was provided to all taxing entities and appropriate neighborhood associations. Approval is recommended.

Staff Contact: Cindy Johnson

RESOLUTION 2002-195

RESOLUTION OF THE CITY OF GRAND ISLAND, NEBRASKA, APPROVING AN AMENDMENT TO A REDEVELOPMENT PLAN FOR THE CITY AND AGREEING TO THE PLEDGE OF TAXES IN A REDEVELOPMENT AREA FOR THE BENEFIT OF THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND (RSF LIMITED PARTNERSHIP PROJECT).

WHEREAS, the City of Grand Island, Nebraska, a municipal corporation and city of the first class, has determined it be desirable to undertake and carry out urban redevelopment projects in areas of the City which are determined to be substandard and blighted and in need of redevelopment; and

WHEREAS, the Nebraska Community Development Law, Chapter 18, Article 21, Nebraska Reissue Revised Statutes of 1997, as amended (the "Act"), prescribes the requirements and procedures for the planning and implementation of redevelopment projects; and

WHEREAS, the City has previously declared an area of the City to be substandard and blighted and in need of redevelopment pursuant to the Act; and

WHEREAS, the Community Redevelopment Authority of the City of Grand Island, Nebraska (the "Authority"), has prepared a Redevelopment Plan pursuant to Section 18-2111 of the Act, and recommended the Redevelopment Plan to the Planning Commission of the City; and

WHEREAS, the Planning Commission of the City reviewed the Redevelopment Plan pursuant to the Act and submitted its recommendations, if any, to the City, pursuant to Section 18-2114 of the Act; and

WHEREAS, following consideration of the recommendations of the Authority to the Planning Commission, the recommendations of the Planning Commission to the City, if any, and following the public hearing with respect to the Redevelopment Plan, the City approved the Plan; and

WHEREAS, there has been presented to the City by the Authority for approval a specific Redevelopment Project within the Redevelopment Plan and as authorized in the Redevelopment Plan, as described on the attached Exhibit B; and

WHEREAS, the City published notices of a public hearing and mailed notices as required pursuant to Section 18-2115 of the Act and has, on the date of the Resolution held a public hearing on the proposal to amend the Redevelopment Plan to include the Redevelopment Project described on the attached Exhibit B.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF

THE CITY OF GRAND ISLAND, NEBRASKA, that:

1. The Redevelopment Plan of the City approved for the area described on the attached Exhibit A, including the Redevelopment Project legally described on the attached Exhibit B, is hereby determined to be feasible and in conformity with the general plan for the development of the City of Grand Island as a whole and the Redevelopment Plan, including the Redevelopment Project identified on the attached Exhibit B, is in conformity with the legislative declarations and determinations set forth in the Act; and it is hereby found and determined, based on the analysis conducted by the Authority, that (a) the redevelopment project in the plan would not be economically feasible without the use of tax-increment financing, (b) the redevelopment project would not occur in the community redevelopment area without the use of tax-increment financing, and (c) the costs and benefits of the redevelopment 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 by the City and have been found to be in the long-term best interest of the community impacted by the redevelopment project. The City acknowledges receipt of notice of intent to enter into the Redevelopment Contract in accordance with Section 18-2119 of the Act and of the recommendations of the Authority and the Planning Commission with respect to the Redevelopment Contract;

2. Approval of the Redevelopment Plan is hereby ratified and reaffirmed, as amended by this Resolution, and the Authority is hereby directed to implement the Redevelopment Plan in accordance with the Act;

