



City of Grand Island

Tuesday, December 16, 2008

Council Session

Item E1

Public Hearing on Redevelopment Plan for Property in Blight and Substandard Area #6 Located at 233 and 235 N Darr Avenue and 2018 and 2020 Blake Street

Staff Contact: Chad Nabity

Council Agenda Memo

From: Chad Nabity, AICP

Meeting: December 16, 2008

Subject: Amendment to Redevelopment Plan for CRA Area #6

Item #'s: E-1 & G-2

Presenter(s): Chad Nabity, AICP CRA Director

Background

In January of 2008, the Grand Island City Council declared property referred to as CRA Area #6 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.

Todd Enck (the developer) has submitted a proposed amendment to the redevelopment plan that would provide for the construction two duplex buildings one on each lot. The first building would have two 962 square foot units with attached garages. The second building would have two 1062 square units with attached garages. Both units would have landscaped yards with underground sprinkling installed.

The CRA reviewed the proposed development plan and forwarded it to the Hall County Regional Planning Commission for recommendation at their meeting on November 17th. 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 8th of December.

The Hall County Regional Planning Commission held a public hearing on the plan amendment at a meeting on December 3rd. The Planning Commission approved Resolution 2009-02 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 #6 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 \$54,650 during this 10 year period. This project will remove a substantially blighted property from the neighborhood and replace it with two new buildings.

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 continue approve the resolution as submitted.

**Redevelopment Plan Amendment
Grand Island CRA Area #6
November 2008**

Property Description

This property is located at the corner of Blake Street and Darr Avenue (Lots 9 and 10 of Block 19 of Packer & Barr's Second Addition to the City of Grand Island). Property addresses include 235 and 233 N Darr Avenue and 2020 and 2018 Blake Street in Grand Island Nebraska.

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 two duplex buildings one on each lot. The first building would have two 962 square foot units with attached garages. The second building would have two 1062 square units with attached garages. Both units would have landscaped yards with underground sprinkling installed. Each unit will have 2 bedrooms and it is anticipated that the total occupancy of these units would range from between 4 and 16 people.

The anticipated value of this development at the time of completion is \$300,000.

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.

