



# **City of Grand Island**

**Tuesday, November 18, 2008**

**Council Session**

## **Item E2**

**Public Hearing on Redevelopment Plan for the CRA Area #2 for  
Property Located at 2623, 2707 and 2709 South Locust Street**

**Staff Contact: Chad Nabity**

# **Council Agenda Memo**

**From:** Chad Nabity, AICP

**Meeting:** November 18, 2008

**Subject:** Amendment to Redevelopment Plan for CRA Area #2

**Item #'s:** E-2 & G-13

**Presenter(s):** Chad Nabity, AICP CRA Director

## **Background**

In October of 1999, the Grand Island City Council declared property referred to as CRA Area #2 as blighted and substandard and approved a generalized redevelopment plan for the property. The generalized redevelopment plan authorized the use of Tax Increment Financing (TIF) for improvements to and expansion of existing infrastructure including but not limited to: streets, water, sewer, drainage. TIF can also be used for the acquisition of property, redevelopment of property, site preparation, landscaping and parking.

South Pointe Development LLC (the developer) has submitted a proposed amendment to the redevelopment plan that would provide for the construction of an 80+ room hotel at 2709 S. Locust (east side of Locust Street at the intersection Stage Coach). This would most likely be a Best Western Stoneridge facility.

The CRA reviewed the proposed development plan and forwarded it to the Hall County Regional Planning Commission for recommendation at their meeting on October 14<sup>th</sup>. It is expected that they will, after having received a recommendation from the RPC, approve and recommend Council the plan amendment and forward it to Council for review, approval and authorization to negotiate a contract for TIF during their meeting on the 17<sup>th</sup> of November.

The Hall County Regional Planning Commission held a public hearing on the plan amendment at a meeting on November 5<sup>th</sup>. The Planning Commission approved Resolution 2009-01 in support of the proposed amendment, declaring the proposed amendment to be consistent with the Comprehensive Development Plan for the City of Grand Island.

## **Discussion**

Tonight, Council will hold a public hearing to take testimony on the proposed plan amendment and to enter into the record a copy of the plan amendment, the draft TIF contract under consideration by the CRA, and a copy of the cost benefit analysis that was performed regarding this proposed project.

Council is being asked to approve a resolution approving the cost benefit analysis as presented along with the amended redevelopment plan for CRA Area #2 and authorizes the CRA to execute a contract for TIF based on the plan amendment. The redevelopment plan for amendment permits the development of a hotel at this site and the use of Tax Increment Financing to pay for the cost of acquisition of the property, demolition and site preparation, reconstruction of a new building, a hike/bike trail on or adjacent to the property, parking and landscaping. The cost benefit analysis as attached finds that this project meets the statutory requirements for as eligible TIF project and that it will not negatively impact existing services within the community or shift additional costs onto the current residents of Grand Island and the impacted school districts. The total tax increment financing allowed for this project may not exceed \$1,564,409 during this 15 year period. Additional revenues from sales tax, occupation taxes and personal property taxes should become available due to this project.

## **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve the resolution
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

## **Recommendation**

The CRA and Hall County Regional Planning Commission recommend that the Council approve the Resolution necessary for the adoption and implementation of this plan.

## **Sample Motion**

Move to approve the resolution as submitted.

**Redevelopment Plan Amendment  
Grand Island CRA Area #2 (South Locust)  
October 2008**

**Property Description**

This property is the former location of the Wonderful Garden restaurant and the Star Motel. Property addresses include 2623, 2707 and 2709 South Locust Street. Attachment A is a legal description of the property.

**Future Land Use Plan**

See the attached map from the 2004 Grand Island Comprehensive Plan

**Site Coverage and Intensity of Use**

The developer is proposing to build a 3 story, 82 room hotel on the site with an attached indoor pool, business center, fitness center and board room. The building will cover approximately 11,500 square feet on the lot. The TIF application includes room layout plans and typical finishes for the rooms and exterior of the building.

As shown on the attached site plan the majority of the site would be covered by building or parking. Landscaping would be provided along the street frontage and the developer will provide for a build a segment of trail adjacent to the site. This may be on either the north or south side of the property. This proposed intensity of use is consistent with the current zoning district and planned use of this property.

The anticipated value of this development at the time of completion is \$5,247,500.

**Changes to zoning, street layouts and grades or building codes or ordinances**

The proposed use is permitted in the current zoning district. No changes are anticipated in street layouts or grades. No changes are anticipated in building codes or ordinances.

**Additional Public Facilities or Utilities**

A sewer line will have to be moved to accommodate the development of this site. The new proposed building will be located over the existing sewer line. The line can be moved to accommodate the development. It is anticipated that an 8 inch water line and at least 2 fire hydrants will be needed to provide proper fire protection for this facility. This will have to be extended from the west side of Locust Street. Existing water connections to the site will have to be capped at the main.

A hike bike trail will be extended from Locust Street across the property. It is anticipated that this trail segment will connect to future trails planned by the City of Grand Island.



**Time Frame for Development**

Development of this project is anticipated to be mostly complete during the 2009 calendar year. The base tax year should be calculated on the value of the property as of January 1, 2009. Excess valuation should be available for this project for 15 years beginning with the 2010 tax year. Excess valuation will be paid to the developer's lender per the contract between the CRA and the developer for a period not to exceed 15 years or \$1,567,609.

## **Attachment A**

### **Wonderful Garden Property**

A tract of land located in Section Twenty-Seven (27), Township Eleven (11) North, Range Nine (9) West of the 6<sup>th</sup> P.M., Hall County, Nebraska, commencing at a point which is 525 feet North and 33 feet East of the quarter section corner between Sections Twenty-Seven (27) and Twenty-Eight (28) in Township Eleven (11) North, Range Nine (9) West of the 6<sup>th</sup> P.M. running thence North 100 feet along a line parallel to and 33 feet East of the Section line between Sections Twenty-Seven (27) and Twenty-Eight (28), thence Easterly at right angles a distance of 361.5 feet, thence Southerly at right angles a distance of 247.5 feet; thence Westerly at right angles to the Southeasterly corner of the tract conveyed by the grantor therein named on the 6<sup>th</sup> day of May 1930 to R.I. Merrick, which deed is recorded at page 627, in Book 69, from Deed Records in the Office of Register of Deeds, Hall County, Nebraska thence Northerly along East line of said tract so conveyed to said Merrick to the Northeasterly corner thereof, thence Westerly along the Northerly line of said tract so conveyed by grantor to the said Merrick to the place of beginning, expecting a tract of land to the City of Grand Island, Nebraska more particularly described in Deed recorded as Document No 200008052.