3. Pursuant to Section 18-2147 of the Act, ad valorem taxes levied upon real property in the Redevelopment Project included or authorized in the Plan which is legally described in the attached Exhibit B shall be divided, for a period not to exceed 15 years after the effective date of this provision, which effective date shall be December 31, 2002 as follows:

a. That proportion of the ad valorem tax which is produced by levy at the rate fixed each year by or for each public body upon the Redevelopment Project Valuation (as defined in the Act) shall be paid into the funds of each such public body in the same proportion as all other taxes collected by or for the bodies; and

b. That proportion of the ad valorem tax on real property in the Redevelopment Project in excess of such amount, if any, shall be allocated to, is pledged to, and, when collected, paid into a special fund of the Authority to pay the principal of, the interest on, and any premiums due in connection with the bonds, loans, notes or advances of money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such Authority for financing or refinancing, in whole or in part, such Redevelopment Project. When such bonds, loans, notes, advances of money, or indebtedness, including interest and premium due have been paid, the Authority shall so notify the County Assessor and County Treasurer and all ad valorem taxes upon real property in such Redevelopment Project shall be paid into the funds of the respective public bodies.

c. The Mayor and City Clerk are authorized and directed to execute and file with the Treasurer and Assessor of Hall County, Nebraska, an Allocation Agreement and Notice of Pledge of Taxes with respect to each Redevelopment Project.

4. The City hereby finds and determines that the proposed land uses and building requirements in the Redevelopment Area are designed with the general purposes of accomplishing, in accordance with the general plan for development 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 and 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 provision for light and air, the promotion of a healthful and convenient distribution of population, the provision of adequate transportation, water, sewerage, and other public utilities, schools, parks, recreation and community 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.

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Adopted by the City Council of the City of Grand Island, Nebraska on July 9, 2002.

RaNae Edwards, City Clerk

EXHIBIT A

Redevelopment Area

Lots One (1) and Two (2), Block Eighteen (18), Arnold and Abbott Addition to the City of Grand Island, Hall County, Nebraska.

EXHIBIT B

Redevelopment Project

Renovation of an existing structure into a dental office and additional office space.

REDEVELOPMENT CONTRACT

Between

COMMUNITY REDEVELOPMENT AUTHORITY
OF THE CITY OF
GRAND ISLAND, NEBRASKA

and

RSF LIMITED PARTNERSHIP

_____, 2002

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REDEVELOPMENT CONTRACT

This Redevelopment Contract is made and entered into as of the ____ day of _____, 2002, by and between the Community Redevelopment Authority of the City of Grand Island, Nebraska ("Authority") and RSF Limited Partnership, a Nebraska limited partnership ("Redeveloper").

WITNESSETH:

WHEREAS, Authority is a duly organized and existing community redevelopment authority, a body politic and corporate under the laws 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, 1991, as amended (collectively the "Act"), has adopted a Redevelopment Plan for a blighted and substandard area designated by the City; and

WHEREAS, pursuant to Section 18-2119 of the Act, Authority has solicited proposals for redevelopment of a redevelopment area included in the Redevelopment Plan, and Redeveloper submitted a redevelopment contract proposal;

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 INTERPRETATION

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.

"Governing Body" means the Mayor and City Council of the City, in their capacity as Members of the Authority.

"Holder" means the holders of TIF Indebtedness issued by the Authority from time to time outstanding.

"Premises" or "Redevelopment Area" means all that certain real property situated in the City of Grand Island, Hall County, Nebraska, more particularly described on 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 D.

"Redevelopment Contract" means this redevelopment contract between Authority and Redeveloper dated _____, 2002, with respect to the Project.

"Redevelopment Plan" means the Redevelopment Plan for Area _____, 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 _____, 2002, as supplemented from time to time, approving this Redevelopment Contract.

"TIF Indebtedness" means any bonds, notes, loans, and advances of money or other indebtedness, including interest and premiums, if any, thereon, incurred by the Authority pursuant to Article III hereof and secured in whole or in part by TIF Revenues.

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

Section 1.02 Construction and Interpretation.