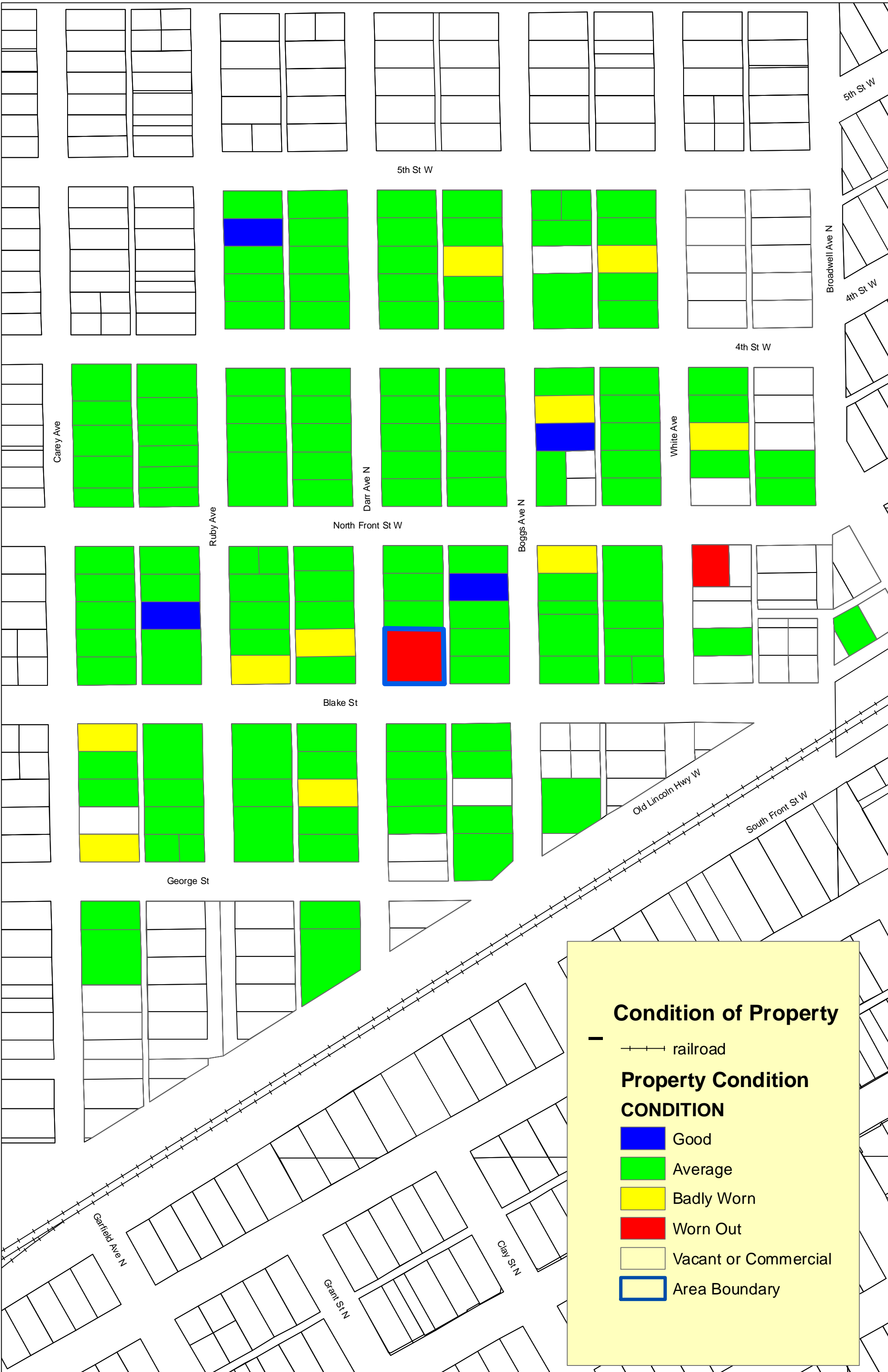
Additional Public Facilities or Utilities

Sewer and water are available to support this development. Additional water services are anticipated so each unit has its own water service. New sewer services may be needed to support the additional development. No new mains will be required.

No other utilities would be impacted by the development.

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 \$53,650.



