



Community Redevelopment Authority (CRA)

Wednesday, April 8, 2015
Regular Meeting

Item H2

TIF Contract Pridon

Staff Contact: Chad Nabity

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March 26, 2015

From: Chad Nabity, AICP Director

To: CRA Board

Re: Pridon-Victory Village Apartments at the Veteran's Hospital

In July of 2013 the Grand Island City Council approved a redevelopment plan that allowed for Tax Increment Financing to be used for development costs as outlined in the plan associated with the development of up to 78 apartments targeted towards veterans and their families. The final TIF contract was put on hold pending approval of other necessary financing including housing tax credits. Pridon received notice of their award of the tax credits in February 2015 and is prepared to begin construction.

The developers originally requested \$495,000 in TIF. Based on the current needs and financing available they have indicated that they have a cash gap for the project of \$460,000 and therefore are requesting that the CRA enter into a contract to provide \$460,000 of TIF towards the project. The Grand Island City Council approved the redevelopment plan on June 25, 2013 with the passage of resolution 2013-209. The approved plan identified almost \$659,000 worth of TIF allowable expenses for this project.

The project will be built on U.S. government owned property that is not subject to property taxes. All of the improvements will be privately owned on leased land and will be subject to local property taxes. This project will create a tax increment that can be captured.

Before you for your consideration is a contract that would provide \$330,000 to cover a portion of the TIF allowable expenses associated with this project. The bond will be issued at an interest rate of 4.1%. A bond of this amount should cover the cash gap in the project making it possible for the project to move forward. The project was approved by the CRA, the Planning Commission and the Grand Island City Council in 2013. This project always required the use of housing tax credits as a part of the financing mix. It took 18 months past the approval of the TIF to secure the tax credits. Upon approval of this contract and issuance of the TIF bonds this project is ready to break ground. Approval of this contract will allow this project to move forward.

**COMMUNITY REDEVELOPMENT AUTHORITY OF
THE CITY OF GRAND ISLAND, NEBRASKA**

RESOLUTION NO. 192

A RESOLUTION AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF A COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA TAX ALLOCATION NOTE OR OTHER OBLIGATION, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$330,000 FOR THE PURPOSE OF (1) PAYING THE COSTS OF ACQUIRING, DEMOLISHING, CONSTRUCTING, RECONSTRUCTING, IMPROVING, EXTENDING, REHABILITATING, INSTALLING, EQUIPPING, FURNISHING AND COMPLETING CERTAIN IMPROVEMENTS WITHIN THE AUTHORITY’S PRIDON-GRAND ISLAND, LLC REDEVELOPMENT PROJECT AREA, SPECIFICALLY INCLUDING SITE PREPARATION, UTILITY EXTENSION AND (2) PAYING THE COSTS OF ISSUANCE THEREOF; PRESCRIBING THE FORM AND CERTAIN DETAILS OF THE NOTE OR OTHER OBLIGATION; PLEDGING CERTAIN TAX REVENUE AND OTHER REVENUE TO THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE NOTE OR OTHER OBLIGATION AS THE SAME BECOME DUE; LIMITING PAYMENT OF THE NOTE OR OTHER OBLIGATION TO SUCH TAX REVENUES; CREATING AND ESTABLISHING FUNDS AND ACCOUNTS; DELEGATING, AUTHORIZING AND DIRECTING THE FINANCE DIRECTOR TO EXERCISE HIS OR HER INDEPENDENT DISCRETION AND JUDGMENT IN DETERMINING AND FINALIZING CERTAIN TERMS AND PROVISIONS OF THE NOTE OR OTHER OBLIGATION NOT SPECIFIED HEREIN; APPROVING A REDEVELOPMENT CONTRACT AND REDEVELOPMENT PLAN; TAKING OTHER ACTIONS AND MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING; AND RELATED MATTERS.

BE IT RESOLVED BY THE MEMBERS OF THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA:

ARTICLE I

FINDINGS AND DETERMINATIONS

Section 1.1. Findings and Determinations. The Members of the Community Redevelopment Authority of the City of Grand Island, Nebraska (the “**Authority**”) hereby find and determine as follows:

(a) The City of Grand Island, Nebraska (the “**City**”), pursuant to the Plan Resolution (hereinafter defined), approved the City of Grand Island Redevelopment Area 11 Plan Amendment (the “**Redevelopment Plan**”) under and pursuant to which the Authority shall undertake from time to time to redevelop and rehabilitate the Redevelopment Area (hereinafter defined).

(b) Pursuant to the Redevelopment Plan, the Authority has previously obligated itself and/or will hereafter obligate itself to provide a portion of the financing to acquire, construct, reconstruct, improve, extend, rehabilitate, install, equip, furnish and complete, at the cost and expense of the Redeveloper, a portion of the improvements (as defined in the Redevelopment Contract hereinafter identified) in the Redevelopment Area (the “**Project Costs**”), including, without limitation site acquisition of the Project Site

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(as defined in the Redevelopment Contract), (collectively, the **“Project”**), as more fully described in the Redevelopment Contract (hereinafter defined).

(c) The Authority is authorized by the Redevelopment Law (hereinafter defined) to issue tax allocation notes for the purpose of paying the costs and expenses of the Project, the principal of which is payable from certain tax revenues as set forth in the Redevelopment Law.

(d) In order to provide funds to pay a portion of the costs of the Project, it is necessary, desirable, advisable, and in the best interest of the Authority for the Authority to issue a taxable tax allocation note or other obligation in a principal amount not to exceed \$330,000 (the **“Note”**).

(e) All conditions, acts and things required to exist or to be done precedent to the issuance of the Note do exist and have been done as required by law.

ARTICLE II

CERTAIN DEFINITIONS; COMPUTATIONS; CERTIFICATES AND OPINIONS; ORDERS AND DIRECTIONS

Section 2.1. Definitions of Special Terms. Unless the context clearly indicates some other meaning or may otherwise require, and in addition to those terms defined elsewhere herein, the terms defined in this **Section 2.1** shall, for all purposes of this Resolution, any Resolution or other instrument amendatory hereof or supplemental hereto, instrument or document herein or therein mentioned, have the meanings specified herein, with the following definitions to be equally applicable to both the singular and plural forms of any terms defined herein:

“Authority” means the Community Redevelopment Authority of the City of Grand Island, Nebraska.

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

“Project Costs” means the redevelopment project costs (as defined in the Redevelopment Contract) in the Redevelopment Area, the costs of which are eligible to be paid from the proceeds of the Note.

“Assessor” means the Assessor of Hall County, Nebraska.

“Note” means the Pridon-Grand Island, LLC Redevelopment Project Taxable Tax Allocation Note of the Authority, in a principal amount not to exceed \$330,000, issued pursuant to this Resolution, and shall include any note, including refunding note, interim certificate, debenture, or other obligation issued pursuant to the Redevelopment Law. At the option of the Owner of the Note, the titular designation of such Note may be revised to state note, interim certificate, debenture, obligation, or such other designation as is appropriate.

“Secretary” means the Secretary of the Authority.

“Cumulative Outstanding Principal Amount” means the aggregate principal amount of the Note issued and Outstanding from time to time in accordance with the provisions of this Resolution, as reflected in the records maintained by the Registrar as provided in this Resolution.

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“Date of Original Issue” means the date the Note is initially issued, which shall be the date of the first allocation of principal on the Note as further described in **Section 3.2**.

“Debt Service” means, as of any particular date of computation, and with respect to any period, the amount to be paid or set aside as of such date or such period for the payment of the principal on the Note.

“Escrow Obligations” means (a) Government Obligations, (b) certificates of deposit issued by a bank or trust company which are (1) fully insured by the Federal Deposit Insurance Corporation or similar corporation chartered by the United States or (2) secured by a pledge of any Government Obligations having an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates so secured, which security is held in a custody account by a custodian satisfactory to the Registrar, or (c)(1) evidences of a direct ownership in future interest or principal on Government Obligations, which Government Obligations are held in a custody account by a custodian satisfactory to the Registrar pursuant to the terms of a custody agreement in form and substance acceptable to the Registrar and (2) obligations issued by any state of the United States or any political subdivision, public instrumentality or public authority of any state, which obligations are fully secured by and payable solely from Government Obligations, which Government Obligations are held pursuant to an agreement in form and substance acceptable to the Registrar and, in any such case, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient money to make the payment secured thereby.

“Finance Director” means the Treasurer/Finance Director or Acting Treasurer/Finance Director, as the case may be, of the City.

“Fiscal Year” means the twelve-month period established by the City or provided by law from time to time as its fiscal year.

“Government Obligations” means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Improvements” means the improvements to be constructed, reconstructed, acquired, improved, extended, rehabilitated, installed, equipped, furnished and completed in the Project Area in accordance with the Redevelopment Plan, including, but not limited to, the improvements constituting the Project (as defined in the Redevelopment Contract).

“Payment Date” means June 31 and December 31 of each year any Note is outstanding, commencing on the first Payment Date following the Date of Original Issue.

“Chairman” means the Chairman of the Authority.

“Outstanding” means when used with reference to any Note, as of a particular date, all Notes theretofore authenticated and delivered under this Resolution except:

- (a) Notes theretofore canceled by the Registrar or delivered to the Registrar for cancellation;
- (b) Notes which are deemed to have been paid in accordance with **Section 10.1** hereof;
- (c) Notes alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in **Section 3.9** hereof; and

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(d) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Resolution.

“**Owner**” means the person(s) identified as the owner(s) of the Note from time to time, as indicated on the books of registry maintained by the Registrar.

“**Plan Resolution**” means, Resolution No. 2013-209 of the City, together with any other resolution providing for an amendment to the Redevelopment Plan.

“**Project Area**” means the area identified and referred to as the Project Site in the Redevelopment Contract.

“**Record Date**” means, for each Payment Date, the 15th day immediately preceding such Payment Date.

“**Redeveloper**” means the Redeveloper as defined in the Redevelopment Contract responsible for constructing, reconstructing, acquiring, improving, extending, rehabilitating, installing, equipping, furnishing and completing the Project.

“**Redeveloper Note**” means any Note that is owned by the Redeveloper according to the records of the Registrar.

“**Redevelopment Contract**” means the City of Grand Island Redevelopment Contract Pridon-Grand Island, LLC Redevelopment Project, dated the date of its execution, between the Authority, and Pridon-Grand Island, LLC, Inc., a Nebraska limited liability company, relating to the Project.

“**Redevelopment Area**” means the community redevelopment area described, defined or otherwise identified or referred to in the Redevelopment Plan.

“**Redevelopment Law**” means Article VIII, Section 12 of the Constitution of the State and Chapter 18, Article 21, Reissue Revised Statutes of Nebraska, as amended.

“**Redevelopment Plan**” means the “City of Grand Island Redevelopment Plan Amendment for Redevelopment Area #11” passed, adopted and approved by the City pursuant to the Plan Resolution, and shall include any amendment of such Redevelopment Plan heretofore or hereafter made by the City pursuant to law.

“**Refunding Notes**” means the notes authorized to be issued pursuant to **Article V**.

“**Registrar**” means the Treasurer of The City of Grand Island, Nebraska, in its capacity as registrar and paying agent for the Note.

“**Resolution**” means this Resolution as from time to time amended or supplemented.

“**Revenue**” means the Tax Revenue.

“**Special Fund**” means the fund by that name created in **Section 7.1**.

“**State**” means the State of Nebraska.

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“Tax Revenue” means, with respect to the Project Area, (a) those tax revenues referred to (1) in the last sentence of the first paragraph of Article VIII, Section 12 of the Constitution of the State and (2) in Section 18-2147, Reissue Revised Statutes of Nebraska, as amended, and (b) all payments made in lieu thereof.

“Treasurer” means the Treasurer of Hall County, Nebraska.

Section 2.2. Definitions of General Terms. Unless the context clearly indicates otherwise or may otherwise require, in this Resolution words importing persons include firms, partnerships, associations, corporations (public and private), public bodies and natural persons, and also include executors, administrators, trustees, receivers or other representatives.

Unless the context clearly indicates otherwise or may otherwise require, in this Resolution the terms “herein,” “hereunder,” “hereby,” “hereto,” “hereof” and any similar terms refer to this Resolution as a whole and not to any particular section or subdivision thereof.

Unless the context clearly indicates otherwise or may otherwise require, in this Resolution: (a) references to Articles, Sections and other subdivisions, whether by number or letter or otherwise, are to the respective or corresponding Articles, Sections or subdivisions of this Resolution as such Articles, Sections, or subdivisions may be amended or supplemented from time to time; and (b) the word “heretofore” means before the time of passage of this Resolution, and the word “hereafter” means after the time of passage of this Resolution.