The provisions of this Redevelopment Contract shall be construed and interpreted in accordance with the following provisions:

- (a) This Redevelopment Contract shall be interpreted in accordance with and governed by the laws of the State of Nebraska, including the Act.
- (b) Wherever in this Redevelopment Contract it is provided that any person may do or perform any act or thing the word "may" shall be deemed permissive and not mandatory and it shall be construed that such person shall have the right, but shall not be obligated, to do and perform any such act or thing.
- (c) The phrase "at any time" shall be construed as meaning "at any time or from time to time."
- (d) The word "including" shall be construed as meaning "Including, but not limited to."
- (e) The words "will" and "shall" shall each be construed as mandatory.
- (f) The words "herein," "hereof," "hereunder," "hereinafter" and words of similar import shall refer to the Redevelopment Contract as a whole rather than to any particular paragraph, section or subsection, unless the context specifically refers thereto.

(g) Forms of words in the singular, plural, masculine, feminine or neuter shall be construed to include the other forms as the context may require.

(h) The captions to the sections of this Redevelopment Contract are for convenience only and shall not be deemed part of the text of the respective sections and shall not vary by implication or otherwise any of the provisions hereof.

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 has requested proposals for redevelopment of the Redevelopment Area pursuant to section 18-2119 of the Act, and 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 limited partnership, 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 or its shareholders 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 December 31, 2002.

Section 3.02 Issuance of TIF Indebtedness.

Authority shall incur TIF Indebtedness in the form and principal amount and bearing interest and being subject to such terms and conditions as are specified on the attached Exhibit C. Authority shall have no obligation to find a lender or investor to acquire the TIF Indebtedness, but rather shall issue the TIF Indebtedness to or to the order of Redeveloper upon payment of the principal amount thereof.

Section 3.03 Grant of Proceeds of Bonds.

The Authority hereby pledges the TIF Revenues as Security for the TIF Indebtedness.

Section 3.04 Grant of Proceeds of Bonds.

Authority will grant to Redeveloper all proceeds of the TIF Indebtedness incurred as described on Exhibit C. An amount equal to interest payable on such TIF Indebtedness in 2003 shall be retained by the Authority and applied for such purpose or, at the option of the Authority, deposited in a reserve fund of Redeveloper to be applied for such purpose.

Notwithstanding the foregoing, the amount of the grant shall not exceed the amount of Project Costs certified pursuant to Section 4.02. The grant shall be paid to the Redeveloper upon receipt of required Project Costs Certifications pursuant to Section 4.02, and may, in the discretion of the Authority, be made in one or more advances upon receipt of partial Cost Certifications for amounts at least equal to the amount of the advance.

Section 3.05 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 Indebtedness issued 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 and furnishings 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. As used herein, the term "completion" shall mean substantial completion of 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 and 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.

Section 4.02 Cost Certification.

Redeveloper shall submit to Authority a certification of Project Costs, after expenditure of such Project Costs, prepared by a certified public accountant or other person acceptable to Authority. Redeveloper may, at its option, submit one or more partial Project Costs Certifications prior to expenditure of all Project Costs. All Project Costs Certifications shall be subject to review and approval by the Authority. Determinations by the Authority whether costs included in the Project Costs Certification are properly included in Project Costs as defined in this Agreement shall be made in its sole discretion and shall be conclusive and binding on Redeveloper.

Section 4.03 Redeveloper to Operate Project.

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. Other Agreements.

Redeveloper shall pay to Authority on or before the date of receipt of the grant pursuant to Section 3.04, an amount sufficient to reimburse the Authority for its costs incurred in connection with this Redevelopment Contract. Redeveloper will enter into and perform its obligations under such other agreements as are reasonably necessary in connection herewith.

Section 4.05 No Discrimination.

Redeveloper agrees and covenants for itself, its successors and assigns that as long as any TIF Indebtedness is outstanding, 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 \$355,000 no later than as of January 1, 2003. During the period that any TIF Indebtedness is outstanding, Redeveloper will (1) not protest a real estate property valuation on the Premises of \$355,000 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 during the term that any Bonds are outstanding.

