



Community Redevelopment Authority (CRA)

Wednesday, October 14, 2015
Regular Meeting

Item H1

TIF Contract

Staff Contact: Chad Nabity

REDEVELOPMENT CONTRACT

THIS REDEVELOPMENT CONTRACT (the "Contract") is entered into between the **COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA**, ("Authority"), and **HATCHERY HOLDINGS, 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 7 ("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 Authority 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 rehabilitation 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, on site utility extensions, rehabilitation and other Redevelopment Project Costs.

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

F. Redeveloper is willing to enter into this Contract and implement redevelopment of the Project Site. Redeveloper intends to invest approximately Nineteen Million Nine Hundred Thousand Dollars (\$19,900,000) in the redevelopment of the Project site which includes TIF Proceeds. The Project will result in the acquisition of the Project Site, planning for redevelopment, utility extension and construction of 60,000 square foot hatchery which will include offices 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 and other Redevelopment Project Costs in order to induce the Redeveloper to undertake the Private Improvements as set

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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, planning and rehabilitation is deemed essential to the rehabilitation of the Project Site for a 60,000 square foot hatchery 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, 2017. 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/s") 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 and 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 for the the Project, 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

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shall, within fifteen (15) 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 and other Redevelopment Project Costs. 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

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systems, interior insect treatment, and all glass including plate glass, exterior doors and 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 eighteen (18) months following the Authority's execution of this Contract (subject to any excusable delay permitted by Paragraph 25 hereof).

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 Notes ("TIF Proceeds") as shown in Exhibit "C", to fund the costs of the Private Improvements in the total amount of the TIF Proceeds less the Authority's costs identified in Paragraph 13. Redeveloper shall submit authentic and satisfactory documentation to the Authority to verify the costs of the Project Site acquisition before any TIF Proceeds will be expended.

11. Issuance of Redeveloper Purchased TIF Note. The Authority shall issue a taxable TIF Notes, the total principal amount of such taxable series of TIF Notes not to exceed Two Million Six Hundred Seventy Five Thousand Nine Hundred Thirteen and no/100 Dollars (\$2,675,913.00). The form of the TIF Note shall be in substantially the form shown on attached Exhibit "E", for net funds available ("TIF Note") 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 purchase price of the TIF Note and Grant provided in Paragraph 12 may, at the election of the Authority may be offset. The Authority shall have the complete authority to determine the timing of issuing the TIF Note and all the other necessary details of the TIF Note. 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.

No TIF Note shall be issued until the Redeveloper has entered into a binding contract for the acquisition of the Project Site and has entered into a construction contract for commencement of construction of the Private Improvements.

Proceeds of the Notes may be advanced and disbursed in the manner set forth below:

(a) There shall be submitted to the Authority a grant disbursement request (the "Disbursement Request"), executed by the City Planning Director and an authorized representative of the Redeveloper, (i) certifying that a portion of the Project has been substantially completed and (ii) certifying the actual costs incurred by the Redeveloper in the completion of such portion of the Project.

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(b) If the costs requested for reimbursement under the Disbursement Request are currently reimbursable under Exhibit C of this Redevelopment Contract and the Act, the Authority shall evidence such allocation in writing and inform the owner of the Notes of any amounts allocated to the Notes.

(c) Upon notification from the Authority as described above, the Authority shall make a grant to Redeveloper in the amount of the approved Disbursement Request; in such event, the approved Disbursement Request amount shall offset funding of the Notes. The Registrar shall keep and maintain a record of the amounts deposited into the Project Fund from Notes proceeds 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 its records maintained for the Notes. The aggregate amount deposited into the Project Fund from proceeds of the Notes shall not exceed \$2,675,913.00.

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 set forth on Exhibit "C".

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 Notes. 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 Notes. Any debt service on the TIF Notes 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 Notes. 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

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the principal and interest price of the respective TIF Notes. Real Property taxes for the year 2031 on the Project Site shall be paid by the Redeveloper on or before December 31, 2031 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 sum of \$30,000 to the Authority or their Attorney for reimbursement of legal fees incurred by the Authority related to the redevelopment project and issuance of the TIF Notes. 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 the City of Grand Island making payments and accounting for the TIF Notes issued with this contract.