Section 2.3. Computations. Unless the facts shall then be otherwise, all computations required for the purposes of this Resolution shall be made on the assumption that the principal on the Note shall be paid as and when the same become due.

Section 2.4. Certificates, Opinions and Reports. Except as otherwise specifically provided in this Resolution, each certificate, opinion or report with respect to compliance with a condition or covenant provided for in this Resolution shall include: (a) a statement that the person making such certificate, opinion or report has read the pertinent provisions of this Resolution to which such covenant or condition relates; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate, opinion or report are based; (c) a statement that, in the opinion of such person, he has made such examination and investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; (d) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with; and (e) an identification of any certificates, opinions or reports or other sources or assumptions relied on in such certificate, opinion or report.

Section 2.5. Evidence of Action by the Authority. Except as otherwise specifically provided in this Resolution, any request, direction, command, order, notice, certificate or other instrument of, by or from the City or the Authority shall be effective and binding upon the Authority, respectively, for the purposes of this Resolution if signed by the Chairman, the Vice Chairman, the Secretary, the Treasurer, the Finance Director, the Planning Director or by any other person or persons authorized to execute the same by statute, or by a resolution of the City or the Authority, respectively.

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ARTICLE III

AUTHORIZATION AND ISSUANCE OF THE NOTE; GENERAL TERMS AND PROVISIONS

Section 3.1. Authorization of Note. Pursuant to and in full compliance with the Redevelopment Law and this Resolution, and for the purpose of providing funds to pay (a) the cost of acquiring, constructing, reconstructing, improving, extending, rehabilitating, installing, equipping, furnishing, and completing the Project, and (b) the costs of issuing the Note, the Authority shall issue the Note in a principal amount not to exceed \$330,000. The Note shall be designated as "Community Redevelopment Authority of the City of Grand Island, Nebraska, Pridon-Grand Island, LLC Redevelopment Project Taxable Tax Allocation Note," shall have an appropriate series designation as determined by the Finance Director, shall be dated the Date of Original Issue, shall mature, subject to right of prior redemption, not later than the December 31, 2030, and shall bear interest at an annual rate of 4.10%. The Note shall be issued as a single Note as further described in **Section 3.2**.

The Note is a special, limited obligation of the Authority payable solely from the Revenue and the amounts on deposit in the funds and accounts established by this Resolution. The Note shall not in any event be a debt of the Authority (except to the extent of the Revenue and other money pledged under this Resolution), the State, nor any of its political subdivisions, and neither the Authority (except to the extent of the Revenue and other money pledged under this Resolution), the City, the State nor any of its political subdivisions is liable in respect thereof, nor in any event shall the principal of or interest on the Note be payable from any source other than the Revenue and other money pledged under this Resolution. The Note does not constitute a debt within the meaning of any constitutional, statutory, or charter limitation upon the creation of general obligation indebtedness of the Authority and does not impose any general liability upon the Authority. Neither any official of the Authority nor any person executing the Note shall be liable personally on the Note by reason of its issuance. The validity of the Note is not and shall not be dependent upon the completion of the Project or upon the performance of any obligation relative to the Project.

The Revenue and the amounts on deposit in the funds and accounts established by this Resolution are hereby pledged and assigned for the payment of the Note, and shall be used for no other purpose than to pay the principal of or interest on the Note, except as may be otherwise expressly authorized in this Resolution. The Note shall not constitute a debt of the Authority or the City within the meaning of any constitutional, statutory, or charter limitation upon the creation of general obligation indebtedness of the Authority, and neither the Authority nor the City shall not be liable for the payment thereof out of any money of the Authority or the City other than the Tax Revenue and the other funds referred to herein.

Nothing in this Resolution shall preclude the payment of the Note from (a) the proceeds of future notes issued pursuant to law or (b) any other legally available funds. Nothing in this Resolution shall prevent the City or the Authority from making advances of its own funds howsoever derived to any of the uses and purposes mentioned in this Resolution.

Section 3.2. Details of Note; Authority of Finance Director.

(a) The Note shall be dated the Date of Original Issue and shall be issued to the purchaser thereof, as the Owner, in installments. The Note shall be delivered on the earlier of allocation of the maximum principal amount of the Note or upon the issuance of a certificate of occupancy of the building constituting the Project. The Note shall be issued as a single Note.

(b) Proceeds of the Note may be advanced and disbursed in the manner set forth below:

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(1) There shall be submitted to the Finance Director a disbursement request in a form acceptable to the Finance Director (the “**Disbursement Request**”), executed by the City’s Planning Director and an authorized representative of the Redeveloper, (A) certifying that a portion of the Project has been substantially completed and (B) certifying the actual costs incurred by the Redeveloper in the completion of such portion of the Project.

(2) The Finance Director shall evidence such allocation in writing and inform the Owner of the Note of any amounts allocated to the Note.

(3) Such amounts shall be deemed proceeds of the Note and the Finance Director shall inform the Registrar in writing of the date and amount of such allocation. The Registrar shall keep and maintain a record of the amounts allocated to the note pursuant to the terms of this Resolution as “Principal Amount Advanced” and shall enter the aggregate principal amount then Outstanding as the “Cumulative Outstanding Principal Amount” on the Note and its records maintained for the Note. The aggregate amount endorsed as the Principal amount Advanced on the Note shall not exceed \$330,000.

The Authority shall have no obligation to pay any Disbursement Request unless such request has been properly approved as described above, and proceeds of the Note have been deposited by the Owner of the Note (if other than the Redeveloper) into the Project Fund.

The records maintained by the Registrar as to principal amount advanced and principal amounts paid on the Note shall be the official records of the Cumulative Outstanding Principal Amount for all purposes.

(c) The Note shall be dated the Date of Original Issue, which shall be the initial date of a allocation of the Note.

(d) As of the Date of Original Issue of the Note, there shall be delivered to the Registrar the following:

(1) A signed investor’s letter in a form acceptable to the Finance Director and Note Counsel; and

(2) Such additional certificates and other documents as the special counsel for the Authority may require specifically including a Resolution of the City Council of Grand Island, Nebraska, amending the Redevelopment Plan to provide for the effective date for division of ad valorem taxes pursuant to Section 18-2147 reissue Revised Statutes of Nebraska to be January 1, 2016.

(e) The note shall bear four and one tenths percent interest on the Cumulative Outstanding Principal Amount of the Note from the Date of Original Issue.

(f) The principal of the Note shall be payable in any coin or currency of the United States of America from all funds held by the which on the respective dates of payment thereof is legal tender for the payment of public and private debts. Payments on the Note due prior to maturity or earlier redemption and payment of any principal upon redemption price to maturity shall be made by check mailed by the Registrar on each Interest Payment Date to the Owners, at the Owners’ address as it appears on the books of registry maintained by the Registrar on the Record Date. The principal of the Note due at maturity or upon earlier redemption shall be payable upon presentation and surrender of the Note to the Registrar. When any portion of the Note shall have been duly called for redemption and payment thereof duly made or provided for,

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interest thereon shall cease on the principal amount of such Note so redeemed from and after the date of redemption thereof.

(g) The Note shall be executed by the manual signatures of the Chairman and Secretary of the Authority. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if s/he had remained in office until such delivery, and the Note may be signed by such persons as at the actual time of the execution of such Note shall be the proper officers to sign such Note although at the date of such Note such persons may not have been such officers.

(i) The Finance Director is hereby authorized to hereafter, from time to time, specify, set, designate, determine, establish and appoint, as the case may be, and in each case in accordance with and subject to the provisions of this Resolution, (1) the Date of Original Issue, the principal amount of the Note in accordance with **Section 3.2(a)**, (2) the maturity date of the Note, which shall be not later than December 31, 2030, (3) the initial Payment Date and (4) any other term of the Note not otherwise specifically fixed by the provisions of this Resolution.

(j) Any Note issued upon transfer or exchange of any other Note shall be dated as of the Date of Original Issue.

(k) The Note shall be issued to such Owner as shall be mutually agreed between the Redeveloper and the Finance Director for a price equal to 100% of the principal amount thereof. No Note shall be delivered to any Owner unless the Authority shall have received from the Owner thereof such documents as may be required by the Finance Director to demonstrate compliance with all applicable laws, including without limitation compliance with **Section 3.6** hereof. The Authority may impose such restrictions on the transfer of any Note as may be required to ensure compliance with all requirements relating to any such transfer.

Section 3.3. Form of Note Generally. The Note shall be issued in fully registered form. The Note shall be in substantially the form set forth in **Article IX**, with such appropriate variations, omissions and insertions as are permitted or required by this Resolution and with such additional changes as the Finance Director may deem necessary or appropriate. The Note may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

Section 3.4. Appointment of Registrar. The Finance Director is hereby appointed the registrar and paying agent for the Note. The Registrar shall specify its acceptance of the duties, obligations and trusts imposed upon it by the provisions of this Resolution by a written instrument deposited with the Authority prior to the Date of Original Issue of the initial Note. The Authority reserves the right to remove the Registrar upon 30 days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and the Note in its possession to the successor Registrar and shall deliver the note register to the successor Registrar. The Registrar shall have only such duties and obligations as are expressly stated in this Resolution and no other duties or obligations shall be required of the Registrar.

Section 3.5. Exchange of Note. Any Note, upon surrender thereof at the principal office of the Registrar, together with an assignment duly executed by the Owner or its attorney or legal representative in such form as shall be satisfactory to the Registrar, may, at the option of the Owner thereof, be exchanged for another Note in a principal amount equal to the principal amount of the Note surrendered or exchanged, of the same series and maturity and bearing interest at the same rate. The Authority shall make provision for the exchange of the Note at the principal office of the Registrar.

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Section 3.6. Negotiability, Registration and Transfer of Note. The Registrar shall keep books for the registration and registration of transfer of the Note as provided in this Resolution. The transfer of the Note may be registered only upon the books kept for the registration and registration of transfer of the Note upon (a) surrender thereof to the Registrar, together with an assignment duly executed by the Owner or its attorney or legal representative in such form as shall be satisfactory to the Registrar and (b) evidence acceptable to the Authority that the assignee is a bank or a qualified institutional buyer as defined in Rule 144A promulgated by the Securities and Exchange Commission. Prior to any transfer and assignment, the Owner will obtain and provide to the Authority, an investor's letter in form and substance satisfactory to the Authority evidencing compliance with the provisions of all federal and state securities laws, and will deposit with the Authority an amount to cover all reasonable costs incurred by the Authority, including legal fees, of accomplishing such transfer. A transfer of any Note may be prohibited by the Authority if (1) a default then exists under the Redevelopment Contract, (2) the assessed valuation of the Redeveloper Property (as defined in the Redevelopment Contract) is less than \$1,500,000, or (3) a protest of the valuation of the Redeveloper Property is ongoing. Upon any such registration of transfer the Authority shall execute and deliver in exchange for such Note a new Note, registered in the name of the transferee, in a principal amount equal to the principal amount of the Note surrendered or exchanged, of the same series and maturity and bearing interest at the same rate.

In all cases in which any Note shall be exchanged or a transfer of a Note shall be registered hereunder, the Authority shall execute at the earliest practicable time execute and deliver a Note in accordance with the provisions of this Resolution. The Note surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Registrar. Neither the Authority nor the Registrar shall make a charge for the first such exchange or registration of transfer of any Note by any Owner. The Authority or the Registrar, or both, may make a charge for shipping, printing and out-of-pocket costs for every subsequent exchange or registration of transfer of such Note sufficient to reimburse it or them for any and all costs required to be paid with respect to such exchange or registration of transfer. Neither the Authority nor the Registrar shall be required to make any such exchange or registration of transfer of any Note during the period between a Record Date and the corresponding Interest Payment Date.

Section 3.7. Ownership of Note. As to any Note, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of or interest on such Note shall be made only to or upon the order of the Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note, including the interest thereon, to the extent of the sum or sums so paid.

Section 3.8. Disposition and Destruction of Note. The Note, upon surrender to the Registrar for final payment, whether at maturity or upon earlier redemption, shall be canceled upon such payment by the Registrar and, upon written request of the Finance Director, be destroyed.

Section 3.9. Mutilated, Lost, Stolen or Destroyed Note. If any Note becomes mutilated or is lost, stolen or destroyed, the Authority shall execute and deliver a new Note of like date and tenor as the Note mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Note, such mutilated Note shall first be surrendered to the Authority. In the case of any lost, stolen or destroyed Note, there first shall be furnished to the Authority evidence of such loss, theft or destruction satisfactory to the Authority, together with indemnity to the Authority satisfactory to the Authority. If any such Note has matured, is about to mature or has been called for redemption, instead of delivering a substitute Note, the Authority may pay the same without surrender thereof. Upon the issuance of any substitute Note, the Authority may require the payment of an amount by the Owner sufficient to reimburse the Authority for any tax or other governmental charge that may be imposed in relation thereto and any other reasonable fees and expenses incurred in connection therewith.