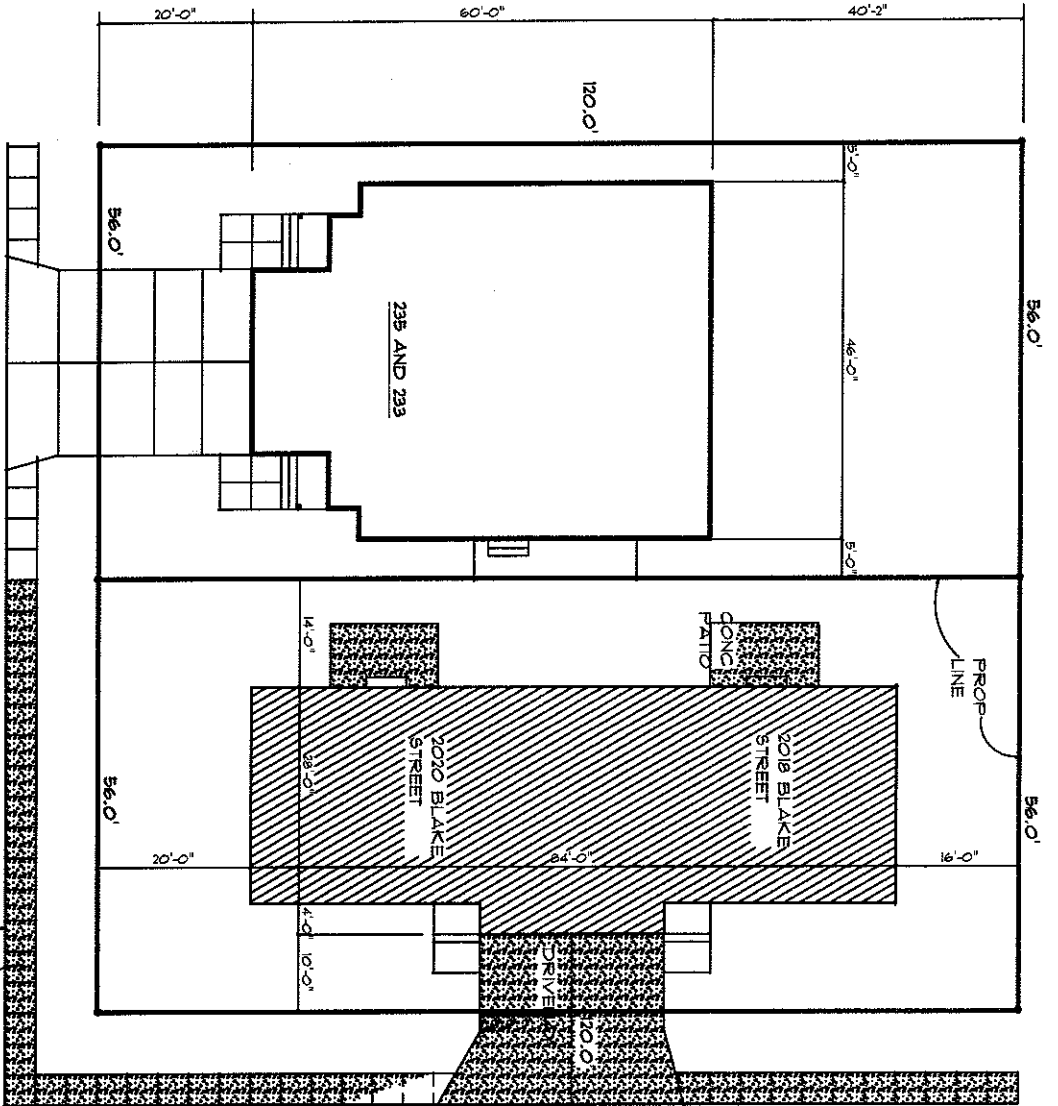


Future Land Use Map



Future Land Use Map from 2004 Comprehensive Plan adopted by the City of Grand Island for the area near Blake Street and Darr Avenue the proposed redevelopment site.