16. Restriction on Transfer. Redeveloper will not, for a period of fifteen (15) years after the effective date hereof or so long as any 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 Redeveloper Property, shall engage in any financing or any other transaction creating any mortgage upon the 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 Note 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 Redeveloper Property 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 foreclose 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.

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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.

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 City 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

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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
- 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 _____. 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.

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

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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.

23. Remedies. General Remedies of Authority and Redeveloper.

Subject to the further provisions of this Paragraph 23, in the event of any failure to perform or breach of this Redevelopment Contract or any of its terms or conditions, by any party hereto or any successor to such party, such party, or successor, shall, upon written notice from the other, proceed immediately to commence such actions as may be reasonably designed to cure or remedy such failure to perform or breach which cure or remedy shall be accomplished within a reasonable time by the diligent pursuit of corrective action. In case such action is not taken, or diligently pursued, or the failure to perform or breach shall not be cured or remedied within a reasonable time, this Redevelopment Contract shall be in default and the aggrieved party may institute such proceedings as may be necessary or desirable to enforce its rights under this Redevelopment Contract, including, but not limited to, proceedings to compel specific performance by the party failing to perform or in breach of its obligations. The Redeveloper hereby acknowledges and agrees that the Authority shall have completed its required performances and satisfied all of its obligations under this Redevelopment Contract upon the issuance of the Indebtedness and the subsequent payment of grant amounts to the Redeveloper as set forth in Paragraph 12 hereof and by complying with the obligations of all Redevelopment Contract Amendments.

a. Additional Remedies of Authority

In the event that (each such event an "event of default"):

i the Redeveloper, or its successor in interest, shall fail to commence the construction of the improvements included in the Project Costs on or before December 1, 2015, or shall abandon construction work related to the Project Costs, once commenced, for any period of 180 days, excepting delays caused by inclement weather,

ii the Redeveloper, shall fail to pay real estate taxes or assessments on the Redevelopment Project Property owned by the Redeveloper or any part thereof when due; and

iii there is a violation of any other provision of this Redevelopment Contract, and such failure or action by the Redeveloper has not been cured within 90 days following written notice from Authority, then the Redeveloper shall be in default of this Redevelopment Contract.

In the event of such failure to perform, breach or default occurs and is not cured in the period herein provided, the parties agree that the damages caused to the Authority would be

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difficult to determine with certainty and that a reasonable estimation of the amount of damages that could be incurred is the amount of the grant to Redeveloper pursuant to Paragraph 12 of this Redevelopment Contract, less any reductions in the principal amount of the Indebtedness, plus interest on such amounts as provided herein (the "**Liquidated Damages Amount**"). Upon the occurrence of an event of default, the Liquidated Damages Amount shall be paid by Redeveloper to Authority within 30 days of demand from Authority given to the Redeveloper.

Interest shall accrue on the Liquidated Damages Amount at the rate of nine percent (9%) per annum and interest shall commence from the date that the Authority gives notice to the Redeveloper demanding payment.

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

Redeveloper, on or before contracting for work included within the Project Costs, shall furnish to the Authority copies of labor and materials payment bonds and performance bonds for each contract entered into by Redeveloper related to Project Costs. Each such bond shall show the Authority and the City as well as the Redeveloper as beneficiary of any such bond, as and to the extent commercially obtainable (as determined in the discretion of the Authority). In addition, the Redeveloper shall provide a penal bond with good and sufficient surety to be approved by the Authority, conditioned that the Redeveloper shall at all times promptly make payments of all amounts lawfully due to all persons supplying or furnishing to any contractor or his or her subcontractors (for each contract entered into by Redeveloper related to Project Costs) with labor or materials performed or used in the prosecution of the work provided for in such contract, and will indemnify and save harmless the Authority to the extent of any payments in connection with the carrying out of such contracts which the Authority may be required to make under the law.

b. Remedies in the Event of Other Redeveloper Defaults.

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

c. Forced Delay Beyond Party's Control.