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Section 3.10. Nonpresentment of Note. If any Note is not presented for payment when the principal thereof becomes due and payable as therein and herein provided, whether at the stated maturity thereof or call for optional or mandatory redemption or otherwise, if funds sufficient to pay such Note have been made available to the Registrar all liability of the Authority to the Owner thereof for the payment of such Note shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Registrar to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Note, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on their part under this Resolution or on, or with respect to, said Note. If any Note is not presented for payment within five years following the date when such Note becomes due, the Registrar shall repay to the Authority the funds theretofore held by it for payment of such Note, and such Note shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Authority, and the Registered Owner thereof shall be entitled to look only to the Authority for payment, and then only to the extent of the amount so repaid to it by the Registrar, and the Authority shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

ARTICLE IV

REDEMPTION OF NOTE

Section 4.1. Redemption of Note. The Note is subject to redemption at the option of the Authority prior to the maturity thereof at any time as a whole or in part from time to time in such principal amount as the Authority shall determine, at a redemption price equal to 100% of the principal amount then being redeemed plus accrued interest thereon to the date fixed for redemption.

Section 4.2. Redemption Procedures. The Finance Director is hereby authorized, without further action of the Council, to call all or any portion of the principal of the Note for payment and redemption prior to maturity on such date as the Finance Director shall determine, and shall deposit sufficient funds in the Debt Service Account from the Surplus Account to pay the principal being redeemed plus the accrued interest thereon to the date fixed for redemption. The Finance Director may effect partial redemptions of any Note without notice to the Owner and without presentation and surrender of such Note, but total redemption of any Note may only be effected with notice to the Owner and upon presentation and surrender of such Note to the Registrar. Notice of a total redemption of any Note shall be sent by the Registrar by first-class mail not less than five days prior to the date fixed for redemption to the Owner's address appearing on the books of registry maintained by the Registrar and indicate (a) the title and designation of the Note, (b) the redemption date, and (c) a recitation that the entire principal balance of such Note plus all accrued interest thereon is being called for redemption on the applicable redemption date.

Section 4.3. Determination of Outstanding Principal Amount of Note. Notwithstanding the amount indicated on the face of any Note, the principal amount of such Note actually Outstanding from time to time shall be determined and maintained by the Registrar. The Registrar shall make a notation in the books of registry maintained for each Note indicating the original principal advance of such Note as determined in accordance with **Section 3.2** and make such additional notations as are required to reflect any additional principal advances or redemptions of such Note from time to time, including on the Table of Cumulative Outstanding Principal Amount attached to each Note if it is presented to the Registrar for that purpose. Any Owner may examine the books of registry maintained by the Registrar upon request, and the Registrar shall grant such request as soon as reasonably practicable. Any failure of the Registrar to record a principal advance or a redemption on the Table of Cumulative Outstanding Principal Amount shall not affect the Cumulative Outstanding Principal Amount shown on the records of the Registrar.

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ARTICLE V

REFUNDING NOTES

Section 5.1. Refunding Notes. Refunding Notes may be issued at any time at the direction of the Finance Director for the purpose of refunding (including by purchase) any Note or any portion thereof, including amounts to pay principal to the date of maturity or redemption (or purchase) and the expenses of issuing the Refunding Notes and of effecting such refunding; provided that the Debt Service on all notes to be outstanding after the issuance of the Refunding Notes shall not be greater in any Fiscal Year than would have been the Debt Service in such Fiscal Year were such refunding not to occur.

ARTICLE VI

EFFECTIVE DATE OF PROJECT; PLEDGE OF REVENUE

Section 6.1. Effective Date of Project. For purposes of Section 18-2147, Reissue Revised Statutes of Nebraska, as amended, the effective date of the Project shall be determined in the manner provided in the Redevelopment Plan and as set forth in the Redevelopment Contract. The Planning Director is hereby directed to notify the Assessor of the effective date of the Project on the form prescribed by the Property Tax Administrator.

Section 6.2. Collection of Revenue; Pledge of Revenue. As provided for in the Redevelopment Plan, and pursuant to the provisions of the Redevelopment Law, for the period contemplated thereby, the Tax Revenue collected in the Project Area shall be allocated to and, when collected, paid into the Special Fund under the terms of this Resolution to pay the principal on the Note. When the Note has been paid in accordance with this Resolution, the Redevelopment Plan and the Redevelopment Contract, the Tax Revenue shall be applied as provided for in the Redevelopment Law.

The Revenue is hereby allocated and pledged in its entirety to the payment of the principal on the Note and to the payment of the Project Costs (including the Project), until the principal on the Note has been paid (or until money for that purpose has been irrevocably set aside), and the Revenue shall be applied solely to the payment of the principal on the Note. Such allocation and pledge is and shall be for the sole and exclusive benefit of the Owner and shall be irrevocable.

Section 6.3. Potential Insufficiency of Revenue. Neither the Authority nor the City makes any representations, covenants, or warranties to the Owner that the Revenue will be sufficient to pay the principal of or interest on the Note. Payment of the principal of and interest on the Note is limited solely and exclusively to the Revenue pledged under the terms of this Resolution, and is not payable from any other source whatsoever.

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ARTICLE VII

CREATION OF FUNDS AND ACCOUNTS; PAYMENTS THEREFROM

Section 7.1. Creation of Funds and Account. There is hereby created and established by the Authority the following funds and accounts which funds shall be held by the Finance Director of the City separate and apart from all other funds and moneys of the Authority and the City under her control a special trust fund called the "Pridon-Grand Island, LLC Redevelopment Project Tax Allocation Special Fund" (the "**Special Fund**").

So long as the Note remains unpaid, the money in the foregoing fund and accounts shall be used for no purpose other than those required or permitted by this Resolution, any Resolution supplemental to or amendatory of this Resolution and the Redevelopment Law.

Section 7.2. Special Fund. All of the Revenue shall be deposited into the Special Fund. The Revenue accumulated in the Special Fund shall be used and applied on the Business Day prior to each Payment Date (a) to make any payments to the Authority as may be required under the Redevelopment Contract and (b) to pay principal on the Note to the extent of any money then remaining the Special Fund on such Payment Date. Money in the Special Fund shall be used solely for the purposes described in this **Section 7.2**. All Revenues received through and including December 31, 2030 shall be used solely for the payments required by this **Section 7.2**.

ARTICLE VIII

COVENANTS OF THE AUTHORITY

So long as the Note is outstanding and unpaid, the Authority will (through its proper officers, agents or employees) faithfully perform and abide by all of the covenants, undertakings and provisions contained in this Resolution or in the Note, including the following covenants and agreements for the benefit of the Owner which are necessary, convenient and desirable to secure the Note and will tend to make them more marketable; provided, however, that such covenants do not require either the City or the Authority to expend any money other than the Revenue nor violate the provisions of State law with respect to tax revenue allocation.

Section 8.1. No Priority. The Authority covenants and agrees that it will not issue any obligations the principal of or interest on which is payable from the Revenue which have, or purport to have, any lien upon the Revenue prior or superior to or in parity with the lien of the Note; provided, however, that nothing in this Resolution shall prevent the Authority from issuing and selling notes or other obligations which have, or purport to have, any lien upon the Revenue which is junior to the Note and the Debt Service thereon, or from issuing and selling notes or other obligations which are payable in whole or in part from sources other than the Revenue.

Section 8.2. To Pay Principal of the Note. The Authority will duly and punctually pay or cause to be paid solely from the Revenue the principal of the Note on the dates and at the places and in the manner provided in the Note according to the true intent and meaning thereof and hereof, and will faithfully do and perform and fully observe and keep any and all covenants, undertakings, stipulations and provisions contained in the Note and in this Resolution.

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Section 8.4. Books of Account; Financial Statements. The Authority covenants and agrees that it will at all times keep, or cause to be kept, proper and current books of account (separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Project, the Revenue and other funds relating to the Project.

Section 8.5. Eminent Domain Proceeds. The Authority covenants and agrees that should all or any part of the Project be taken by eminent domain or other proceedings authorized by law for any public or other use under which the property will be exempt from ad valorem taxation, the net proceeds realized by the Authority therefrom shall constitute Project Revenue and shall be deposited into the Special Fund and used for the purposes and in the manner described in **Section 7.2.**

Section 8.6. Protection of Security. The Authority is duly authorized under all applicable laws to create and issue the Note and to adopt this Resolution and to pledge the Revenue in the manner and to the extent provided in this Resolution. The Revenue so pledged is and will be free and clear of any pledge, lien, charge, security interest or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by this Resolution, except as otherwise expressly provided herein, and all corporate action on the part of the Authority to that end has been duly and validly taken. The Note is and will be a valid obligation of the Authority in accordance with its terms and the terms of this Resolution. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of and security interest granted with respect to the Revenue pledged under this Resolution and all the rights of the Owner under this Resolution against all claims and demands of all persons whomsoever.

ARTICLE IX

FORM OF NOTE

Section 9.1. Form of Note. The Note shall be in substantially the following form:

(FORM OF NOTE)

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS, AND THIS NOTE MAY NOT BE TRANSFERRED UNLESS THE PROPOSED ASSIGNEE IS A BANK OR A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION AND THE OWNER HAS OBTAINED AND PROVIDED TO THE AUTHORITY, PRIOR TO SUCH TRANSFER AND ASSIGNMENT, AN INVESTOR'S LETTER IN FORM AND SUBSTANCE SATISFACTORY TO THE AUTHORITY EVIDENCING THE COMPLIANCE WITH THE PROVISIONS OF ALL FEDERAL AND STATE SECURITIES LAWS AND CONTAINING SUCH OTHER REPRESENTATIONS AS THE AUTHORITY MAY REQUIRE.

THIS NOTE MAY BE TRANSFERRED ONLY IN THE MANNER AND ON THE TERMS AND CONDITIONS AND SUBJECT TO THE RESTRICTIONS STATED IN SECTION 3.6 OF RESOLUTION NO. 192 OF THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA.

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UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF HALL

COMMUNITY REDEVELOPMENT AUTHORITY
OF THE CITY OF GRAND ISLAND, NEBRASKA

PRIDON-GRAND ISLAND, LLC REDEVELOPMENT PROJECT
TAXABLE TAX ALLOCATION NOTE, SERIES 2015

No. R-1

Up to \$330,000
(subject to reduction as described herein)

<u>Date of Original Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>
	December 31, 2030	4.10%

REGISTERED OWNER: Pridon-Grand Island, LLC

PRINCIPAL AMOUNT: SEE SCHEDULE 1 ATTACHED HERETO

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THE NOTE SET FORTH ON THE FOLLOWING PAGES, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

IN WITNESS WHEREOF, THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA has caused this Note to be signed by the manual signature of the Chairman of the Authority, countersigned by the manual signature of the Secretary of the Authority,.

COMMUNITY REDEVELOPMENT
AUTHORITY OF THE CITY OF GRAND
ISLAND, NEBRASKA

[S E A L]

By: _____
Chairman

By: _____
Secretary

The COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA (the "Authority") acknowledges itself indebted to, and for value received hereby promises to pay, but solely from certain specified tax revenues to the Registered Owner named above, or registered assigns, on the Date of Maturity stated above (or earlier as hereinafter referred to), the Principal Amount on Schedule 1 attached hereto upon presentation and surrender hereof at the office of the registrar and paying agent herefor, the Treasurer of the City of Grand Island, Nebraska (the "Registrar"), payable semiannually on June 31 and December 31 of each year until payment in full of

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such Principal Amount, beginning June 31, 2017, by check or draft mailed to the Registered Owner hereof as shown on the note registration books maintained by the Registrar on the 15th day of the month preceding the month in which the applicable payment date occurs, at such Owner's address as it appears on such note registration books. The principal of this Note is payable in any coin or currency which on the respective dates of payment thereof is legal tender for the payment of debts due the United States of America.

This Note is issued by the Authority under the authority of and in full compliance with the Constitution and statutes of the State of Nebraska, including particularly Article VIII, Section 12 of the Nebraska Constitution, Sections 18-2101 to 18-2153, inclusive, Reissue Revised Statutes of Nebraska, as amended, and under and pursuant to Resolution No. 193 duly passed and adopted by the Authority on April 8, 2015, as from time to time amended and supplemented (the "**Resolution**").