ALLEY



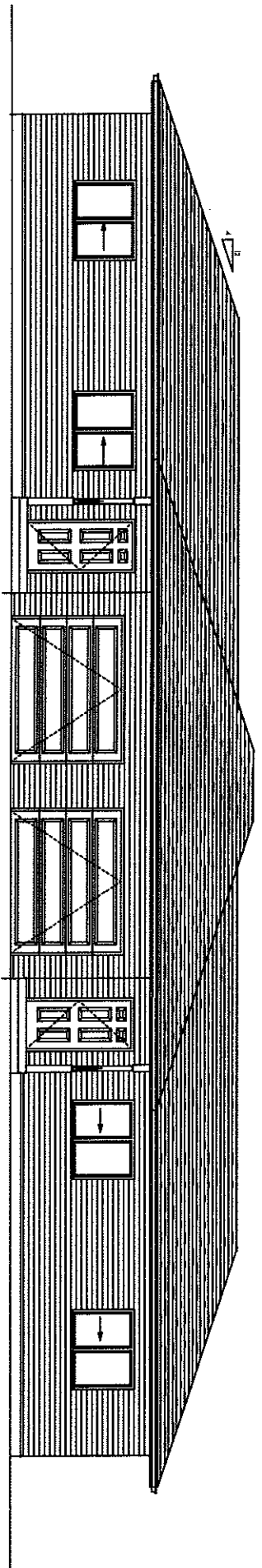
BLAKE STREET

DARR AVENUE

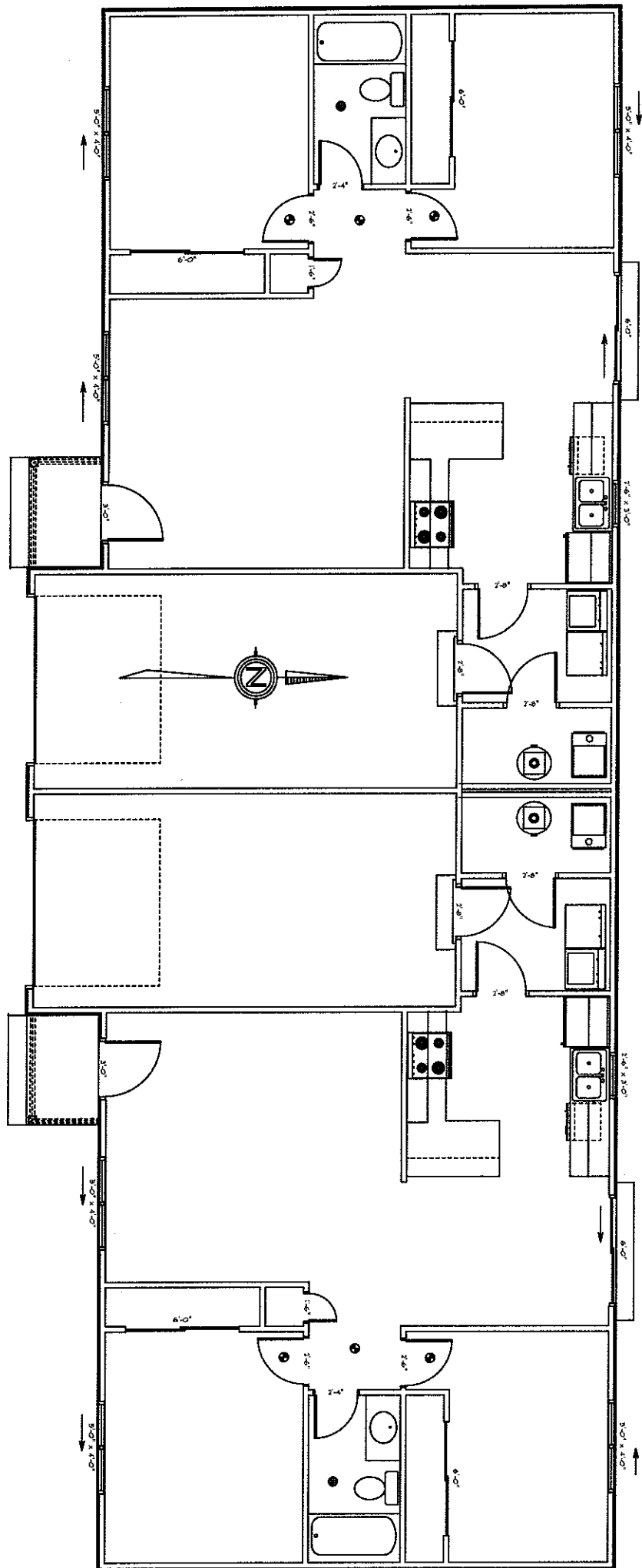
SITE PLAN

1" = 10.0'