For the purposes of any of the provisions of this Redevelopment Contract, neither the Authority nor the Redeveloper, as the case may be, nor any successor in interest, shall be considered in breach of or default in its obligations with respect to the conveyance or preparation of the Redevelopment Area or any part thereof for redevelopment, or the beginning and completion of construction of the Project, or progress in respect thereto, in the event of forced delay in the performance of such obligations due to unforeseeable causes beyond its control and

Hatchery Holdings, LLC

without its fault or negligence, including, but not restricted to, acts of God, or of the public enemy, acts of the Government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather or delays in subcontractors due to such causes; it being the purpose and intent of this provision that in the event of the occurrence of any such forced delay, the time or times for performance of the obligations of the Authority or of the Redeveloper with respect to construction of the Project, as the case may be, shall be extended for the period of the forced delay: Provided, that the party seeking the benefit of the provisions of this section shall, within thirty (30) days after the beginning of any such forced delay, have first notified the other party thereto in writing, and of the cause or causes thereof and requested an extension for the period of the forced delay.

d. Limitations of Liability; Indemnification.

Notwithstanding anything in this Paragraph 23 or this Redevelopment Contract to the contrary, neither the City, the Authority, nor their respective elected officials, officers, directors, appointed officials, employees, attorneys, agents or their governing bodies shall have any pecuniary obligation or monetary liability under this Redevelopment Contract. The sole obligation of the Authority under this Redevelopment Contract shall be the issuance of the Indebtedness and granting of a portion of the proceeds thereof to Redeveloper, and full compliance with the terms specifically set forth Paragraphs 11 and 12 hereof and payment of TIF Revenues pledged pursuant to the Resolution. The Redeveloper releases the City and Authority from, agrees that neither the City nor Authority shall be liable for, and agrees to indemnify and hold the City and Authority harmless from any liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project.

The Redeveloper will indemnify and hold each of the City and Authority and their respective elected officials, directors, officers, appointed officials, attorneys, agents, employees and members of their governing bodies free and harmless from any loss, claim, damage, demand, tax, penalty, liability, disbursement, expense, excluding litigation expenses, attorneys' fees and expenses, or court costs arising out of any damage or injury, actual or claimed, of whatsoever kind or character, to property (including loss of use thereof) or persons, occurring or allegedly occurring in, on or about that portion of the Project owned by the Redeveloper, during the term of this Redevelopment Contract or arising out of any action or inaction of Redeveloper, related to activities of the Redeveloper or its agents during the construction of the public infrastructure or public right of ways in the Project.

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. Redeveloper Performance. The parties specifically agree that a substantial inducement for the Authority to provide the grant set forth in Paragraph 12 hereof is the promise of the Redeveloper to hire employees and operate a hatchery business on the Redevelopment Project Area. Therefore, the Redeveloper shall, within 18 months from the execution of this Redevelopment Contract:

Hatchery Holdings, LLC

- a. Employ ____ individuals, with the specific requirement that 51% or more of such individuals be low to moderate income as determined by the Nebraska Department of Economic Development; and
 - b. Actively operate a hatchery business on the Redevelopment Area for a period of 15 years from October 1, 2017.
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 Hatchery Holdings, LLC, at 5800 Merle Hay Road, Suite 14, P.O. Box 394, Johnston, IA 50131; 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 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 in full of the TIF Notes, 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.

Hatchery Holdings, LLC

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, 2017. The parties acknowledge that the rehabilitation contemplated hereby will extend substantially into the 2017 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.

[The remainder of this page is intentionally left blank]

Hatchery Holdings, LLC

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

Hatchery Holdings, LLC

Executed by **Redeveloper** this _____ day of _____, 2015

HATCHERY HOLDINGS, LLC, a
_____ limited liability company

By: _____
Manager

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2015, by _____, the Manager of **Hatchery Holdings, LLC**, a _____ limited liability company, on behalf of the limited liability company.

Notary Public

Hatchery Holdings, LLC

Exhibit "A"

REDEVELOPER PROPERTY

[To be determined]

Hatchery Holdings, LLC

Exhibit "B"
PROJECT SITE PLAN

Hatchery Holdings, LLC

Exhibit "C"

USES AND SOURCES OF FUNDS

PUBLIC IMPROVEMENTS AND ELIGIBLE PRIVATE IMPROVEMENTS
- USES OF FUNDS-

Project Sources and Uses.
Use of Funds.