NOTE: 2623 S Locust, Grand Island, NE

### **Star Motel Property**

Legal Description 2707 and 2709 South Locust Street in Grand Island, Nebraska

Beginning at a point 377.5 Feet North of and 33 Feet East of the Quarter Section corner between Sections Twenty-Seven (27) and Twenty-Eight (28), in Township Eleven (11) North, Range Nine (9) West of the 6<sup>th</sup> P.M. and running thence North, along a line parallel to and 33 Feet East of the Section line between said sections Twenty-Seven (27) and Twenty-Eight (28), a distance of 147.5 Feet thence Easterly, at right angles, a distance of 354.65 Feet thence Southerly at right angles, a distance of 147.3 Feet; thence Westerly at right angles, a distance of 355.9 Feet to the place of beginning, and being a part of Lot One (1) Mainland in Section Twenty-Seven (27) in Township Eleven (11) North, Range Nine (9) West of the Sixth P.M., excepting therefrom, the property described in the Report of Appraisers recorded in Book T, Page 253, of the Miscellaneous Records in the Office of the Register of Deeds, Hall County, Nebraska.

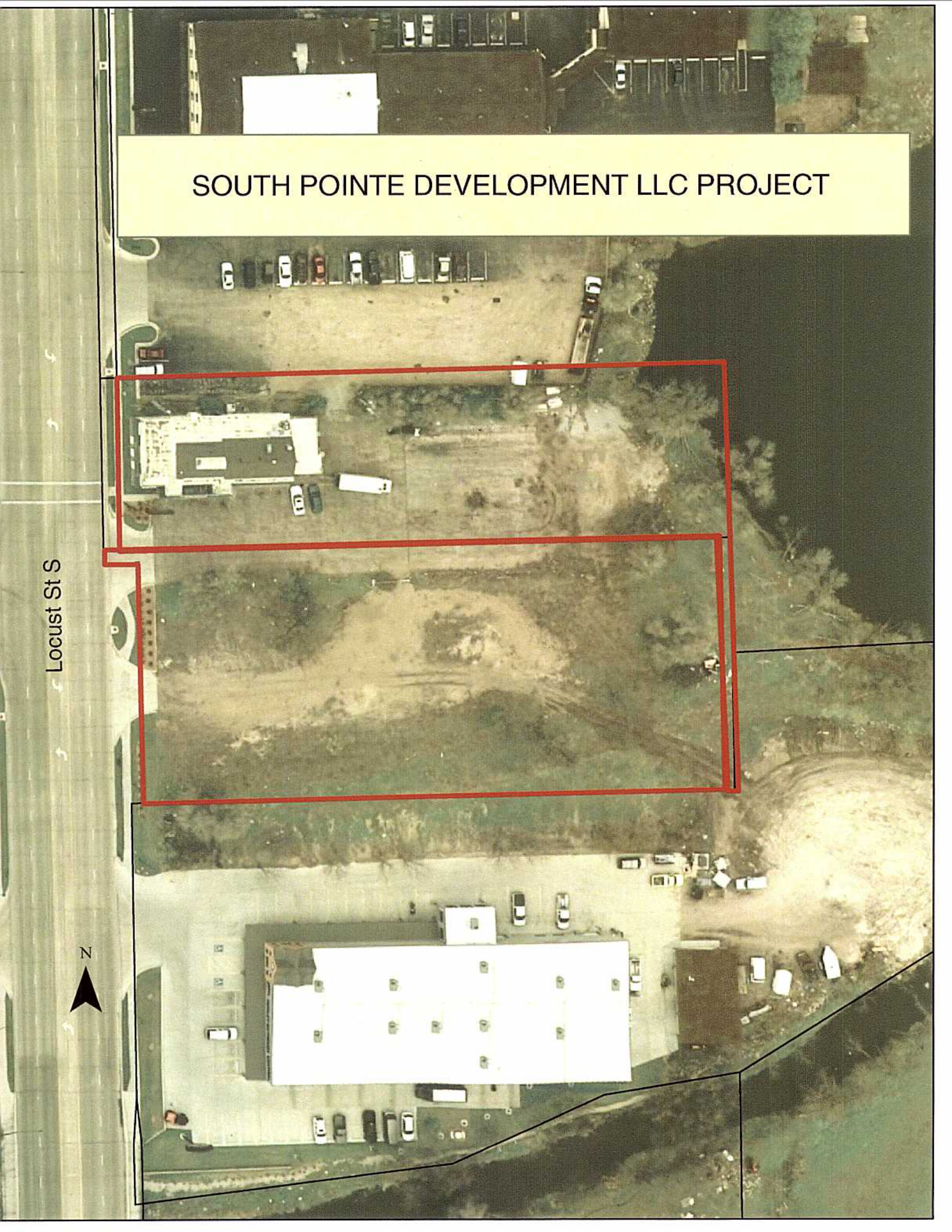
Approximately 1.2 acres



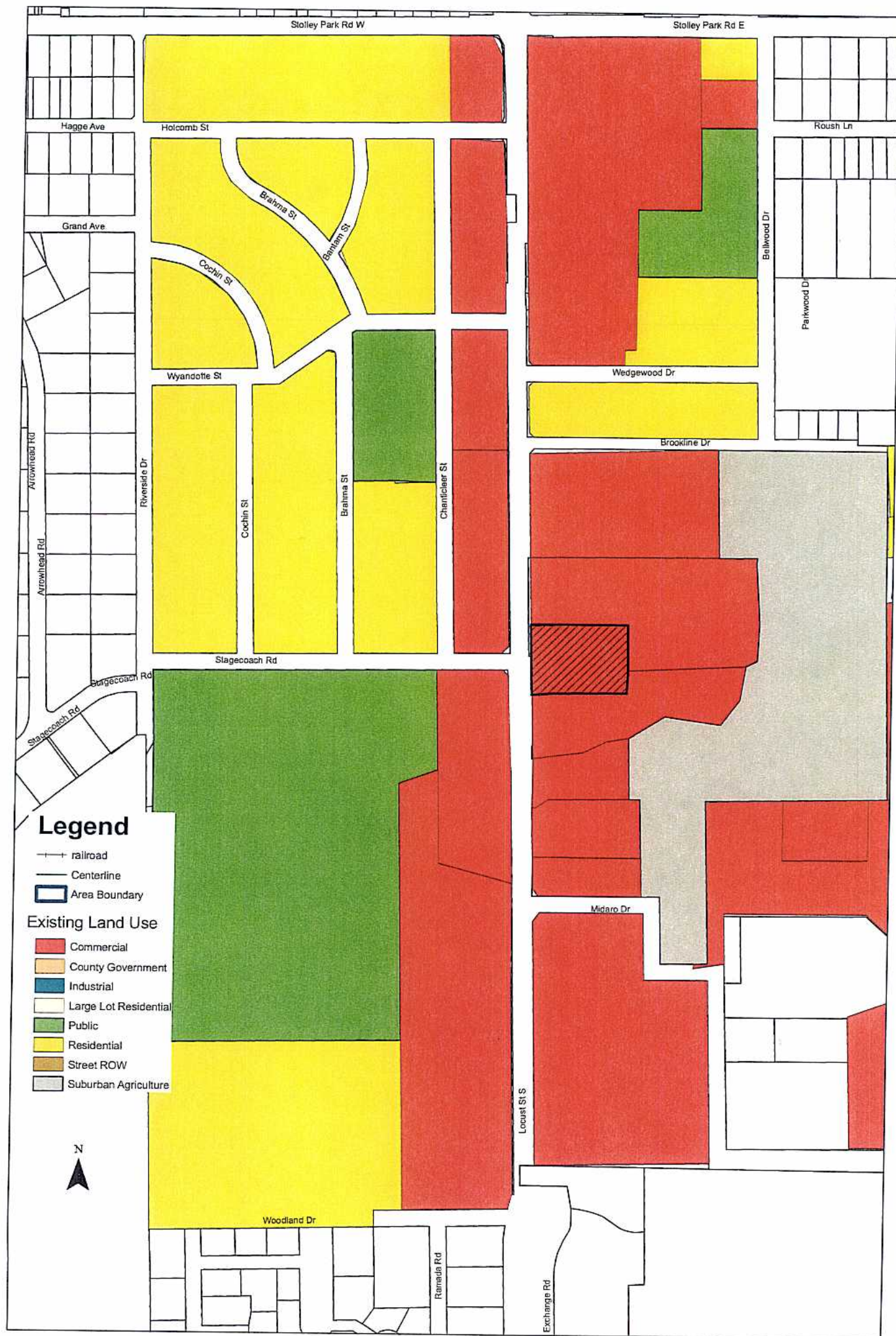
# SOUTH POINTE DEVELOPMENT LLC PROJECT

Locust St S

N

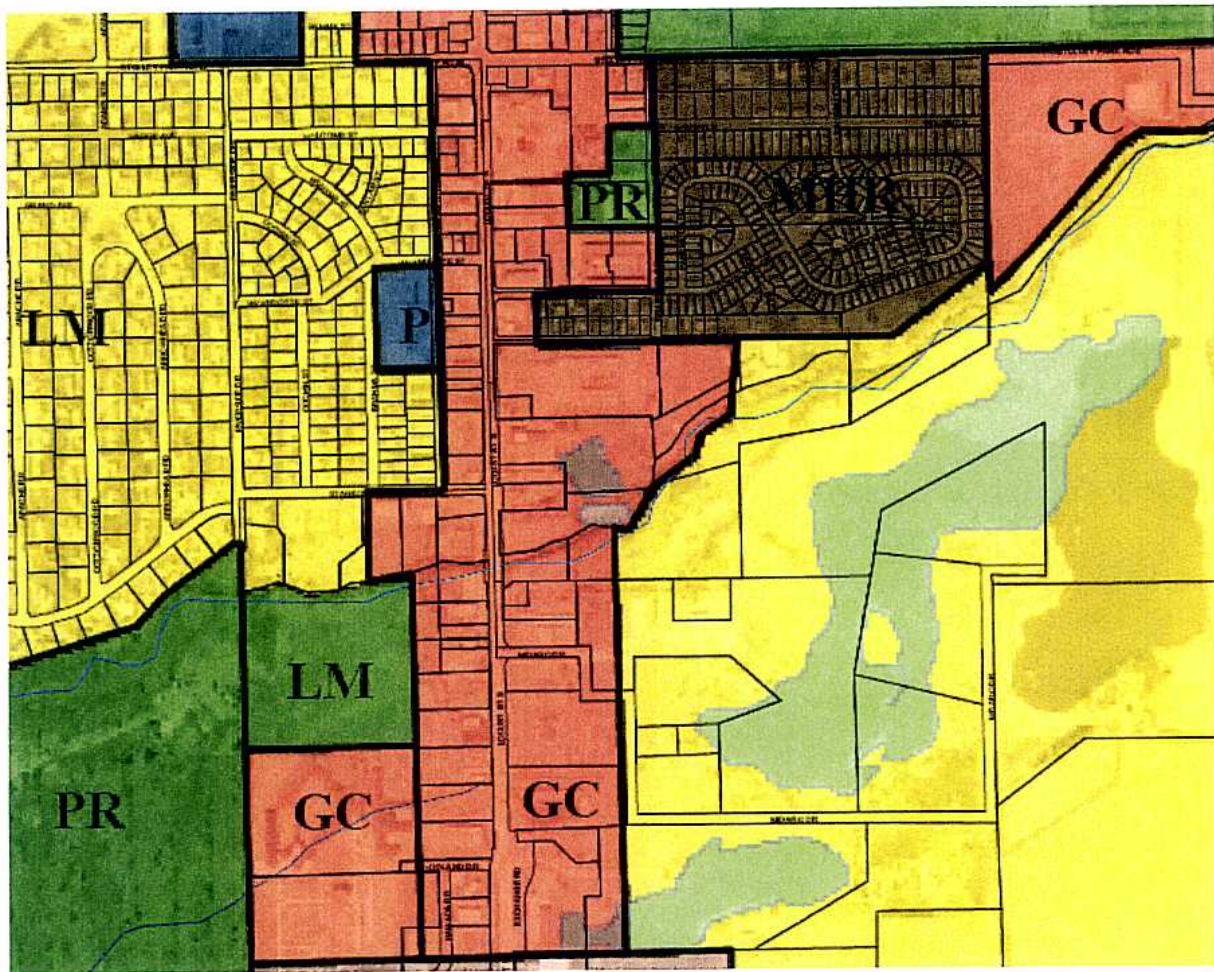








## Future Land Use Map



Future Land Use Map from 2004 Comprehensive Plan adopted by the City of Grand Island for the area near Stagecoach Road and Locust Street the site of the proposed South Pointe LLC project.