THE PRINCIPAL AMOUNT OF THIS NOTE IS SET FORTH IN SCHEDULE 1 ATTACHED HERETO. THE MAXIMUM PRINCIPAL AMOUNT OF THIS NOTE IS \$330,000.

This Note has been issued by the Authority for the purpose of financing the costs of constructing, reconstructing, improving, extending, rehabilitating, installing, equipping, furnishing and completing certain improvements within the area identified and referred to as the City of Grand Island Redevelopment Plan Amendment for Redevelopment Area #11, (Pridon-Grand Island, LLC Project) which is more specifically described in the Resolution, and to carry out the Authority's corporate purposes and powers in connection therewith.

Reference is hereby made to the Resolution for the provisions, among others, with respect to the collection and disposition of certain tax and other revenues, the special funds charged with and pledged to the payment of the principal of and interest on this Note, the nature and extent of the security thereby created, the terms and conditions under which this Note has been issued, the rights and remedies of the Registered Owner of this Note, and the rights, duties, immunities and obligations of the City and the Authority. By the acceptance of this Note, the Registered Owner assents to all of the provisions of the Resolution.

This Note is a special limited obligation of the Authority payable as to principal solely from and is secured solely by the Tax Revenue (as defined in the Resolution) pledged under the Resolution, all on the terms and conditions set forth in the Resolution. The Tax Revenue represents that portion of ad valorem taxes levied by public bodies of the State of Nebraska, including the City, on real property in the Project Area (as defined in this Resolution) which is in excess of that portion of such ad valorem taxes produced by the levy at the rate fixed each year by or for each such public body upon the valuation of the Project Area as of a certain date and as has been certified by the County Assessor of Hall County, Nebraska to the City in accordance with law.

The principal hereon shall not be payable from the general funds of the City nor the Authority nor shall this Note constitute a legal or equitable pledge, charge, lien, security interest or encumbrance upon any of the property or upon any of the income, receipts, or money and securities of the City or the Authority or of any other party other than those specifically pledged under the Resolution. This Note is not a debt of the City or the Authority within the meaning of any constitutional, statutory or charter limitation upon the creation of general obligation indebtedness of the City or the Authority, and does not impose any general liability upon the City or the Authority and neither the City nor the Authority shall be liable for the payment hereof out of any funds of the City or the Authority other than the Tax Revenues and other funds pledged under the Resolution, which Tax Revenues and other funds have been and hereby are pledged to the punctual payment of the principal of and interest on this Note in accordance with the provisions of this Resolution.

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The Registrar may from time to time enter the respective amounts advanced pursuant to the terms of the Resolution under the column headed "Principal Amount Advanced" on **Schedule 1** hereto (the "**Table**") and may enter the aggregate principal amount of this Note then outstanding under the column headed "Cumulative Outstanding Principal Amount" on the Table. On each date upon which a portion of the Cumulative Outstanding Principal Amount is paid to the Registered Owner pursuant to the redemption provisions of the Resolution, the Registered Owner may enter the principal amount paid on this Note under the column headed "Principal Amount Redeemed" on the Table and may enter the then outstanding principal amount of this Note under the column headed "Cumulative Outstanding Principal Amount" on the Table. Notwithstanding the foregoing, the records maintained by the Registrar as to the principal amount issued and principal amounts paid on this Note shall be the official records of the Cumulative Outstanding Principal Amount of this Note for all purposes.

Reference is hereby made to the Resolution, a copy of which is on file in the office of the City Clerk, and to all of the provisions of which each Owner of this Note by its acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for this Note; the Tax Revenue pledged to the payment of the principal on this Note; the nature and extent and manner of enforcement of the pledge; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Owner of this Note; the rights, duties and obligations of the Authority and the Registrar thereunder; the terms and provisions upon which the liens, pledges, charges, trusts and covenants made therein may be discharged at or prior to the maturity or redemption of this Note, and this Note thereafter no longer be secured by the Resolution or be deemed to be outstanding thereunder, if money or certain specified securities shall have been deposited with the Registrar sufficient and held in trust solely for the payment hereof; and for the other terms and provisions thereof.

This Note is subject to redemption prior to maturity, at the option of the Authority, in whole or in part at any time at a redemption price equal to 100% of the principal amount being redeemed, plus accrued interest on such principal amount to the date fixed for redemption. Reference is hereby made to the Resolution for a description of the redemption procedures and the notice requirements pertaining thereto.

In the event this Note is called for prior redemption, notice of such redemption shall be given by first-class mail to the Registered Owner hereof at its address as shown on the registration books maintained by the Registrar not less than 10 days prior to the date fixed for redemption, unless waived by the Registered Owner hereof. If this Note, or any portion thereof, shall have been duly called for redemption and notice of such redemption duly given as provided, then upon such redemption date the portion of this Note so redeemed shall become due and payable and if money for the payment of the portion of the Note so redeemed shall be held for the purpose of such payment by the Registrar.

This Note is transferable by the Registered Owner hereof in person or by its attorney or legal representative duly authorized in writing at the principal office of the Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Note. Upon such transfer, a new Note of the same series and maturity and for the same principal amount will be issued to the transferee in exchange therefor. The Authority and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal of and interest due hereon and for all other purposes.

This note is being issued as fully a registered note without coupons. This note is subject to exchange as provided in the Resolution.

It is hereby certified, recited and declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this Note have happened,

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do exist and have been performed in regular and due time, form and manner; that this Note does not exceed any constitutional, statutory or charter limitation on indebtedness; and that provision has been made for the payment of the principal of and interest on this Note as provided in this Resolution.

[The remainder of this page intentionally left blank]

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(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Print or Type Name, Address and Social Security Number
or other Taxpayer Identification Number of Transferee

the within note and all rights thereunder, and hereby irrevocably constitutes and appoints _____ agent to transfer the within Note on the note register kept by the Registrar for the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within note in every particular.

Signature Guaranteed By:

Name of Eligible Guarantor Institution as defined by SEC Rule 17 Ad-15 (17 CFR 240.17 Ad-15)

By: _____
Title: _____

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thereof, plus interest on such principal to the due date thereof, either (1) shall have been made or caused to be made in accordance with the terms thereof, or (2) shall have been provided by irrevocably depositing with the Registrar for the Note, in trust and irrevocably set aside exclusively for such payment, (A) money sufficient to make such payment or (B) Escrow Obligations maturing as to principal in such amount and at such times as will insure the availability of sufficient money to make such payment.

Provided that, with respect to any total redemption of any Note, notice of redemption shall have been duly given or provision satisfactory to the Registrar shall have been made therefor, or waiver of such notice, satisfactory in form, shall have been filed with the Registrar.

At such time as any Note or portion thereof shall no longer be outstanding hereunder, and, except for the purposes of any such payment from such money or such Escrow Obligations, such Note or portion thereof shall no longer be secured by or entitled to the benefits of this Resolution.

Any such money so deposited with the Registrar for any Note or portion thereof as provided in this **Section 10.1** may at the direction of the Finance Director also be invested and reinvested in Escrow Obligations, maturing in the amounts and times as hereinbefore set forth. All income from all Escrow Obligations in the hands of the Registrar which is not required for the payment of such Note or portion thereof with respect to which such money shall have been so deposited, shall be paid to the Authority and deposited in the Special Fund as and when realized and collected for use and application as is other money deposited in that fund.

Anything in this Resolution to the contrary notwithstanding, if money or Escrow Obligations have been deposited or set aside with the Registrar pursuant to this **Section 10.1** for the payment of any Note and such Note shall not have in fact been actually paid in full, no amendment to the provisions of this **Section 10.1** shall be valid as to or binding upon the Owner thereof without the consent of such Owner.

Section 10.2. Certain Limitations After Due Date. If sufficient money or Escrow Obligations shall have been deposited in accordance with the terms hereof with the Registrar in trust for the purpose of paying the Notes or any portion thereof when the same becomes due, whether at maturity or upon earlier redemption, all liability of the Authority for such payment shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Registrar to hold such money or Escrow Obligations, without liability to the Owners, in trust for the benefit of the Owners, who thereafter shall be restricted exclusively to such money or Escrow Obligations for any claim for such payment of whatsoever nature on his part.

Notwithstanding the provisions of the preceding paragraph of this **Section 10.2**, money or Escrow Obligations held by the Registrar in trust for the payment and discharge of the principal of on any Note which remain unclaimed for five years after the date on which such payment shall have become due and payable, either because the Notes shall have reached their maturity date or because the entire principal balance of the Notes shall have been called for redemption, if such money was held by the Registrar or such paying agent at such date, or for five years after the date of deposit of such money, if deposited with the Registrar after the date when such Note became due and payable, shall, at the written request of the Authority be repaid by the Registrar to the Authority as the Authority's property and free from the trust created by this Resolution, and the Registrar shall thereupon be released and discharged with respect thereto, and the Owner thereof shall look only to the Authority for the payment thereof.

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ARTICLE XI

AMENDING AND SUPPLEMENTING OF RESOLUTION

Section 11.1. Amending and Supplementing of Resolution Without Consent of Owner. The Authority may at any time without the consent or concurrence of the Owner of the Note adopt a resolution amendatory hereof or supplemental hereto if the provisions of such supplemental Resolution do not materially adversely affect the rights of the Owner of the Note, for any one or more of the following purposes:

(a) To make any changes or corrections in this Resolution as to which the Authority shall have been advised by counsel that the same are verbal corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in this Resolution, or to insert in this Resolution such provisions clarifying matters or questions arising under this Resolution as are necessary or desirable;

(b) To add additional covenants and agreements of the Authority for the purpose of further securing payment of the Note;

(c) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of this Resolution;

(d) To confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge or charge, created or to be created by the provisions of this Resolution; and

(e) To grant to or confer upon the Owner of the Note any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them.

The Authority shall not adopt any supplemental Resolution authorized by the foregoing provisions of this **Section 11.1** unless in the opinion of counsel the adoption of such supplemental Resolution is permitted by the foregoing provisions of this **Section 11.1** and the provisions of such supplemental Resolution do not materially and adversely affect the rights of the Owner of the Note.

Section 11.2. Amending and Supplementing of Resolution with Consent of Owner. With the consent of the Owners of the Note, the Authority from time to time and at any time may adopt a resolution amendatory hereof or supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Resolution, or modifying or amending the rights and obligations of the Authority under this Resolution, or modifying or amending in any manner the rights of the Owner of the Note; provided, however, that, without the specific consent of the Owner of the Note, no supplemental Resolution amending or supplementing the provisions hereof shall: (a) change the fixed maturity date for the payment or the terms of the redemption thereof, or reduce the principal amount of the Note or the rate of interest thereon or the Redemption Price payable upon the redemption or prepayment thereof; (b) authorize the creation of any pledge of the Tax Revenues and other money and securities pledged hereunder, prior, superior or equal to the pledge of and lien and charge thereon created herein for the payment of the Note except to the extent provided in **Articles III and V**; or (c) deprive the Owner of the Note in any material respect of the security afforded by this Resolution. Nothing in this paragraph contained, however, shall be construed as making necessary the approval of the Owner of the Note of the adoption of any supplemental Resolution authorized by the provisions of **Section 11.1**.

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It shall not be necessary that the consents of the Owner of the Note approve the particular form of wording of the proposed amendment or supplement or of the proposed supplemental Resolution effecting such amendment or supplement, but it shall be sufficient if such consents approve the substance of the proposed amendment or supplement. After the Owner of the Note shall have filed its consent to the amending or supplementing hereof pursuant to this Section, the Authority may adopt such supplemental Resolution.

Section 11.3. Effectiveness of Supplemental Resolution. Upon the adoption (pursuant to this Article XI and applicable law) by the Authority of any supplemental Resolution amending or supplementing the provisions of this Resolution or upon such later date as may be specified in such supplemental Resolution, (a) this Resolution and the Note shall be modified and amended in accordance with such supplemental Resolution, (b) the respective rights, limitations of rights, obligations, duties and immunities under this Resolution and the Owner of the Note shall thereafter be determined, exercised and enforced under this Resolution subject in all respects to such modifications and amendments, and (c) all of the terms and conditions of any such supplemental Resolution shall be a part of the terms and conditions of the Note and of this Resolution for any and all purposes.