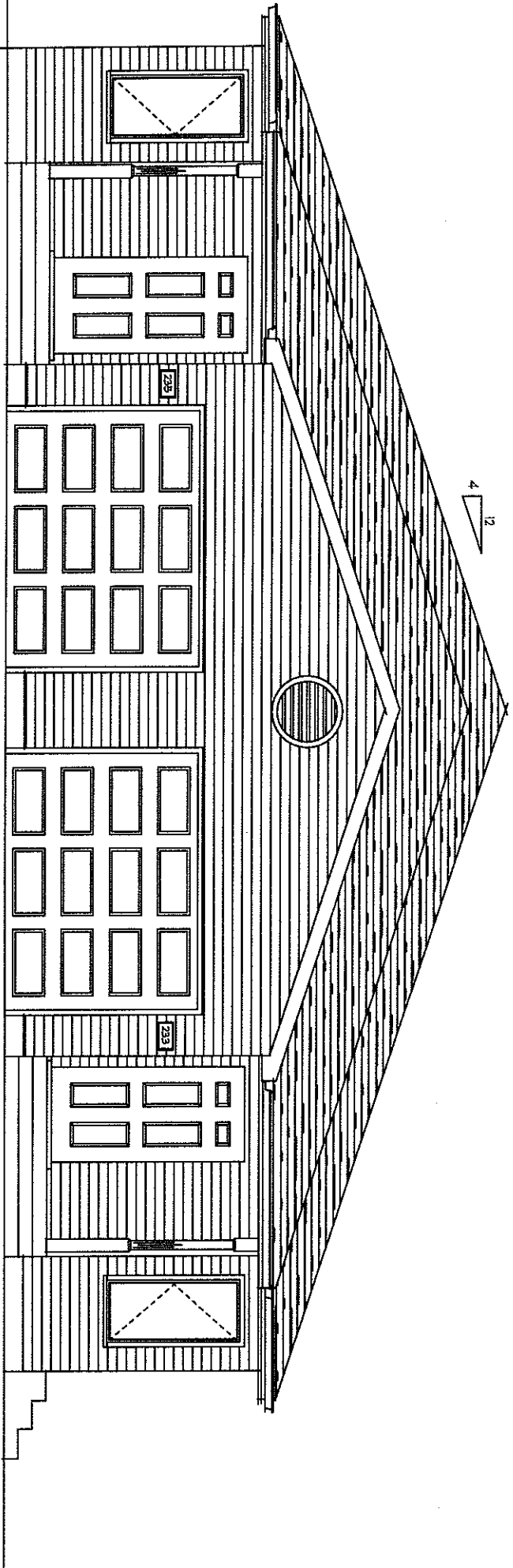




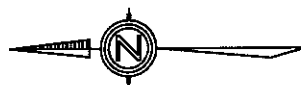
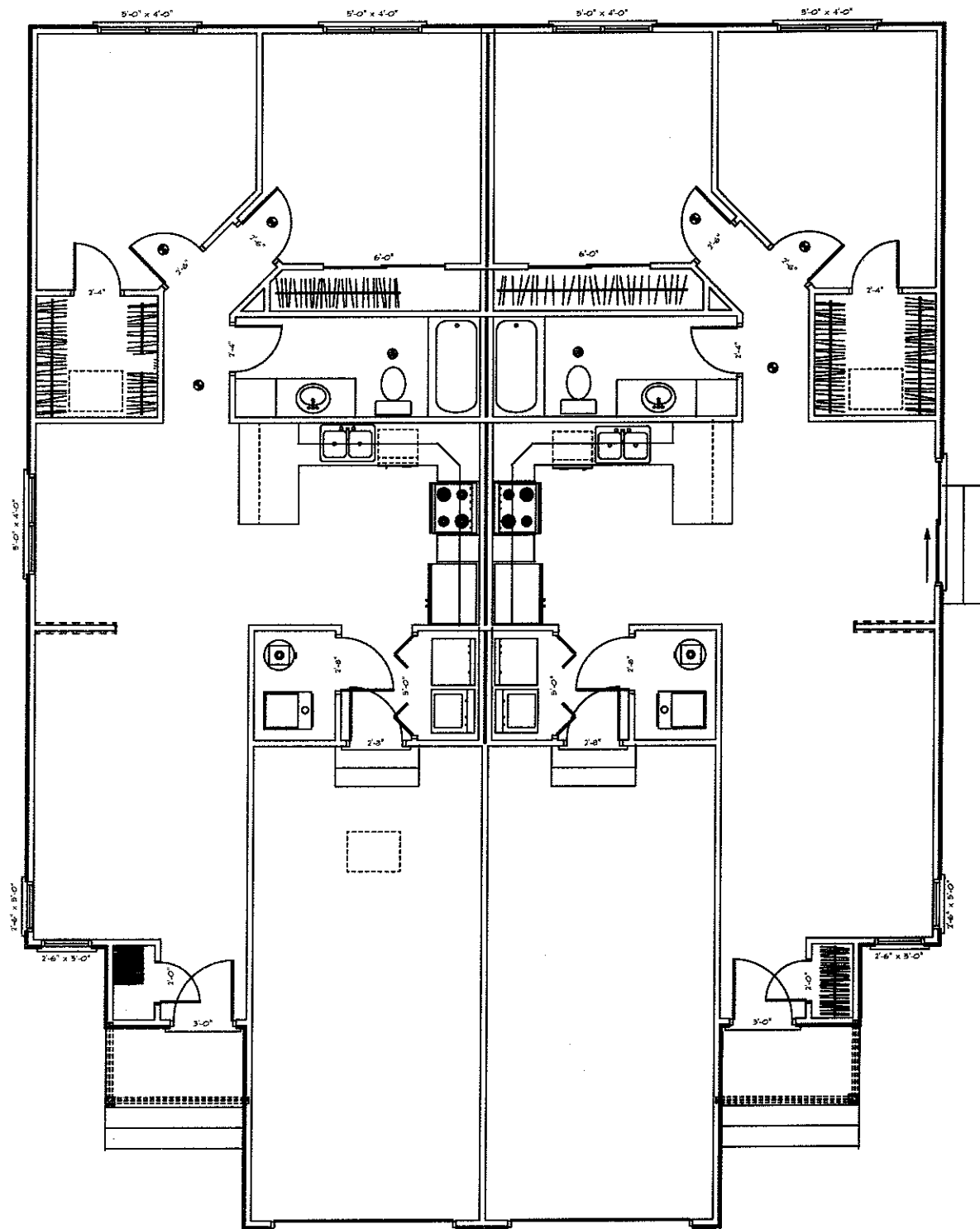
FRONT ELEVATION