COMMUNITY REDEVELOPMENT AUTHORITY  
CITY OF GRAND ISLAND, NEBRASKA  
AREA #2  
SOUTH POINTE DEVELOPMENT LLC PROJECT  
OCTOBER 2008

COST-BENEFIT ANALYSIS  
(Pursuant to Neb. Rev. Stat Section 18-2113)

The cost-benefit analysis for the above referenced project, as described on the attached Exhibit A which will utilize funds authorized by Neb. Rev. Stat. Section 18-2147, can be summarized as follows:

South Pointe Development LLC is requesting tax increment financing to assist with the construction and redevelopment of hotel at 2709 South Locust Street. The project will result in the construction of an 80+ room Motel (Best Western Stoneridge proposed). This project renews the commercial use of this property. The property is currently vacant. It is zoned for commercial use. The Star Motel and a bar/restaurant were located on this property for many years. The proposed use is consistent with the current zoning of the property.

The estimated project costs are \$5,330,000 including the cost of acquisition of the property, necessary site improvements and utilities and construction of the new building. The amount of tax increment financing the project will generate over a 15 year period at the current tax levy rate is 2.074528 is \$1,564,409.

A. Tax shifts resulting from the approval of the use of funds pursuant to Section 18-2147:

a.	Redevelopment Project Valuation	\$302,642
b.	Projected Completed Project Assessed Valuation	\$5,330,000
c.	Projected Tax Increment Base (b. minus a.)	\$5,027,358
d.	City Tax Levy (2008)	
e.	County Tax Levy (2008)	
f.	School District Tax Levy (2008)	
g.	Community College Tax Levy (2008)	
h.	Educational Service Unit Tax Levy (2008)	
i.	Natural Resource District Tax Levy (2008)	
j.	Other applicable real estate tax levies (2008)	
k.	Total levy	\$2.074528
l.	Annual Projected Tax Shift (Max of 15 years)	\$104,294
m.	Total Projected Tax Shift	\$1,564,409

Note: The property tax shift is based on assumed values and levy rates; actual amounts and rates will vary from these assumptions, and it is understood that the actual tax shift may vary materially from the projected amount.

As part of this project the developer will be working with the City of Grand Island Public Works Department to move a sewer main that crosses the property. A water line will have to be extended across Locust Street to serve the proposed development. A number of easements will have to be vacated. The developer will provide a 10' wide hike bike trail across the property connecting South Locust with a proposed trail to the east of the property. These improvements will be made at the expense of the developer and will Tax Increment Financing will be necessary to pay for them.

B. Public infrastructure and community public service impacts and local tax impacts arising from the approval of the redevelopment project.

Necessary Public Infrastructure Improvements:

- Extension of water line with fire hydrants
- Relocation of sewer main that crosses the site
- Construction of hike\bike trail crossing the site
- Relocation of electrical power lines from overhead to underground

These improvements will be made at the developer's expense to be covered by TIF. Utilities are available to this location. No utility improvements on the site will be completed at rate payer or tax payer expense.

No street improvements are anticipated. South Locust is a major arterial 5 lane roadway. It is built to handle traffic that could be generated by this use.

There will not be an impact on neighborhood schools. Hotels tend to generate temporary residents that do not impact the school system.

Sales tax revenue and lodging tax revenue will be generated from the improvements to the property. The developers are anticipating \$1.5 million dollars of annual room rental fees this would generate \$22,500 in sales taxes for the City. Based on the same figures lodging tax fees would be each \$30,000 annually for Visitor Improvement Bonds (Heartland Events Center), Promotion (Funding the CVB), and City Occupation Tax.

It is estimated that this facility would have \$200,000 of personal property that would generate \$4150.00 in property taxes.

All utilities are city utilities, including electrical, sewer, and water. Gas is provided through Northwestern Energy.

C. Impacts on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project



The property is currently vacant and no jobs will be displaced by this development within the redevelopment area.

#### NEW JOBS

The hotel will generate approximately 25 new jobs in the community. It is estimated that 8 full time and 17 part time employees will be needed to staff the facility.

D. Impacts on other employers and employees within the city or village and the immediate area that are located outside of the boundaries of the area of the redevelopment project

The proposed project will add 80+ hotel rooms in town and will increase the competition to rent rooms. At times there are no rooms available in town so these can be absorbed. Additional employees will be needed to fill the positions created by this project. The unemployment rate in Hall County is 2.9%<sup>1</sup>. Competition for employees may cause some wage pressure in other businesses. Given the number of jobs expected with this project the impact should be minimal within the overall economy of the City Of Grand Island.

E. Any other impacts determined by the authority to be relevant to the consideration of costs and benefits arising from the redevelopment project

In addition to the other tax revenue generated directly by this facility the Hall County/Grand Island CVB estimates that visitors who stay in hotel rooms spend a total of \$420 for their stay during a two night stay (including the cost of lodging).

---

<sup>1</sup> Nebraska Workforce Development August 2008

Resolution Number 2009-01

HALL COUNTY REGIONAL PLANNING COMMISSION

A RESOLUTION RECOMMENDING APPROVAL OF A REDEVELOPMENT  
PLAN OF THE CITY OF GRAND ISLAND, NEBRASKA; AND APPROVAL OF  
RELATED ACTIONS

WHEREAS, the Chairman and Board of the Community Redevelopment Authority of the City of Grand Island, Nebraska (the "Authority"), referred that certain Redevelopment Plan to the Hall County Regional Planning Commission, (the "Commission") a copy of which is attached hereto as Exhibit "A" for review and recommendation as to its conformity with the general plan for the development of the City of Grand Island, Hall County, Nebraska, pursuant to Section 18-2112 of the Community Development Law, Chapter 18, Article 21, Reissue Revised Statutes of Nebraska, as amended (the "Act"); and

WHEREAS, the Commission has reviewed said Redevelopment Plan as to its conformity with the general plan for the development of the City of Grand Island, Hall County;

NOW, THEREFORE, BE IT RESOLVED BY THE HALL COUNTY REGIONAL PLANNING COMMISSION AS FOLLOWS:

Section 1. The Commission hereby recommends approval of the Redevelopment Plan.

Section 2. All prior resolutions of the Commission in conflict with the terms and provisions of this resolution are hereby expressly repealed to the extent of such conflicts.

Section 3. This resolution shall be in full force and effect from and after its passage as provided by law.

DATED: November 5, 2008.