ARTICLE XII

MISCELLANEOUS

Section 12.1. General and Specific Authorizations; Ratification of Prior Actions. Without in any way limiting the power, authority or discretion elsewhere herein granted or delegated, the Authority hereby (a) authorizes and directs the Chairman, Finance Director, Secretary, Planning Director and all other officers, officials, employees and agents of the City to carry out or cause to be carried out, and to perform such obligations of the Authority and such other actions as they, or any of them, in consultation with Special Counsel, the Owner and its counsel shall consider necessary, advisable, desirable or appropriate in connection with this Resolution, including without limitation the execution and delivery of all related documents, instruments, certifications and opinions, and (b) delegates, authorizes and directs the Finance Director the right, power and authority to exercise his independent judgment and absolute discretion in (1) determining and finalizing all terms and provisions to be carried by the Note not specifically set forth in this Resolution and (2) the taking of all actions and the making of all arrangements necessary, proper, appropriate, advisable or desirable in order to effectuate the issuance, sale and delivery of the Note. The execution and delivery by the Finance Director or by any such other officers, officials, employees or agents of the City of any such documents, instruments, certifications and opinions, or the doing by them of any act in connection with any of the matters which are the subject of this Resolution, shall constitute conclusive evidence of both the Authority's and their approval of the terms, provisions and contents thereof and of all changes, modifications, amendments, revisions and alterations made therein and shall conclusively establish their absolute, unconditional and irrevocable authority with respect thereto from the Authority and the authorization, approval and ratification by the Authority of the documents, instruments, certifications and opinions so executed and the actions so taken.

All actions heretofore taken by the Finance Director and all other officers, officials, employees and agents of the Authority, including without limitation the expenditure of funds and the selection, appointment and employment of Special Counsel and financial advisors and agents, in connection with issuance and sale of the Note, together with all other actions taken in connection with any of the matters which are the subject hereof, be and the same is hereby in all respects authorized, adopted, specified, accepted, ratified, approved and confirmed.

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Section 12.2. Proceedings Constitute Contract; Enforcement Thereof. The provisions of this Resolution shall constitute a contract between the Authority and the Owner and the provisions thereof shall be enforceable by the Owner by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is presently or may hereafter be authorized under the laws of the State in any court of competent jurisdiction. Such contract is made under and is to be construed in accordance with the laws of the State.

After the issuance and delivery of any Note, this Resolution and any supplemental Resolution shall not be repealable, but shall be subject to modification or amendment to the extent and in the manner provided in this Resolution, but to no greater extent and in no other manner.

Section 12.3. Benefits of Resolution Limited to the Authority and the Owner. With the exception of rights or benefits herein expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the Note is intended or should be construed to confer upon or give to any person other than the Authority and the Owner of the Note any legal or equitable right, remedy or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement or provision herein contained. The Resolution and all of the covenants, conditions, stipulations, promises, agreements and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of the City, the Authority and the Owner from time to time of the Note as herein and therein provided.

Section 12.4. No Personal Liability. No officer or employee of the Authority shall be individually or personally liable for the payment of the principal of or interest on the Note. Nothing herein contained shall, however, relieve any such officer or employee from the performance of any duty provided or required by law.

Section 12.5. Effect of Saturdays, Sundays and Legal Holidays. Whenever this Resolution requires any action to be taken on a Saturday, Sunday or legal holiday, such action shall be taken on the first business day occurring thereafter. Whenever in this Resolution the time within which any action is required to be taken or within which any right will lapse or expire shall terminate on a Saturday, Sunday or legal holiday, such time shall continue to run until midnight on the next succeeding business day.

Section 12.6. Partial Invalidity. If any one or more of the covenants or agreements or portions thereof provided in this Resolution on the part of the City, the Authority or the Registrar to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant or covenants, or such agreement or agreements, or such portions thereof, shall be deemed severable from the remaining covenants and agreements or portions thereof provided in this Resolution and the invalidity thereof shall in no way affect the validity of the other provisions of this Resolution or of the Note, but the Owner of the Note shall retain all the rights and benefits accorded to them hereunder and under any applicable provisions of law.

If any provisions of this Resolution shall be held or deemed to be or shall, in fact, be inoperative or unenforceable or invalid as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable or invalid in any other case or circumstance, or of rendering any other provision or provisions herein contained inoperative or unenforceable or invalid to any extent whatever.

Section 12.7. Law and Place of Enforcement of this Resolution. The Resolution shall be construed and interpreted in accordance with the laws of the State. All suits and actions arising out of this Resolution shall be instituted in a court of competent jurisdiction in the State except to the extent necessary

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for enforcement, by any trustee or receiver appointed by or pursuant to the provisions of this Resolution, or remedies under this Resolution.

Section 12.8. Effect of Article and Section Headings and Table of Contents. The headings or titles of the several Articles and Sections hereof, and any table of contents appended hereto or to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Resolution.

Section 12.9. Repeal of Inconsistent Resolution. Any Resolution of the City, or the Authority and any part of any resolution, inconsistent with this Resolution is hereby repealed to the extent of such inconsistency.

Section 12.10. Publication and Effectiveness of this Resolution. This Resolution shall take effect and be in full force from and after its passage by the Community Redevelopment Authority of the City.

Section 12.11 Authority to Execute Redevelopment Contract and Approve Plan. The Chairman and Secretary are authorized and directed to execute the Redevelopment Contract, in the form presented with such changes as the Chairman, in his discretion deems proper. The Plan is approved and adopted.

[The remainder of this page intentionally left blank.]

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PASSED AND ADOPTED: _____, 2015.

**COMMUNITY REDEVELOPMENT
AUTHORITY OF THE CITY OF GRAND
ISLAND, NEBRASKA**

(SEAL)

By: _____
Chairman

ATTEST:

By: _____
Secretary

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REDEVELOPMENT CONTRACT

THIS REDEVELOPMENT CONTRACT (the "Contract") is entered into between the **COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA**, ("Authority"), and **PRIDON-GRAND ISLAND, LLC**, a Nebraska limited liability company and its successors and assigns ("Redeveloper").

RECITALS

A. The City has undertaken a program for the redevelopment of blighted and substandard areas in the City of Grand Island, Nebraska. As part of that program the City has prepared and approved the City of Grand Island Redevelopment Plan Amendment for the Grand Island CRA Area 11 ("Redevelopment Plan"), a copy of which is on file in the Office of the City Clerk of the City ("City Clerk"). The Redevelopment Plan has been adopted in compliance with the Nebraska Community Development Law codified at *Neb. Rev. Stat* §§18-2101 through 18-2154 (the "Act").

B. The Redevelopment Plan calls for the City to support Redeveloper's acquisition and redevelopment efforts on real estate to be acquired by the Redeveloper which is legally described on Exhibit "A" attached hereto and incorporated herein by this reference ("Redeveloper Property").

C. The Redevelopment Project area incorporates all of the Redeveloper Property as shown on Exhibit "A" attached hereto and incorporated herein by this reference ("Project Site").

D. *Neb. Rev. Stat.* § 18-2103(12) (Reissue 2012) authorizes the Authority to carry out plans for a program of acquisition and demolition of buildings and other improvements in connection with redevelopment of the Project Site and to pay for the same from TIF Proceeds (as defined herein). The Redeveloper intends to utilize the TIF Proceeds from the Project Site to pay for the Project Site acquisition, planning, engineering, street and utility installation and legal and other cost associated with the Project.

E. *Neb. Rev. Stat.* § 18-2107 (Reissue 2012) authorizes the City to enter into contracts with redevelopers of property containing covenants and conditions regarding the use of such property as the City may deem necessary to prevent the recurrence of substandard and blighted areas.

F. Redeveloper is willing to enter into this Contract and implement the redevelopment of the Project Site. The Redeveloper intends to invest approximately Two Million Four Hundred Thousand Dollars (\$2,400,000) in the redevelopment of the Project site in addition to the TIF Proceeds of Three Hundred Thirty Thousand Dollars (\$330,000.00). The Project will result in the acquisition of the Project Site, preparing the Project Site, installing streets and utilities and constructing a new two story residential apartment complex as generally shown on the Site Plan attached hereto as Exhibit "B" The acquisition and construction are sometimes referred to as the "Private Improvements".

G. In order to help remove blight and substandard conditions and improve conditions in an economically underutilized area, the Authority is willing to enter into this Contract and to utilize TIF Proceeds to fund the partial cost of Project Site acquisition in order to induce the

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Redeveloper to undertake the Private Improvements as set forth in Paragraph 13 below (“Private Improvements”).

H. The Private Improvements on the Project Site are collectively known as the “Redevelopment Project Improvements”. The costs of the Redevelopment Project Improvements are collectively known as the “Redevelopment Project Costs” and are shown on the Sources and Uses of Funds in Exhibit “C”, which is attached hereto and incorporated herein by this reference. The Authority and Redeveloper agree that assistance with the cost of Project Site acquisition is deemed essential to the rehabilitation of the Project Site for a multi-unit residential development and related uses and the Redevelopment Project would not be economically feasible without it.

I. The Authority is willing to support the above described redevelopment of the Project Site in accordance with the Redevelopment Project; provided that, Redeveloper is willing to agree to covenants and conditions regarding compulsory maintenance and upkeep of the Private Improvements to prevent a recurrence of substandard and blighted conditions.

J. In accordance with §18-2147 of the Act and the terms of the Resolution approving this Redevelopment Contract and providing for the issuance of the TIF Note described herein, (the “Resolution”), the Authority hereby provides that any ad valorem tax on the Project Site for the benefit of any public body be divided for a period of fifteen years after the effective date of this provision, which shall be January 1, 2016. Said taxes shall be divided as follows:

- That portion of the ad valorem tax which is produced by the levy at the rate fixed each year by or for each such public body upon the Redevelopment Project valuation shall be paid into the funds of each such public body in the same proportion as are all other taxes collected by or for the body; and
- That portion of the ad valorem tax on real property in the Redevelopment Project in excess of such amount, if any, shall be allocated to and, when collected, paid into a special fund of the authority to be used solely to pay the principal of, the interest on, and any premiums due in connection with the bonds of, loans, notes, or advances of money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such authority for financing or refinancing in whole or in part, the Redevelopment Project. When such bonds, loans, notes, advances of money, or indebtedness, including interest and premiums due, have been paid, the authority shall so notify the County Assessor and County Treasurer and all ad valorem taxes upon taxable real property in such Redevelopment Project shall be paid into the funds of the respective public bodies.

Said provision is hereinafter referred to as the “Ad Valorem Tax Provision.”

K. *Neb. Rev. Stat.* §18-2107 and §18-2150 (Reissue 2012) authorize the Authority to contract with private parties in order to accomplish acquisition and redevelopment of the

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Project Site in accordance with the Redevelopment Plan. In order to fund said acquisition and redevelopment of the Project Site, the Authority intends to issue tax increment financing indebtedness instrument or instruments in taxable series (the "TIF Note") to be repaid with the tax increment revenues generated under the Ad Valorem Tax Provision ("TIF Tax Revenues").

L. The Authority and Redeveloper desire to enter into this Contract to implement the Redevelopment Project for the above purposes and in accordance with the Redevelopment Plan.

M. The Authority and Redeveloper mutually agree that the redevelopment of the Project Site is in the vital and best interest of the City and is in furtherance of the health, safety, and welfare of its residents, and is in accordance with the public purposes and provisions of applicable laws and requirements under which the Redevelopment Plan has been undertaken.

NOW, THEREFORE, in consideration of the above recitals which are hereby made part of this Contract and of the mutual covenants contained herein the parties do agree as follows:

1. Design Documents. Redeveloper will prepare a preliminary exterior Schematic Concept Design Plan (hereinafter "Design Documents") for the Project Site and the same shall be submitted to and reviewed by the City. Redeveloper shall submit any material changes in the Design Documents as approved to the City for review and approval.

2. Construction Documents. The Redeveloper shall prepare or cause to be prepared, at Redeveloper's expense, detailed final construction plans and specifications for the Redevelopment Project Improvements on the Project Site (hereinafter "Construction Documents"). Redeveloper shall submit such Construction Documents for the Private Improvements to the City for review and approval; provided that review and approval shall be limited to the design and type of materials to be used for the facade of the Private Improvements and to assure the Private Improvements meet the City's design standards. The City shall approve or reject the Construction Documents for the Private Improvements within ten (10) days after receipt thereof.