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FRONT ELEVATION



COMMUNITY REDEVELOPMENT AUTHORITY
CITY OF GRAND ISLAND, NEBRASKA

AREA #6

T.C. Enck Builders Inc. Project
NOVEMBER 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:

T.C. Enck Builders Inc. is requesting tax increment financing to assist with the construction and redevelopment of two duplex units at 233 and 235 N Darr Ave. and 2018 and 2020 W Blake St. Each building will have two dwelling units with two bedrooms and an attached garage. This project renews the residential use of this property. The property is currently occupied by a vacant single family house that is considered worn out by the assessor's office. It is zoned for residential use. The proposed use is consistent with the current zoning of the property.

The estimated project costs are \$332,600 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 \$87,130. The developer is requesting \$54,650 of assistance. It is anticipated that this assistance would be met in 9.4 years. The amount of TIF would be limited to \$54,650 by the contract.

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

a.	Redevelopment Project Valuation	\$20,000
b.	Projected Completed Project Assessed Valuation	\$300,000
c.	Projected Tax Increment Base (b. minus a.)	\$280,000
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)	\$5,809
m.	Total Projected Tax Shift	\$87,130

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.

The developer is requesting assistance with the cost of acquisition of the property; demolition of the existing structure; site preparation costs and expenses for professional services such as architecture and engineering. The developer will also have to install new sewer and water services for the two lots. These improvements will be paid for by the developer. If approved, TIF, will be used to pay those costs.

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

Necessary Public Infrastructure Improvements:

- New sanitary sewer services
- New water services
- Reconstruction of sidewalks

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. Blake and Darr are both 37' wide paved streets. Minimal additional traffic will be created with this project.

There will be a minimal impact on neighborhood schools. It is anticipated that as many as 8 new students could be put into the school system with these 4 units. School officials indicated that 8 additional students would not significantly impact either Jefferson Elementary or Walnut Middle School.

Minimal sales tax revenue would be generated with this use. Some additional sales tax will be generated with the construction. Utilities are also subject to sales tax.

All utilities are city utilities, including electrical, sewer, 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. This will keep the developers employees working while the units are being built.

- 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

It is anticipated that this project will have no significant impact on other employers within the immediate area or in the community at large.