HALL COUNTY REGIONAL PLANNING  
COMMISSION

ATTEST:

By:   
Chair

By:   
Secretary

## BACKGROUND INFORMATION RELATIVE TO TAX INCREMENT FINANCING REQUEST

### Project Redeveloper Information

- I. Business Name: SOUTH POINTE DEVELOPMENT, L.L.C.  
Address: PO BOX 139 – GRAND ISLAND NE 68802  
Telephone No.: (308) 381-2497  
Contact: Raymond J. O'Connor
- II. Brief Description of Applicant's Business:  
Real Estate Developer and Hotel Owner
- III. Present Ownership Proposed Project Site:  
Raymond and Jennifer O'Connor – 2623 S. Locust St. – Grand Island, NE  
Grand Island Community Redevelopment Authority – CRA Property to be  
acquired: 2707-2709 South Locust Street – Grand Island, NE
- IV. Proposed Project: Building square footage, size of property, description of  
Buildings – materials, etc. Please attach site plan, if available.  
Eighty-two (82) room Best Western Inn and Suites  
*\*\*Please review attached hotel material*
- V. If Property is Subdivided, Show Division Planned:
- VI. Estimated Project Costs:
- Acquisition Costs:
- |   |                   |
|---|-------------------|
| A. Land and Affiliate Cost (2623 S. Locust St.) | \$ <u>225,000</u> |
| B. 2709 – 2709 South Locust                     | \$ <u>50,000</u>  |
- Construction Costs:
- |                                  |                     |
|----------------------------------|---------------------|
| A. Renovation of Building Costs: | \$ <u>5,247,500</u> |
| B. On-Site Improvements:         | \$ <u>Included</u>  |

Soft Costs:

A. Architectural & Engineering Fees:	\$ 75,000
B. Financing Fees:	\$ 5,000
C. Legal / Developer / Audit Fees:	\$ 2,500
D. Contingency Reserves:	\$ n/a
E. Other (Please Specify)	\$ n/a
TOTAL	\$ 82,500

VII. Total Estimated Market Value at Completion: \$ 5,330,000

VIII. Source of Financing:

A. Developer Equity:	\$ 1,200,000
B. Commercial Bank Loan:	\$ 4,130,000
C. Tax Credits:	
1. N.I.F.A.	\$ n/a
2. Historic Tax Credits	\$ n/a
D. Industrial Revenue Bonds:	\$ n/a
E. Tax Increment Assistance: <i>**Total over a 15 year time period</i>	\$ 1,567,609
F. Other	\$ n/a

IX. Name, Address, Phone & Fax Numbers of Architect, Engineer and General Contractor:

Narber, Inc., PO Box 1781, Grand Island, NE, 68802-1781  
Phone (308) 381-1970, Fax (308) 384-2963

X. Estimated Real Estate Taxes on Project Site Upon Completion of Project:

\$5,330,000 x 2.074528% = \$110,572.00 Yearly

XI. Project Construction Schedule:

A. Construction Start Date:	<u>90 days after Tax Increment Financing is available</u>			
B. Construction Completion Date:	<u>270 days after construction start date</u>			
C. If Phased Project:				
	<u>n/a</u>	Year	<u>n/a</u>	Year
	<u>n/a</u>	Year	<u>n/a</u>	Year

XII. Please Attach Construction Pro Forma

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

**TAX INCREMENT FINANCING REQUEST INFORMATION**

- I. Describe Amount and Purpose for Which Tax Increment Financing is Requested:  
The amount of Tax Increment Financing requested is approximately \$1,567,609  
for 15 years. These funds will be used to assist in building and operating an 82 room  
Best Western Inn and Suites. Real Estate Taxes of Six Thousand and Twenty-Six  
Dollars (\$6,026.00) would continue to be paid each year of Tax Increment Financing.
- II. Statement Identifying Financial Gap and Necessity for use of Tax Increment Financing  
for Proposed Project:  
Tax Increment Financing is an integral and essential component in the overall  
Financing of the project development in order to create adequate economics  
for the construction and operation of this hospitality product.
- III. Municipal and Corporate References (if applicable). Please identify all other  
Municipalities, and other Corporations the Applicant has been involved with, or has  
completed developments in, within the last five (5) years, providing contact person,  
telephone and fax numbers for each:  
City of Grand Island – Raymond J. O'Connor  
City of Kearney – Raymond J. O'Connor  
South Pointe Development L.L.C. will be a newly formed Nebraska  
Limited Liability Company.
- IV. Please Attach Applicant's Corporate / Business Annual Financial Statements for  
the Last Three Years.  
South Pointe Development will be a newly formed Nebraska Limited  
Liability Company, thus it has no financial history.





MID-SCALE PROTOTYPE: STONERIDGE



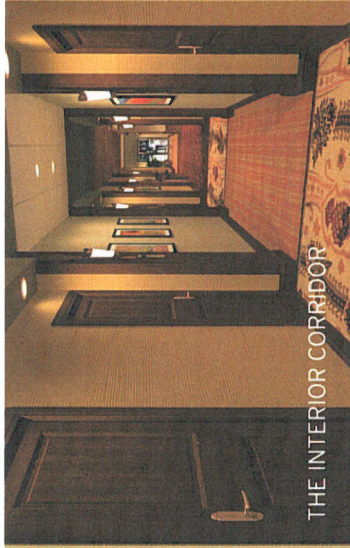


STONERIDGE EXTERIOR & PORTE COCHERE



## THE MID-SCALE PROTOTYPE INTERIOR.

Responsive to the needs of guests. Value engineered for investors. Timeless in its appeal.



THE INTERIOR CORRIDOR



THE BREAKFAST AREA



THE LOBBY AND REGISTRATION DESK



The Stoneridge interior design featured here fuses Arts & Crafts with Contemporary for a casual luxury that is inviting to guests. Familiar materials of wood, metal and stone, accented by vibrant autumnal colors are timeless and universal in their appeal.