3. Construction of Redevelopment Project Improvements; Construction of Private Improvements. The Redeveloper shall at its own cost and expense, construct the Private Improvements substantially in conformance with the Design Documents. Redeveloper agrees to use commercially reasonable efforts to substantially complete construction of the Private Improvements, as provided for in Paragraph 9 below and to pay in a timely manner Redeveloper's contractor, its subcontractors who performed labor or applied materials performed or used in the prosecution of the Private Improvements as provided for in Paragraph 5 below. Promptly after completion of the Private Improvements promptly after the Redeveloper provides the Authority the proper documentation that Redeveloper's subcontractors who performed labor or applied materials performed or used in the prosecution of such Private Improvements have been properly paid in accordance with all the provisions of this Contract, the Authority shall, upon request by the Redeveloper, furnish a Certificate of Completion the form of which is shown on Exhibit "D", which is attached hereto and incorporated herein by this reference ("Certificate of Completion"). Such certification by the Authority shall be a conclusive determination of satisfaction of the requirements and covenants in this Contract with respect to the obligations of Redeveloper to construct its Private Improvements. The Certificate of Completion shall be recorded by the Authority in the office of the Register of Deeds for Hall County, Nebraska. If the Authority shall refuse or fail to provide the certification in accordance with the provisions of this paragraph after being requested to do so by Redeveloper, the Authority shall, within fifteen (15)

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days after written request by Redeveloper, provide Redeveloper with a written statement indicating in what respect Redeveloper has failed to complete its Private Improvements subject to each such certification in accordance with the provisions of this Contract and what measures or acts will be necessary, in the opinion of the Authority, for Redeveloper to take or perform in order to obtain such certification. As used herein, the term "completion" shall mean substantial completion of the Private Improvements so that they may be reasonably used for their intended purposes.

4. Cost Certification. The Redeveloper shall submit authentic documentation to the Authority on approved forms or format for payment of any expenses related to site acquisition. The Redeveloper shall timely submit a copy of the signed closing statement for the acquisition of the Project Site, or proof of payment for such site concurrently with the request for payment of Site Acquisition costs.

5. Penal Bond and Insurance. Pursuant to *Neb. Rev. Stat.* §18-2151, Redeveloper shall furnish or cause to be furnished to the Authority, prior to commencement of construction of the Redevelopment Project Improvements, a penal bond in an amount of Twenty Five Thousand and No/100 Dollars (\$25,000) with a corporate surety authorized to do business in the State of Nebraska. Such penal bond shall be conditioned upon the Redeveloper at all times making payment of all amounts lawfully due to all persons supplying or furnishing the Redeveloper, the Redeveloper's contractor, its subcontractors who performed labor or applied materials performed or used in the prosecution of the Private Improvements. Proof of such penal bond shall be supplied to the Authority prior to the start of construction of the Redevelopment Project Improvements.

Any general 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. The City, the Authority and the Redeveloper shall be named as additional insured. Any contractor chosen by the Redeveloper or the Redeveloper itself, as 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 with respect to any specific contract or the Redeveloper shall also carry insurance on all stored materials. 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.

6. Indemnification. Redeveloper agrees to indemnify, defend and hold the City and the Authority harmless from any and all sums, costs, expenses, damages, claims, judgments, settlements, litigation costs, attorney and professional fees contracted, incurred or paid by the Authority, to the extent the same results from a failure of Redeveloper, its contractor or subcontractors to make payments of all amounts lawfully due to all persons who performed labor or applied materials performed or used in construction of the Redevelopment Project Improvements.

7. Duty to Maintain Improvements. Redeveloper shall, following construction, operate the Private Improvements in a safe and sanitary manner and shall take all action necessary to maintain, in good order, condition and state of repair, all interior and exterior portions of all buildings located upon the Redeveloper Property, including the routine preventive maintenance of the building and its service facilities such as the wiring, plumbing, heating and air conditioning systems, interior insect treatment, and all glass including plate glass, exterior doors and

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automatic doors.

8. Construction Administration. Redeveloper shall be responsible for all components of the Redevelopment Project Improvements, including construction management, coordination of contractors and regulatory permitting and other requirements. The Redeveloper will be solely responsible for payment of all construction costs attributable to the Redevelopment Project Improvements regardless of any expectation for reimbursement hereunder.

9. Timing of Construction. Redeveloper will use commercially reasonable efforts to complete the Private Improvements within twenty-four (24) months following the Authority's execution of this Contract.

10. Payment of Funds. In order to support redevelopment of the Project Site and as an inducement for the Redeveloper to construct the Redevelopment Project Improvements, the Authority agrees, to the extent allowed by law and then only to the extent funds are lawfully available from the issuance of the TIF Note ("TIF Proceeds") as shown in Exhibit "C", to fund the costs of the Private Improvements in the total amount of the TIF Proceeds. Redeveloper shall submit authentic and satisfactory documentation to the Authority to verify the payment of costs shown on Exhibit "C" before any TIF Proceeds will be expended.

11. Issuance of Redeveloper Purchased TIF Note. The Authority shall issue one TIF

Note as follows:

Prior to _____, 2015 the Authority shall issue one TIF Note, in one taxable series, in a maximum principal amount not to exceed Three Hundred Thirty Thousand and no/100 Dollars (\$330,000), in substantially the form shown on attached Exhibit "E", for net funds available ("Series A TIF Indebtedness") to be purchased by Redeveloper ("TIF Note Purchaser"), in a written form acceptable to Authority's attorney, and receive Note Proceeds from the TIF Note Purchaser in said amount. The Authority and Redeveloper agree that the form of the TIF Note and funding mechanism of the Note Proceeds will be set up similar to a line of credit so that the TIF Note Purchaser is required to pay the Note Proceeds to the Authority on or before the date the Authority needs funds in the Project Account in order for the Authority to make payment for completed Eligible Private Improvements as described herein. Subject to the terms of this Agreement, the City Finance Director on behalf of the City shall have the authority to determine the timing of issuing the TIF Indebtedness and all the other necessary details of the TIF Indebtedness. Redeveloper may assign the TIF Note to a licensed banking institution, but Redeveloper may not sell, transfer, assign or otherwise hypothecate the TIF Note without express written consent of the Authority. Such consent shall not be unreasonably withheld. This restriction shall survive closing and delivery of the said notes. In any event, no assignment shall be approved without prior receipt of an investor letter from the transferee in a form acceptable to legal counsel for the Authority.

The TIF Note shall not be issued until:

- a. the Redeveloper has executed a lease with the Department of Veterans Affairs for the lease of the Project Site;
- b. the Hall County Treasurer and Assessor have provided written acknowledgement that the Project Site is eligible for the division of ad valorem taxes as provided in *Neb. Rev. Stat. §18-2147* with an effective date of January 1, 2016; and

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c. the Redeveloper has entered into a binding construction contract for commencement of construction of the Private Improvements.

12. Use of TIF Proceeds. The TIF Proceeds from TIF Note shall be granted to the Redeveloper and be used to fund the costs of acquiring the Project Site and for the costs set forth on Exhibit "D".

13. Valuation of Property Within the Redevelopment Project Site. The Authority intends to use the Ad Valorem Tax Provision to generate tax increment financing funds which shall be used to finance the payment of debt service on the TIF Note to fund the Private Improvements in accordance with this Redevelopment Contract. The tax increment is to be derived from the increased valuation, determined in the manner provided for in Article 8, Section 12 of the Constitution of the State of Nebraska and the Act which will be attributable to the redevelopment contemplated under this Contract and within the Project Area. The TIF Tax Revenues which are to be used to pay debt service on the TIF Note will be derived from the increased valuation from redeveloping the Redeveloper Property as provided in this Contract. Redeveloper specifically acknowledges that any protest of the valuation of all or any portion of the Project Area by any party, or a reduction in assessed valuation of all or any portion of the Project Area shall reduce the TIF Tax Revenues available for payment on TIF Note. The Redeveloper specifically acknowledges, as the TIF Note Purchaser, that it bears the entire risk of any reduction in assessed valuation.

14. Debt Service for TIF Note. The Authority shall, to the extent allowed by law, and then only to the extent funds are lawfully available from TIF Tax Revenues generated by the Project Site pay the TIF Note Purchaser the principal and interest of the TIF Note. Any debt service on the TIF Note to be paid from TIF Tax Revenues shall not constitute a general obligation or debt of the City or Authority. Neither the City or Authority shall be liable or be required to reimburse Redeveloper for any costs incurred by Redeveloper in the event this Contract is not approved for any reason, including for reasons alleged to be the fault of the City or Authority. Any excess TIF Tax Revenues resulting from the Ad Valorem Tax Provision on the Project Site not needed or required to pay the TIF Note Purchaser shall be expended by the Authority or returned to the applicable taxing authorities as provided in the Community Development Law. Any shortfall in anticipated TIF funds from the Ad Valorem Tax Provision for any reason whatsoever, specifically including a decline in taxable valuation of the Project Site, shall be borne entirely by the Redeveloper without recourse of any kind against the Authority or the City. The Authority hereby irrevocably pledges the TIF Tax Revenues generated by the Project Site to the payment of the TIF Note. The Authority shall create a special fund to collect and hold the TIF Tax Revenues. Such special fund shall be used for no purpose other than to pay the principal and interest price of the respective TIF Notes. Real Property taxes for the year 2030 on the Project Site shall be paid by the Redeveloper on or before December 31, 2030 and such payment shall be considered TIF Tax Revenues (less any administrative cost authorized to be withheld by the Hall County Treasurer) and shall be used for payment on the TIF Note.

15. Payment of Authority Costs. The Redeveloper shall pay the Authority the sum of \$6,000 for reimbursement of legal fees incurred by the Authority related to the redevelopment project and issuance of the TIF Note. The Redeveloper acknowledges the attorney for the Authority is not providing legal representation to the Redeveloper. The Redeveloper shall also pay the sum of \$1,000 to the Authority for reimbursement of costs associated with the finance administration of the City of Grand Island associated with payments and accounting for the TIF Note issued with this contract.

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16. Restriction on Transfer. Redeveloper will not, for a period of fifteen (15) years after the effective date hereof or so long as the TIF Note remains outstanding whichever period of time is shorter (the "Tax Increment Period"), convey the Redeveloper Property or any portion thereof to any entity which will result in such property being exempt from ad valorem taxes levied by the State of Nebraska or any of its subdivisions, unless required to do so by applicable law, including, without limitation, in connection with a condemnation.

17. Financing Creating Encumbrances Restricted. Prior to completion of the Private Improvements, neither Redeveloper, nor any successors in interest with respect to the applicable portion of the Redeveloper Property, shall engage in any financing or any other transaction creating any mortgage upon the Redeveloper Property, whether by express contract or operation of law, or suffer any encumbrance or lien to be made on or attached to the Redeveloper Property, except for the purposes of obtaining funds only to the extent necessary to acquire such property, or design, construct, maintain, repair, replace and insure the Private Improvements, or to refinance said amounts. Redeveloper, or any successor in interest shall notify the Authority in advance of any financing secured by mortgage that it proposes to enter into with respect to Redeveloper Property, and shall promptly notify the Authority of any mortgage that has been created on or attached to the Redeveloper Property whether by voluntary act of Redeveloper or otherwise. Notwithstanding the above, if any involuntary encumbrance or lien is made on or attached to any of the Redeveloper Property and which is contested by Redeveloper, then Redeveloper may defend against such encumbrance or lien, provided that a sufficient bond or security is posted with the Authority, to permit Redeveloper to avoid or prevent foreclosure of such encumbrance or lien. In addition, Redeveloper agrees that prior to completion of the Private Improvements; any loan proceeds secured by any interest in the applicable Redeveloper Property for such uncompleted improvement shall be used solely for the payment of costs and expenses related to the development of the Private Improvements.

a. In the event that any foreclosure of any mortgage, deed of trust or other encumbrance should occur prior to the furnishing of a Certificate of Completion or at any time when any casualty damage to the Private Improvements has occurred and has not been fully restored, any party who obtains title to any portion of the Redeveloper Property from or through Redeveloper or the holder of any mortgage or any other purchaser at foreclosure sale shall be obligated to commence construction or reconstruction within three (3) months from the date of acquisition of title by said party and to complete construction or restoration within twenty-four (24) months from the date of such acquisition or, in lieu thereof, the holder of any mortgage or any other purchaser at foreclosure sale shall pay to the Authority the amount necessary to fully retire the TIF Note within three (3) months from the date of acquisition of title.

b. Whenever the Authority shall deliver any notice or demand to Redeveloper with respect to any breach or default by Redeveloper of its obligations or covenants in this Contract, the Authority shall at the same time forward a copy of such notice or demand to each holder of any mortgage at the last address of such holder as shown in the records of the Register of Deeds of Hall County.

c. If thirty (30) days after any notice or demand with respect to any breach or default, such breach or default remains uncured, each such holder shall have the right, at its option, to cure or remedy such breach or default and to add the cost thereof to the mortgage debt and the lien of its mortgage.

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d. The rights and obligations of this Contract relating to mortgages of any portion of the Redeveloper Property shall apply to any other type of encumbrance on any of the Redeveloper Property, and any of the stated rights, obligations and remedies of any party relating to mortgage foreclosures shall be applicable to procedures under any deed of trust or similar method of encumbrance.