Use of Funds.			
Description	Eligible for TIF Funds	Private Funds	Total
Site Acquisition	\$1,600,000		\$1,600,000
Utilities/On Site Improvements	\$444,313	359,687	\$804,000
Legal Private	\$250,000		\$250,000
Legal CRA Cost	\$30,000		\$30,000
Fees ¹	\$1,600		\$1,600
Architecture	\$350,000		\$350,000
Building Construction Costs		\$10,034,000	\$10,034,000
Soft Costs		\$610,000	\$610,000
Personal Property		\$6,000,000	\$6,000,000
TOTALS	\$2,675,913	\$17,003,687	\$19,679,600

Hatchery Holdings, LLC

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"):

[To be determined]

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 Hatchery Holdings, LLC, dated _____ ("Contract") by and between the **COMMUNITY REDEVELOPMENT AUTHORITY OF THE CITY OF GRAND ISLAND, NEBRASKA**, , and Hatchery Holdings, LLC, a Nebraska limited liability company ("Redeveloper"), said Contract with an effective date of January 1, 2017, 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

Hatchery Holdings, LLC

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”

Hatchery Holdings, LLC, a _____
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 _____, the Manager of **Hatchery Holdings, LLC**, a Nebraska limited liability company, on behalf of the limited liability company.

Hatchery Holdings, LLC

Exhibit "E"

(FORM OF NOTE)

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

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

**TAX INCREMENT DEVELOPMENT REVENUE NOTE
(HATCHERY HOLDINGS PROJECT), SERIES 2015**

Series No. R-1

**Total of Series of Notes not to exceed \$2,675,913.00
(subject to reduction as described herein)**

**Date of
Original Issue**

**Date of
Maturity**

**Rate of
Interest**

December 31, 2031

0.0%

REGISTERED OWNER: HATCHERY HOLDINGS, 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, and the City's corporate seal imprinted hereon.

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

[S E A L]

By: _____
Chairman

Hatchery Holdings, LLC

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 and other funds hereinafter specified, 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**”), and in like manner to pay interest on the Cumulative Outstanding Principal Amount reflected in **Schedule 1** at the Rate of Interest stated above, calculated on the basis of a 360-day year consisting of twelve, 30-day months, from the Date of Original Issue stated above, or the most recent interest payment date to which interest has been paid or duly provided for, as specified below, to maturity or earlier redemption, payable semiannually on June 1 and December 1 of each year until payment in full of such Principal Amount, beginning June 1, 2018, 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 interest payment date occurs, at such Owner’s address as it appears on such Note registration books. The principal of this Note and the interest hereon are 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 SERIES OF NOTES IS \$2,675.913.]

This Note is a special limited obligation of the Authority payable as to principal and interest solely from and is secured solely by the Revenue (as defined in the Resolution) and certain other money, funds and securities pledged under the Resolution, all on the terms and conditions set forth in the Resolution. The 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.

Hatchery Holdings, LLC

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.

The principal of and interest 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 Revenues and other funds pledged under the Resolution, which 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 Registered Owner 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 Trustee 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 Revenue and other money and securities pledged to the payment of the principal of and interest 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

Hatchery Holdings, LLC

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 and the accrued interest thereon to the date fixed for redemption shall be held for the purpose of such payment by the Registrar, interest shall cease to accrue and become payable hereon from and after the redemption date.

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 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]

Hatchery Holdings, LLC

(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: _____

[The remainder of this page intentionally left blank]

Hatchery Holdings, LLC

SCHEDULE 1

TABLE OF CUMULATIVE OUTSTANDING PRINCIPAL AMOUNT

**COMMUNITY REDEVELOPMENT AUTHORITY OF
THE CITY OF GRAND ISLAND, NEBRASKA
HATCHERY HOLDINGS REDEVELOPMENT PROJECT
TAX INCREMENT DEVELOPMENT REVENUE NOTE, SERIES R-1 2015**

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

Hatchery Holdings, LLC