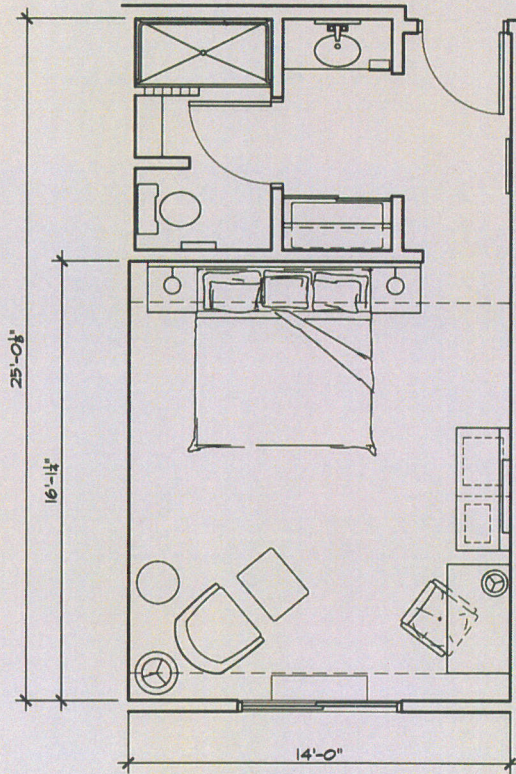


**The Stoneridge Prototype Guestroom:** A one-of-a-kind headboard created by Best Western designers calls out to guests that this is no cookie-cutter hotel - a point of difference that sets Best Western properties apart from the competition. The smartly designed desk has a built-in power strip for easy port access. Guests can adjust ceiling, tabletop and floor lighting to suit their mood and enjoy every modern amenity from the comfort of plush, overstuffed furniture - all of which comes at the greatest possible value for guests and investors alike.

Guestroom designs and room standards are specific to their respective prototype and therefore can only be used as designated.



14-FOOT WIDTH KING GUEST UNIT

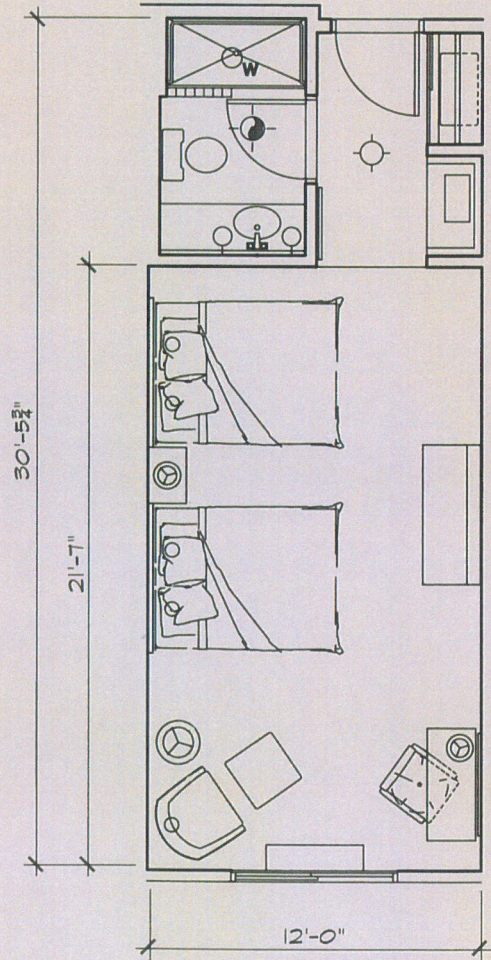


KING GUEST UNIT 14-foot width

Total room size	14'-0" x 25'-0"
Living area size	14'-0" x 16'-1 1/4"
Net square feet	350
Number of units	20



12-FOOT WIDTH DOUBLE QUEEN UNIT

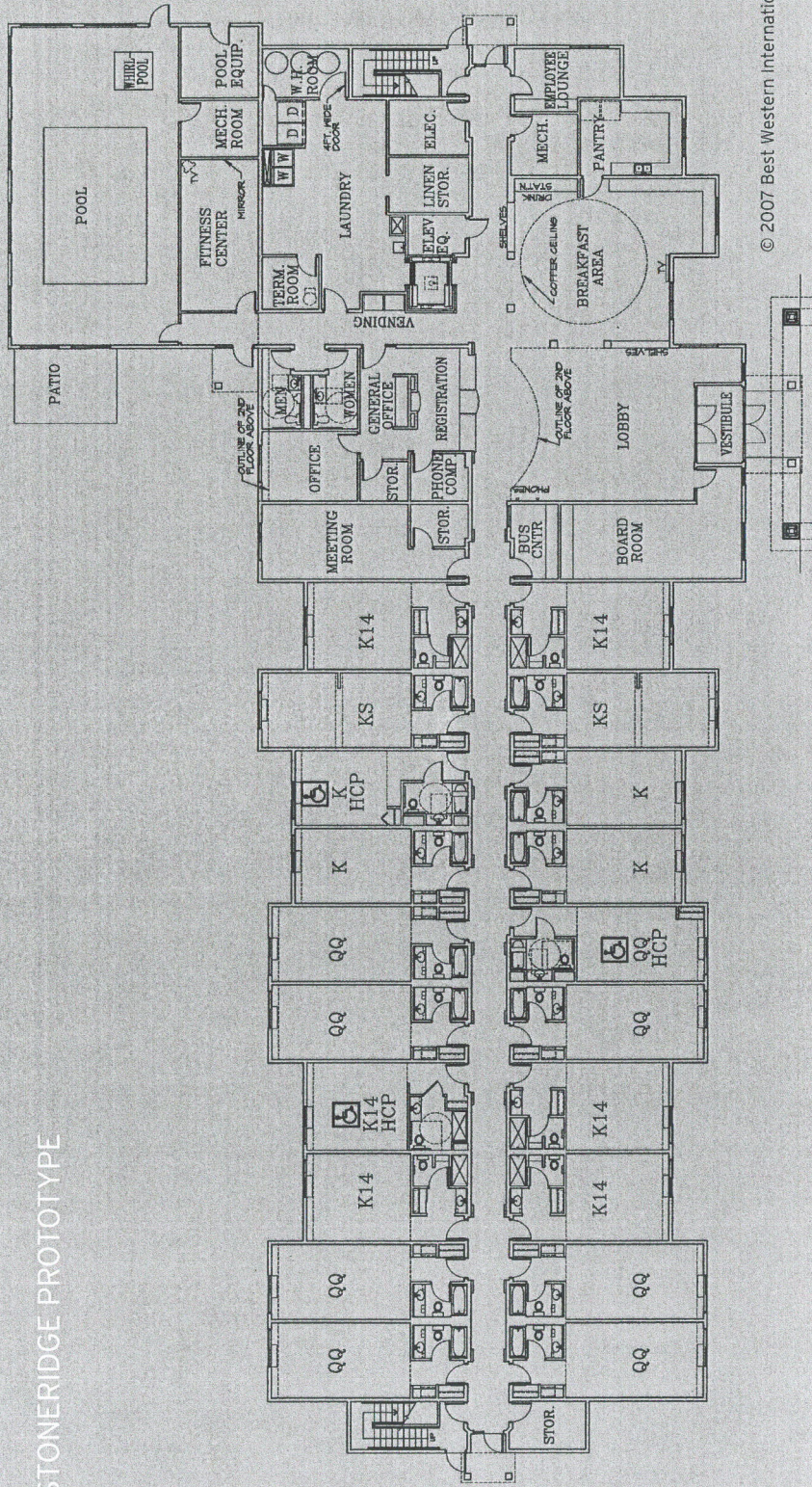


DOUBLE QUEEN GUEST UNIT 12-foot width

Total room size	12'-0" x 30'-5 3/4"
Living area size	12'-0" x 21'-7"
Net square feet	366
Number of units	30



# STONERIDGE PROTOTYPE



© 2007 Best Western International, Inc.