18. Damage or Destruction of Private Improvements. During the construction period and prior to issuance of the Certificate of Completion, Redeveloper agrees to keep its construction areas, including completed operations areas, insured against loss or damage by fire, and such other risks, casualties, and hazards as are customarily covered by builders' risk or extended coverage policies in an amount not less than the replacement value but allowing for reasonable coinsurance clauses and deductibles. In the event of any insured damage or destruction, Redeveloper agrees to restore the Private Improvements to their prior condition within twelve (12) months from the date of the damage or destruction, and shall diligently pursue the same to completion. In the event Redeveloper fails to restore the same for any reason, Redeveloper shall pay to the Authority the amount of TIF Tax Revenues received by the Authority in the preceding year times the number of years remaining in the Tax Increment Period. During the Tax Increment Period, Redeveloper shall include by restrictive covenant an enforceable obligation on the Redeveloper or other owner or tenant in possession to maintain property insurance on an extended coverage all-risk basis in an amount not less than the replacement value, allowing for reasonable coinsurance clauses and deductibles and also subject to the Redeveloper or other owner or tenant's obligation to restore their respective Private Improvements to their prior condition within twelve (12) months from the date of the damage or destruction, diligently pursuing the same to completion.

19. Condemnation. If during the Tax Increment Period, all or any portion of the Redeveloper Property is condemned by a condemning authority other than the City, and the condemning authority or its successor in interest would not be obligated to pay real estate taxes upon that portion condemned, the Authority shall be entitled to claim against the condemner an interest in the property equal to the present value of the pro rata share of tax increment indebtedness outstanding as of the date of taking.

20. Representations. Redeveloper represents and agrees that its undertakings, pursuant to this Contract, have been, are, and will be, for the purpose of redevelopment of Redeveloper Property and not for speculation in land holding.

21. Restrictions on Assignments of Rights or Obligations. Redeveloper represents and agrees that prior to completion of the Private Improvements there shall be no sale or transfer of the Redeveloper Property or assignment of Redeveloper's rights or obligations under this Contract to any party without the prior written approval of the Authority (which shall not be unreasonably withheld, conditioned, or delayed), other than leases, mortgages and involuntary transfers by reason of death, insolvency, or incompetence. The Authority shall be entitled to require, as conditions to any required approval, that:

a. Any proposed transferee shall have the qualifications and financial responsibility, as determined by the Authority, necessary and adequate to fulfill the obligations undertaken in this Contract by Redeveloper; and

b. Any proposed transferee, by instrument satisfactory to the Authority and in form recordable in the Office of the Register of Deeds, shall for itself and its successors and assigns and for the benefit of the Authority, have expressly assumed all of the obligations of Redeveloper under this Contract; and

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c. Copies of the documents addressing items (a) and (b) shall be submitted to the Authority for review, not less than ten (10) days prior a regularly scheduled meeting of the Authority and not less than less than ten (10) days prior to the proposed transfer. If the transfer or any of the documentation in connection therewith is disapproved by the Authority, its disapproval and reasons therefore shall be indicated to Redeveloper in writing.

22. Representations and Warranties of Parties.

a. Redeveloper represents and warrants to Authority as follows:

i. **Organization; Power; Good Standing.** Redeveloper is a limited liability company duly organized and validly existing in good standing under the laws of Nebraska. Redeveloper is qualified to do business in the State of Nebraska and has all requisite power and authority to own and operate its properties and carry on its business as now being conducted and to enter into this Contract and perform the obligations hereunder.

ii. **Authority Relative to Contract.** This Contract has been duly executed and delivered by Redeveloper and constitutes a legal, valid and binding obligation of Redeveloper, enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, or other laws affecting the enforcement of creditor's rights generally, or by judicial discretion in connection with the application of equitable remedies.

iii. **Effect of Contract.** The execution, delivery and performance of this Contract by Redeveloper has been duly authorized by all necessary action by Redeveloper and except as provided in this Contract will not require the consent, waiver, approval, license or authorization of any person or public authority, and will not violate any provision of law applicable to Redeveloper, and will not violate any instrument, contract, order, judgment, decree, statute, regulation, or any other restriction of any kind to which Redeveloper is a party; PROVIDED HOWEVER, this contract shall not become effective until the City Council of the City passes a resolution providing for the amendment of the effective date of the Redevelopment Plan to January 1, 2016.

b. Authority represents and warrants to Redeveloper as follows:

i. **Authority Relative to Contract.** This Contract has been duly executed and delivered by the Authority and constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, or other laws affecting the enforcement of creditor's rights generally, or by judicial discretion in connection with the application of equitable remedies.

ii. **Effect of Contract.** The execution, delivery and performance of this Contract by Authority have been duly authorized by all necessary action by the Authority and except as provided in this Contract will not require the consent, waiver, approval, license or authorization of any person or public authority, and will not violate any provision of law applicable to the Authority, and will not violate any instrument, contract, order, judgment, decree, statute, regulation, or any other restriction of any kind to which the Authority is a party.

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23. Remedies. Except as otherwise provided in this Contract, in the event of any default in performance of this Contract by the Authority or Redeveloper, the party in default shall, upon written notice from the other, proceed immediately to cure or remedy such default within thirty (30) days after receipt of notice. However, if the default cannot, in the exercise of reasonable diligence, be cured within thirty (30) days, then the defaulting party shall commence efforts to cure and shall diligently continue to cure the default. If the default is not cured, the non-defaulting parties may institute any proceedings which may be necessary to cure and remedy the default.

24. Waiver. The parties shall have the right to institute actions or proceedings as they may deem necessary to enforce this Contract. Any delay in instituting any action or otherwise asserting rights under this Contract shall not operate as a waiver of rights or limit rights in any way.

25. Delay in Performance For Causes Beyond Control of Party. The parties or their successors or assigns shall not be in default of their obligations for delay in performance due to causes beyond their reasonable control and without their fault, including but not limited to acts of God, acts of the public enemy, acts of the federal or state government or subdivisions thereof, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, shortages of labor or materials, or delays of contractors, or subcontractors due to such causes. The purpose and intent of this section is that in the event of the occurrence of any such delay, the time for performance of the obligations of either party with respect to construction of improvements shall be extended for the period of delay. However, in order to obtain the benefit of the provisions of this section, the party seeking the benefit shall within twenty (20) days after the beginning of the delay of performance notify the other party in writing of the cause and the reasonably expected length of delay.

26. Contract to Pay Taxes. Redeveloper agrees to pay all real property taxes levied upon the Redeveloper Property and Private Improvements prior to the time the taxes become delinquent. The contractual obligation by Redeveloper to pay such taxes prior to delinquency shall cease upon expiration of the Tax Increment Period, but the Authority in no way waives the statutory obligation to continue to pay real estate taxes. This provision shall not be deemed a waiver of the right to protest or contest the valuation of the lots or improvements for tax purposes, except as such right is otherwise restricted by this Contract.

27. Rights and Remedies Cumulative. The rights and remedies of the parties to this Contract shall be cumulative and the exercise by either party of anyone or more remedies shall not preclude the exercise by it of any other remedies for any other default or breach by the other party. A waiver of any right of either party conferred by this Contract shall be effective only if in writing and only to the extent specified in writing.

28. Authority Representatives Not Individually Liable. No official or employee of the Authority shall be personally liable to Redeveloper or any successors in interest due to any default or breach by the Authority under the terms of this Contract.

29. Notices and Demands. A notice under this Contract by a party to the other party shall be deemed delivered on the date it is postmarked, sent postage prepaid, certified or registered mail, or delivered personally to Pridon-Grand Island, LLC, at 102 Third Avenue NE, Hickory, NC 28601; and to the Authority at Community Redevelopment Authority of Grand Island P.O. Box 1968, Grand Island, NE, 68802-1968, Attention: Regional Planning Director, with a copy to Michael L. Bacon, Bacon and Vinton, LLP, Post Office Box 208, Gothenburg, NE 69138, or at such other address with respect to either party as that party may from time to time designate in

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writing and notify the other as provided in this section.

30. Access to Project Site. During construction of the Private Improvements, Redeveloper shall permit the representatives of the Authority to enter all areas of the Redeveloper Property and at any and all reasonable times, as the Authority may deem necessary for the purposes of inspection of work being performed in connection with the construction of the facility.

31. Provisions Run With the Land. This Contract shall run with the Redeveloper Property and shall inure to and bind the parties and their successors in interest. This Redevelopment Contract or a Memorandum hereof shall be recorded, by the Authority, with the Register of Deeds of Hall County, Nebraska, against the Redeveloper Property at the Redeveloper's expense.

32. Headings. Headings of the sections of this Contract are inserted for convenience only and shall be disregarded in interpreting any of its provisions.

33. Severance and Governing Law. Invalidation of any provision of this Contract by judgment or court order shall not affect any other provisions which shall remain in full force and effect. This Contract shall be construed and governed by the laws of Nebraska.

34. Expiration of Contract. Unless otherwise stated herein, this Contract shall expire upon expiration of the Tax Increment Period, or retirement of the TIF Note, whichever first occurs; provided the Authority and Redeveloper agree to execute any release necessary to be filed of record to evidence such expiration or termination, unless otherwise stated herein.

35. Interpretations. Any uncertainty or ambiguity existing herein shall not be interpreted against either party because such party prepared any portion of this Contract, but shall be interpreted according to the application of rules of interpretation of contracts generally.

36. Counterparts. This Contract may be executed in one or more counterparts which, when assembled, shall constitute an executed original hereof.

37. Nondiscrimination. Redeveloper, its successors and transferees agree that, as long as the TIF Note is outstanding, it will not discriminate against any person or group of persons on account of race, religion, sex, color, national origin, ancestry, disability, marital status or receipt of public assistance in connection with the Redevelopment Project. Redeveloper, its successors and transferees, agrees that during the construction of the Redevelopment 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, and further agrees to require that its contractor and subcontractors shall agree to conform to said requirements. Redeveloper will comply with all applicable federal, state and local laws related to the Redevelopment Project. For purposes of this paragraph, discrimination shall mean discrimination as defined by the laws of the United States and the State of Nebraska.

38. Audit and Review. Redeveloper shall be subject to audit by the Authority and shall make available to the Authority or its designee copies of all financial and performance related records and materials germane to this Contract. The Authority shall cooperate and make available to the Redeveloper or its agent copies of all financial and performance related records and materials germane to the Project Account and the TIF Proceeds.

39. Evidence of Financial Ability of Redeveloper. The Authority acknowledges that the Redeveloper has previously provided to the Authority, on a confidential and privileged basis, evidence of availability of the specific amount of finances necessary for purposes of carrying out the commitment of the Redeveloper in connection with the Project Site.

40. Effective Date. For purposes of determining the effective date as stated in *Neb. Rev. Stat.* §18-2147, the effective date of this Contract shall be January 1, 2016. The parties acknowledge

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that the rehabilitation contemplated hereby will extend substantially into the 2016 calendar year. For all other purposes, this Contract shall be effective on the date the last party hereto executes this Contract.

41. Immigration Requirement. The Redeveloper agrees that any contractor for the Project shall be required to agree to use a federal immigration verification system (as defined in Nebraska Revised Statute §4-114) to determine the work eligibility status of new employees physically performing services on the Project and to comply with all applicable requirements of Nebraska Revised Statute §4-114.

42. Relocation Expenses. The Redeveloper agrees to indemnify and hold the City and the Authority harmless from any and all liability to the extent resulting from the Redeveloper's failure to make payments of all amounts lawfully due to all persons, firms, or organizations under any city, state or federal relocation laws or regulation in connection with the Project Site. The terms of this section shall survive any termination of this Contract.

Executed by **Authority** this ___ day of _____, 2015.

**COMMUNITY
REDEVELOPMENT AUTHORITY
OF THE CITY OF GRAND
ISLAND, NEBRASKA**

Chair or Vice Chair

ATTEST:

Secretary

STATE OF NEBRASKA)
) ss.
COUNTY OF HALL)

The foregoing instrument was acknowledged before me this ____ day of _____, 2015, by _____ Chair (or Vice Chair) of the Community Redevelopment Authority of the City of Grand Island, Nebraska.