Section 4.07 Payment in Lieu of Taxes.

Redeveloper agrees to make payments in lieu of taxes, immediately upon receipt of notice from Authority, if for any reason at any time TIF Revenues received by the Authority are not sufficient to pay principal and interest on the TIF Indebtedness when due. This payment in lieu of tax obligation may be represented by a note or other evidence of indebtedness and shall, if required by Authority, be secured by a mortgage or deed of trust on the Premises in favor of the Authority.

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 the Authority may grant or deny in its sole discretion 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 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) any conveyance to any person or entity which owns more than 50% of the voting equity interests of Redeveloper (if Redeveloper is a corporation, partnership or other entity) or with respect to which Redeveloper owns more than 50% of the voting equity interests, provided that any such successor owner of the Project agrees to assume all obligations of the Redeveloper and be bound by all terms and conditions of this Redevelopment Contract;

(c) if Redeveloper is a corporation, any merger, consolidation, split off, split-up, spin off or other reorganization of Redeveloper which does not result in a substantial change of control or management of the Redeveloper, provided that any such successor owner of the Project agrees to assume all obligations of the Redeveloper and be bound by all terms and conditions of this Redevelopment Contract;

(d) 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;

(e) any conveyance to a limited partnership so long as Redeveloper is general partner in the limited partnership.

ARTICLE V
FINANCING REDEVELOPMENT PROJECT; ENCUMBRANCES

Section 5.01 Financing.

Redeveloper shall pay all Project Costs, if any, which are in excess of the amounts paid from the proceeds of the TIF Indebtedness granted to Redeveloper. Prior to issuance of the TIF Indebtedness, 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 to 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 desireable 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 December 31, 2002, 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 or payments in lieu of taxes pursuant to Section 4.07 when due, and such taxes or assessments or payments in lieu of taxes 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 grant to Redeveloper pursuant to Section 3.05 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 or payments in lieu of taxes 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 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, floods, 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 the 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 on any TIF Indebtedness shall be limited solely to the TIF Revenues pledged as security for such TIF Indebtedness. 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 person 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 member 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, whether or not related to the Project, or resulting from or in any way connected with specified events, including the management of the Project, 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.

This Redevelopment Contract or 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 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:

Secretary

By: _____
Its Chair

STATE OF NEBRASKA)
) ss.
COUNTY OF HALL)

The foregoing instrument was acknowledged before me this ____ day of
_____, 2002, by _____ and
_____, Chair and Secretary, respectively, of the Community
Redevelopment Authority of the City of Grand Island, Nebraska, on behalf of the Authority.

(S E A L)

Notary Public

RSF LIMITED PARTNERSHIP,
REDEVELOPER

By:

Its: _____

STATE OF NEBRASKA)
) ss.
COUNTY OF HALL)

The foregoing instrument was acknowledged before me this ____ day of
_____, 2002, by _____, General Partner of RSF Limited
Partnership, on behalf of the _____.

(S E A L)

Notary Public

EXHIBIT A

DESCRIPTION OF PREMISES

Lots One (1) and Two (2), Block Eighteen (18), Arnold and Abbott Addition to the City of Grand Island, Hall County, Nebraska

EXHIBIT B

DESCRIPTION OF PROJECT

Renovation of existing structure into dental office and additional office space.

EXHIBIT C

TIF INDEBTEDNESS

Lender: Wells Fargo Bank Nebraska, National Association

Amount: Maximum amount amortizable over term based on Interest Rate and projected Project valuation

Interest Rate: To be determined at funding

Amortization: Not less frequently than semiannually

Term: 15 years from effective date

EXHIBIT D

PROJECT COSTS

1. Site acquisition
2. Site clearing and related site development
3. Off-site improvements
 - a. Streets
 - b. Utility mains
 - c. Street lights
4. On-site improvements
 - a. Sidewalks
 - b. Utility extensions