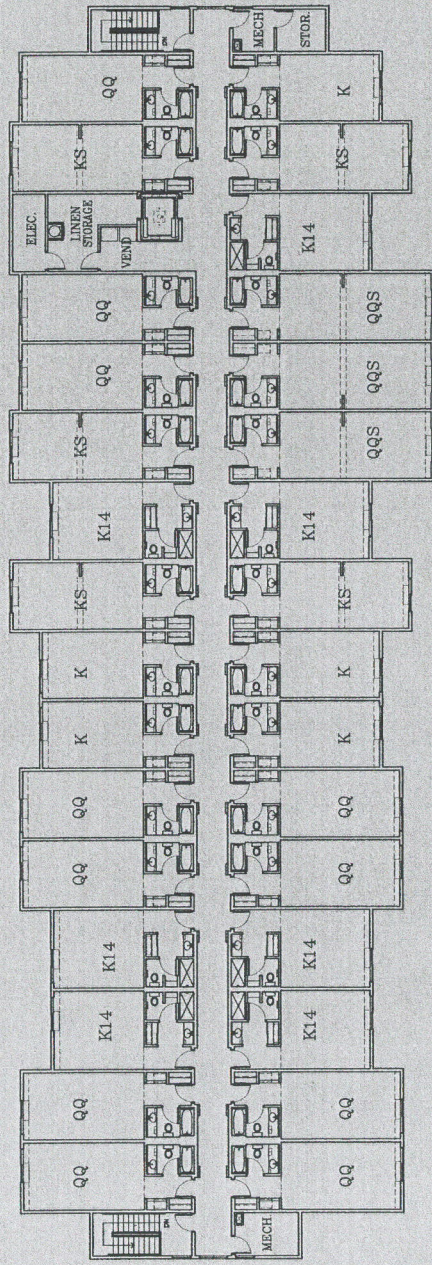
## FIRST FLOOR PLAN

		Square feet
Guest room GSF		881
King rooms	Public areas	786
King 14' rooms	Lobby area	416
Double Queen rooms	Breakfast area	97
King Mini Suites	Board Room	307
Total rooms	Business Center	s
	Fitness area	



# MID-SCALE

## STONERIDGE PROTOTYPE



© 2007 Best Western International, Inc.

## UPPER FLOOR PLAN

Guest room GSF	11,212
King rooms	5
King 14' rooms	7
Double Queen rooms	11
King Mini Suites	5
Double Queen Mini Suites	3
Total rooms	31



## **REDEVELOPMENT CONTRACT**

This Redevelopment Contract is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2008, by and between the Community Redevelopment Authority of the City of Grand Island, Nebraska (“Authority”) and South Pointe Development L.L.C. (“Redeveloper”), whether one or more.

### **WITNESSETH:**

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

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

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

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

### **ARTICLE I**

#### **DEFINITIONS AND INTREPRETATION**

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

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

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

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

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

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

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

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

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

“Redevelopment Contract” means this redevelopment contract between Authority and Redeveloper dated \_\_\_\_\_, 2008, with respect to the Project.

“Redevelopment Plan” means the Redevelopment Plan for Area No. 2, prepared by the Authority and approved by the City pursuant to the Act, as amended from time to time.

“Resolution” means the Resolution of the Authority dated \_\_\_\_\_, 2008, as supplemented from time to time, approving this Redevelopment Contract.

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

## ARTICLE II REPRESENTATIONS

### Section 2.01 Representations by Authority.

Authority makes the following representations and findings;

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

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

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



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

Section 2.02 Representations of Redeveloper.

The Redeveloper makes the following representations:

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

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

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

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

ARTICLE III

OBLIGATIONS OF THE AUTHORITY

Section 3.01 Division of Taxes

In accordance with Section 18-2147 of the Act, the Authority hereby amends the Redevelopment Plan of the Authority by providing that any ad valorem tax on real property in the Project for the benefit of any public body be divided for a period of fifteen years after the effective

date of this provision as provided in Section 18-2147 of the Act or until \$1,564,409.00 is provided through TIF, whichever occurs sooner. The effective date of this provision shall be January 1, 2009.

#### Section 3.02 TIF Pledge of Revenues.

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

#### Section 3.03 Payment.

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

#### Section 3.04 Creation of Fund.

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

### ARTICLE IV

#### OBLIGATIONS OF REDEVELOPER

#### Section 4.01 Construction of Project; Insurance

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

(b) Any contractor chosen by the Redeveloper or the Redeveloper itself shall be required to obtain and keep in force at all times until completion of construction, policies of insurance including coverage for contractors' general liability and completed operations and a penal bond as required by the Act. The Authority and the Redeveloper shall be named as additional insureds. Any contractor chosen by the Redeveloper or the Redeveloper itself, as an owner, shall be required to purchase and maintain property insurance upon the Project to the full insurable value thereof. This insurance shall insure against the perils of fire and extended coverage and shall include "All Risk" insurance for physical loss or damage. The contractor or the Redeveloper, as the case may be, shall furnish the Authority with a Certificate of Insurance evidencing policies as required above. Such certificates shall state that the insurance companies shall give the Authority prior written notice in the event of cancellation of or material change in any of the policies.

Sections 4.02 Reserved.

Section 4.03 Redeveloper to Operate Project.

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

Section 4.04 Authority Costs.

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

Section 4.05 No Discrimination.

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

Section 4.06 Pay Real Estate Taxes.

Redeveloper intends to create a taxable real property valuation of the Project of \$5,027,358.00 no later than as of December 31, 2009. During the term of this contract, Redeveloper will (1) not protest a real estate property valuation on the Premises of \$5,330,000.00 or less after substantial completion or occupancy; (2) not convey the Premises or structures thereon to any entity which would be exempt from the payment of real estate taxes or cause the nonpayment of such real estate taxes; and (3) cause all real estate taxes and assessments levied on the Premises to be paid prior to the time such become delinquent.

Section 4.07 Reserved.

Section 4.08 No Assignment or Conveyance.