Notary Public

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Exhibit "A"

REDEVELOPER PROPERTY

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Exhibit "B"
PROJECT SITE PLAN

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Exhibit "C"

USES AND SOURCES OF FUNDS

PUBLIC IMPROVEMENTS AND ELIGIBLE PRIVATE IMPROVEMENTS
- USES OF FUNDS-

All Project Costs payable from the proceeds of TIF indebtedness pursuant to the Act including:

1. Site preparation \$46,546
2. Utility extensions, installation of gas, water, sewer and electrical lines and equipment \$79,254
3. Engineering and Architectural planning. \$154,900
4. Legal, blight study and Authority fees. \$9,500
5. Streets. \$39,800

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Exhibit "D"

**CERTIFICATE OF COMPLETION OF
PRIVATE IMPROVEMENTS**

KNOW ALL PEOPLE BY THESE PRESENTS: That the Community Redevelopment Authority of the City of Grand Island, Nebraska, hereinafter called "Authority", hereby makes the conclusive determination and certification that, with regard to the following real property situated in the City of Grand Island, Hall County, Nebraska, to wit ("Redeveloper Property"):

INSERT

all the improvements required to be constructed upon the above-described Redeveloper Property have been satisfactorily completed in accordance with the requirements of the REDEVELOPMENT CONTRACT with Pridon-Grand Island, LLC, dated _____ ("Contract") by and between the **COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA**, , and Pridon-Grand Island, LLC, a Nebraska limited liability company ("Redeveloper"), said Contract with an effective date of January 1, 2016, and recorded as Instrument No. _____, in the office of the Register of Deeds for Hall County, Nebraska.

The Authority further makes the conclusive determination that the Private Improvements (as defined in the Contract) to the above-described Redeveloper Property are presently in conformance with the Contract.

IN WITNESS WHEREOF, the Authority and Redeveloper have executed this instrument this _____ day of _____, 201_.

**COMMUNITY
REDEVELOPMENT AUTHORITY
OF THE CITY OF GRAND
ISLAND, NEBRASKA**

ATTEST:

Secretary

By: _____
Chair

Pridon

STATE OF NEBRASKA)
) ss.
COUNTY OF HALL)

The foregoing instrument was acknowledged before me this ____ day of _____, 201__, _____, Chair of the Redevelopment Authority of the City of Grand Island, Nebraska, on behalf of the Authority.

“Redeveloper”

Pridon-Grand Island, LLC, a Nebraska limited liability company qualified to do business in the state of Nebraska

By: _____
Manager

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 201__, by _____, Manager of **Pridon-Grand Island, LLC**, a Nebraska limited liability company, on behalf of the limited liability company.

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Exhibit "E"

(FORM OF NOTE)

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS, AND THIS NOTE MAY NOT BE TRANSFERRED UNLESS THE PROPOSED ASSIGNEE IS A BANK OR A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION AND THE OWNER HAS OBTAINED AND PROVIDED TO THE AUTHORITY, PRIOR TO SUCH TRANSFER AND ASSIGNMENT, AN INVESTOR'S LETTER IN FORM AND SUBSTANCE SATISFACTORY TO THE AUTHORITY EVIDENCING THE COMPLIANCE WITH THE PROVISIONS OF ALL FEDERAL AND STATE SECURITIES LAWS AND CONTAINING SUCH OTHER REPRESENTATIONS AS THE AUTHORITY MAY REQUIRE.

THIS NOTE MAY BE TRANSFERRED ONLY IN THE MANNER AND ON THE TERMS AND CONDITIONS AND SUBJECT TO THE RESTRICTIONS STATED IN SECTION 3.6 OF RESOLUTION NO. _____ OF THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA.

**UNITED STATES OF AMERICA
STATE OF NEBRASKA
COUNTY OF HALL**

**COMMUNITY REDEVELOPMENT AUTHORITY
OF THE CITY OF GRAND ISLAND, NEBRASKA**

**PRIDON-GRAND ISLAND, LLC REDEVELOPMENT PROJECT
TAXABLE TAX ALLOCATION NOTE, SERIES 2015**

No. R-1

**Up to \$330,000
(subject to reduction as described herein)**

<u>Date of Original Issue</u>	<u>Date of Maturity</u>	<u>Rate of Interest</u>
	December 31, 2030	4.10%

REGISTERED OWNER: Pridon-Grand Island, LLC

PRINCIPAL AMOUNT: SEE SCHEDULE 1 ATTACHED HERETO

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THE NOTE SET FORTH ON THE FOLLOWING PAGES, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT

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THIS PLACE.

IN WITNESS WHEREOF, THE COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA has caused this Note to be signed by the manual signature of the Chairman of the Authority, countersigned by the manual signature of the Secretary of the Authority,.

**COMMUNITY REDEVELOPMENT
AUTHORITY OF THE CITY OF GRAND
ISLAND, NEBRASKA**

[S E A L]

By: _____ (manual signature)
Chairman

By: _____ (manual signature)
Secretary

The **COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA** (the “**Authority**”) acknowledges itself indebted to, and for value received hereby promises to pay, but solely from certain specified tax revenues to the Registered Owner named above, or registered assigns, on the Date of Maturity stated above (or earlier as hereinafter referred to), the Principal Amount on Schedule 1 attached hereto upon presentation and surrender hereof at the office of the registrar and paying agent herefor, the Treasurer of the City of Grand Island, Nebraska (the “**Registrar**”), payable semiannually on June 31 and December 31 of each year until payment in full of such Principal Amount, beginning June 31, 2017, by check or draft mailed to the Registered Owner hereof as shown on the note registration books maintained by the Registrar on the 15th day of the month preceding the month in which the applicable payment date occurs, at such Owner’s address as it appears on such note registration books. The principal of this Note is payable in any coin or currency which on the respective dates of payment thereof is legal tender for the payment of debts due the United States of America.

This Note is issued by the Authority under the authority of and in full compliance with the Constitution and statutes of the State of Nebraska, including particularly Article VIII, Section 12 of the Nebraska Constitution, Sections 18-2101 to 18-2153, inclusive, Reissue Revised Statutes of Nebraska, as amended, and under and pursuant to Resolution No. _____ duly passed and adopted by the Authority on _____, 2015, as from time to time amended and supplemented (the “**Resolution**”).

THE PRINCIPAL AMOUNT OF THIS NOTE IS SET FORTH IN SCHEDULE 1 ATTACHED HERETO. THE MAXIMUM PRINCIPAL AMOUNT OF THIS NOTE IS \$330,000.

This Note has been issued by the Authority for the purpose of financing the costs of constructing, reconstructing, improving, extending, rehabilitating, installing, equipping, furnishing

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and completing certain improvements within the area identified and referred to as the City of Grand Island Redevelopment Plan Amendment for Redevelopment Area #11, (Pridon-Grand Island, LLC Project) which is more specifically described in the Resolution, and to carry out the Authority's corporate purposes and powers in connection therewith.

Reference is hereby made to the Resolution for the provisions, among others, with respect to the collection and disposition of certain tax and other revenues, the special funds charged with and pledged to the payment of the principal of and interest on this Note, the nature and extent of the security thereby created, the terms and conditions under which this Note has been issued, the rights and remedies of the Registered Owner of this Note, and the rights, duties, immunities and obligations of the City and the Authority. By the acceptance of this Note, the Registered Owner assents to all of the provisions of the Resolution.

This Note is a special limited obligation of the Authority payable as to principal solely from and is secured solely by the Tax Revenue (as defined in the Resolution) pledged under the Resolution, all on the terms and conditions set forth in the Resolution. The Tax Revenue represents that portion of ad valorem taxes levied by public bodies of the State of Nebraska, including the City, on real property in the Project Area (as defined in this Resolution) which is in excess of that portion of such ad valorem taxes produced by the levy at the rate fixed each year by or for each such public body upon the valuation of the Project Area as of a certain date and as has been certified by the County Assessor of Hall County, Nebraska to the City in accordance with law.

The principal hereon shall not be payable from the general funds of the City nor the Authority nor shall this Note constitute a legal or equitable pledge, charge, lien, security interest or encumbrance upon any of the property or upon any of the income, receipts, or money and securities of the City or the Authority or of any other party other than those specifically pledged under the Resolution. This Note is not a debt of the City or the Authority within the meaning of any constitutional, statutory or charter limitation upon the creation of general obligation indebtedness of the City or the Authority, and does not impose any general liability upon the City or the Authority and neither the City nor the Authority shall be liable for the payment hereof out of any funds of the City or the Authority other than the Tax Revenues and other funds pledged under the Resolution, which Tax Revenues and other funds have been and hereby are pledged to the punctual payment of the principal of and interest on this Note in accordance with the provisions of this Resolution.

The Registrar may from time to time enter the respective amounts advanced pursuant to the terms of the Resolution under the column headed "Principal Amount Advanced" on **Schedule 1** hereto (the "**Table**") and may enter the aggregate principal amount of this Note then outstanding under the column headed "Cumulative Outstanding Principal Amount" on the Table. On each date upon which a portion of the Cumulative Outstanding Principal Amount is paid to the Registered Owner pursuant to the redemption provisions of the Resolution, the Registered Owner may enter the principal amount paid on this Note under the column headed "Principal Amount Redeemed" on the Table and may enter the then outstanding principal amount of this Note under the column headed "Cumulative Outstanding Principal Amount" on the Table. Notwithstanding the foregoing, the records maintained by the Registrar as to the principal amount issued and principal amounts

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paid on this Note shall be the official records of the Cumulative Outstanding Principal Amount of this Note for all purposes.

Reference is hereby made to the Resolution, a copy of which is on file in the office of the City Clerk, and to all of the provisions of which each Owner of this Note by its acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for this Note; the Tax Revenue pledged to the payment of the principal on this Note; the nature and extent and manner of enforcement of the pledge; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Owner of this Note; the rights, duties and obligations of the Authority and the Registrar thereunder; the terms and provisions upon which the liens, pledges, charges, trusts and covenants made therein may be discharged at or prior to the maturity or redemption of this Note, and this Note thereafter no longer be secured by the Resolution or be deemed to be outstanding thereunder, if money or certain specified securities shall have been deposited with the Registrar sufficient and held in trust solely for the payment hereof; and for the other terms and provisions thereof.

This Note is subject to redemption prior to maturity, at the option of the Authority, in whole or in part at any time at a redemption price equal to 100% of the principal amount being redeemed, plus accrued interest on such principal amount to the date fixed for redemption. Reference is hereby made to the Resolution for a description of the redemption procedures and the notice requirements pertaining thereto.

In the event this Note is called for prior redemption, notice of such redemption shall be given by first-class mail to the Registered Owner hereof at its address as shown on the registration books maintained by the Registrar not less than 10 days prior to the date fixed for redemption, unless waived by the Registered Owner hereof. If this Note, or any portion thereof, shall have been duly called for redemption and notice of such redemption duly given as provided, then upon such redemption date the portion of this Note so redeemed shall become due and payable and if money for the payment of the portion of the Note so redeemed shall be held for the purpose of such payment by the Registrar.

This Note is transferable by the Registered Owner hereof in person or by its attorney or legal representative duly authorized in writing at the principal office of the Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Note. Upon such transfer, a new Note of the same series and maturity and for the same principal amount will be issued to the transferee in exchange therefor. The Authority and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal of and interest due hereon and for all other purposes.

This note is being issued as fully a registered note without coupons. This note is subject to exchange as provided in the Resolution.

It is hereby certified, recited and declared that all acts, conditions and things required to have happened, to exist and to have been performed precedent to and in the issuance of this Note have happened, do exist and have been performed in regular and due time, form and manner; that

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this Note does not exceed any constitutional, statutory or charter limitation on indebtedness; and that provision has been made for the payment of the principal of and interest on this Note as provided in this Resolution.

[The remainder of this page intentionally left blank]

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(FORM OF ASSIGNMENT)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Print or Type Name, Address and Social Security Number
or other Taxpayer Identification Number of Transferee

the within note and all rights thereunder, and hereby irrevocably constitutes and appoints
_____ agent to transfer the within Note on the note register kept by the Registrar for
the registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this Assignment
must correspond with the name of the
Registered Owner as it appears upon the
face of the within note in every particular.

Signature Guaranteed By:

Name of Eligible Guarantor Institution as
defined by SEC Rule 17 Ad-15 (17 CFR
240.17 Ad-15)

By: _____
Title: _____

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SCHEDULE 1

TABLE OF CUMULATIVE OUTSTANDING PRINCIPAL AMOUNT

**COMMUNITY REDEVELOPMENT AUTHORITY OF
THE CITY OF GRAND ISLAND, NEBRASKA
PRIDON-GRAND ISLAND, LLC REDEVELOPMENT PROJECT
TAXABLE TAX ALLOCATION NOTE, SERIES 2013**

Date	Principal Amount Advanced	Principal Amount Redeemed	Cumulative Outstanding Principal Amount	Notation Made By

Pridon