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

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

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

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

ARTICLE V

FINANCING REDEVELOPMENT PROJECT; ENCUMBRANCES

Section 5.01 Financing.

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

Section 5.02 Encumbrances.

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

ARTICLE VI

DEFAULT, REMEDIES; INDEMNIFICATION

Section 6.01 General Remedies of Authority and Redeveloper.

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

Section 6.02 Additional Remedies of Authority.

In the event that:

- (a) The Redeveloper, or successor in interest, shall fail to complete the construction of the Project on or before December 31, 2009, or shall abandon construction work for any period of 90 days;
- (b) The Redeveloper, or successor in interest, shall fail to pay real estate taxes or assessments on the Premises or any part thereof when due, and such taxes or assessments shall not

have been paid, or provisions satisfactory to the Authority made for such payment within 30 days following written notice from Authority; or

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

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

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

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

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

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

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

For the purposes of any of the provisions of this Redevelopment Contract, neither the Authority nor the Redeveloper, as the case may be, nor any successor in interest, shall be considered in breach of or default in its obligations with respect to the conveyance or preparation of the Premises for redevelopment, or the beginning and completion of the construction of the Project,

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

Section 6.05 Limitation of Liability; Indemnification.

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

The Redeveloper will indemnify and hold each of the Authority and the City and their directors, officers, agents, employees and members of their governing bodies free and harmless from any loss, claim, damage, demand, tax, penalty, liability disbursement, expense, including litigation expenses, attorneys' fees and expenses, or court costs arising out of any damage or injury, actual or claimed, of whatsoever kind or character, to property (including loss of use thereof) or persons, occurring or allegedly occurring in, on or about the Project during the term of this Redevelopment Contract or arising out of any action or inaction of Redeveloper, injury, actual or claimed, of whatsoever kind or character, to property (including loss of use thereof) or persons, occurring or allegedly occurring in, on or about the Project during the term of this Redevelopment



Contract or arising out of any action or inaction of Redeveloper, whether or not related to the Project, or resulting from or in any way related to the enforcement of this Redevelopment Contract or any other cause pertaining to the Project.

ARTICLE VII  
MISCELLANEOUS

Section 7.01 Notice Recording.

A notice memorandum of this Redevelopment Contract shall be recorded with the Register of Deeds of Hall County, Nebraska.

Section 7.02 Governing Law.

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

Section 7.03 Binding Effect; Amendment.

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

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

ATTEST:

COMMUNITY REDEVELOPMENT  
AUTHORITY OF THE CITY OF  
GRAND ISLAND, NEBRASKA

\_\_\_\_\_  
Secretary

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

STATE OF NEBRASKA     )  
                                      )ss.  
COUNTY OF HALL        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by Barry G. Sandstrom and Chad Nabity, Chair and Secretary,

respectively, of the Community Redevelopment Authority of the City of Grand Island, Nebraska,  
on behalf of the Authority.

(SEAL)

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

SOUTH POINTE DEVELOPMENT,  
L.L.C.

By \_\_\_\_\_  
Member

By \_\_\_\_\_  
Member

STATE OF NEBRASKA     )  
                                      )ss.  
COUNTY OF HALL        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of  
\_\_\_\_\_, 2008, by South Pointe Development, L.L.C., by  
\_\_\_\_\_, Member and \_\_\_\_\_, Member.

(SEAL)

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

## EXHIBIT A

### DESCRIPTION OF PREMISES

A tract of land located in Section Twenty-Seven (27), Township Eleven (11) North, Range Nine (9) West of the 6<sup>th</sup> P.M., Hall County, Nebraska, commencing at a point which is 525 feet North and 33 feet East of the quarter section corner between Sections Twenty-Seven (27) and Twenty-Eight (28) in Township Eleven (11) North, Range Nine (9) West of the 6<sup>th</sup> P.M. running thence North 100 feet along a line parallel to and 33 feet East of the Section line between Sections Twenty-Seven (27) and Twenty-Eight (28), thence Easterly at right angles a distance of 361.5 feet, thence Southerly at right angles a distance of 247.5 feet; thence Westerly at right angles to the Southeasterly corner of the tract conveyed by the grantor therein named on the 6<sup>th</sup> day of May 1930 to R.I. Merrick, which deed is recorded at page 627, in Book 69, from Deed Records in the Office of Register of Deeds, Hall County, Nebraska thence Northerly along East line of said tract so conveyed to said Merrick to the Northeasterly corner thereof, thence Westerly along the Northerly line of said tract so conveyed by grantor to the said Merrick to the place of beginning, expecting a tract of land to the City of Grand Island, Nebraska more particularly described in Deed recorded as Document No 200008052.

### AND

Beginning at a point 377.5 Feet North of and 33 Feet East of the Quarter Section corner between Sections Twenty-Seven (27) and Twenty-Eight (28), in Township Eleven (11) North, Range Nine (9) West of the 6<sup>th</sup> P.M. and running thence North, along a line parallel to and 33 Feet East of the Section line between said sections Twenty-Seven (27) and Twenty-Eight (28), a distance of 147.5 Feet thence Easterly, at right angles, a distance of 354.65 Feet thence Southerly at right angles, a distance of 147.3 Feet; thence Westerly at right angles, a distance of 355.9 Feet to the place of beginning, and being a part of Lot One (1) Mainland in Section Twenty-Seven (27) in Township Eleven (11) North, Range Nine (9) West of the Sixth P.M., excepting therefrom, the property described in the Report of Appraisers recorded in Book T, Page 253, of the Miscellaneous Records in the Office of the Register of Deeds, Hall County, Nebraska

## EXHIBIT B

### DESCRIPTION OF PROJECT

An 82 unit three story Best Western Stoneridge Motel with attached indoor pool, business center, fitness center and board room, all containing approximately 11,500 square feet.

EXHIBIT C  
(Estimated)

1.	<u>Acquisition Costs:</u>	
	A. Land	\$275,000.00
	B. Building - Included in Land Cost	N/A
2.	<u>Construction Costs:</u>	
	A. Renovation or Building Costs:	\$5,247,500.00
	B. On-Site Improvements:	N/A
	C. Off-Site Improvements:	\$
3.	<u>Soft Costs:</u>	
	A. Architectural & Engineering Fees:	\$75,000.00
	B. Financing Fees:	\$5,000.00
	C. Legal/Developer/Audit Fees:	\$2,500.00
	D. Contingency Reserves:	N/A
	E. Other (Please Specify)	N/A
	<b>TOTAL</b>	<b>\$82,500.00</b>