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

This project will increase the available quality housing in Grand Island by a net of 4 units. The existing structure is worn out and not acceptable as a housing unit. These types of smaller projects spread throughout the city will have a less drastic impact on neighborhoods and schools than a centralized larger housing project.

This neighborhood has not had a great deal of new development in many years and some newer buildings, especially ones that replace worn out buildings are likely to raise all of the property values.

Resolution Number 2009-02

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: December 3, 2008.

HALL COUNTY REGIONAL PLANNING
COMMISSION

ATTEST:

By: Patricia L. Smith
Chair

By: Leslie E. Ruge
Secretary



BACKGROUND INFORMATION RELATIVE TO TAX INCREMENT FINANCING REQUEST

Project Redeveloper Information

Business Name: Todd Enck

Address: 511 Fleetwood Circle Grand Island, NE 68803

Telephone No.: 308-380-1041

Fax No.: 308-380-7054

Contact: Todd Enck

Brief Description of Applicant's Business:_____

General Contractor, owner of T.C. Enck Builders, Inc.

Present Ownership Proposed Project Site: 2020 Blake St. Grand Island, NE 68803

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

2 Energy Efficient duplexes with attached garages. 2 units are 960 sq ft and 2 units are
1062 sq ft. Yards landscaped and sprinklers installed.

If Property is to be Subdivided, Show Division Planned:

VI. Estimated Project Costs:

Acquisition Costs:

A. Land \$25,093.87

Purchase, Taxes, Interest

B. Building \$11,100.00

Demo & Asbestos Removal, Tree Removal

Construction Costs:

A. Renovation or Building Costs: \$272,944.26

B. On-Site Improvements: \$ 12,106.40

Sidewalk, landscaping, sprinklers, sewer taps, lot pins

Soft Costs:

A. Architectural & Engineering Fees: \$ 2,800.00

B. Financing Fees: \$ 2,549.50

C. Legal/Developer/Audit Fees:	\$
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D. Contingency Reserves:	\$ 5,000.00
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E. Other (Please Specify)	\$
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TOTAL	\$ 331,594.03

Source of Financing:

B. Commercial Bank Loan:	\$ 300,000.00
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2. Historic Tax Credits	\$
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F. Other	\$
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T.C. Enck Builders, Inc. – General Contractor

Estimated Real Estate Taxes on Project Site Upon Completion of Project:
(Please Show Calculations)

$(\$300,000 \times .90) \times (.2) = \$5,400.00$ 90% of estimated value x Expected Annual
Mil Levy

Project Construction Schedule:

Construction Start Date: January 2009

Construction Completion Date: July 2009

If Phased Project:

_____ Year _____ %
Complete

_____ Year _____ %
Complete

XII. Please Attach Construction Pro Forma

XIII. Please Attach Annual Income & Expense Pro Forma

(With Appropriate Schedules)

TAX INCREMENT FINANCING REQUEST INFORMATION

Describe Amount and Purpose for Which Tax Increment Financing is Requested:

Amount of Incremental Prospective Annual Real Estate Taxes over 2008 Real Estate Taxes on the subject property for 15 years will be used to redevelop the property.

Statement Identifying Financial Gap and Necessity for use of Tax Increment Financing
for Proposed Project: TIF is an important component in order for this project
to bridge the deficit between the actual cost of the project and the income
producing capability of the real estate. We feel that this project will add value to
a defined blighted area in the community as well as provide much needed quality
affordable rental housing.

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

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

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

T. C. Enck Builders, Inc.

Construction costs projected for 2 duplexes @ 2020 Blake St.

Permits/Excavation/backfill/foundation/basement slab/drain system	\$13,447.60
framing/trusses	\$33,499.93
windows/exterior finishes	\$17,247.09
insulation/drywall	\$11,560.00
HVAC/plumbing/electrical	\$26,906.00
interior finishes(cabs/painting)	\$17,974.87
concrete	\$5,080.72
floor cov/lt fixt./appliances	<u>\$10,755.92</u>
Total ea unit	<u>\$136,472.13</u>
Total project	<u><u>\$272,944.26</u></u>

****Total project cost includes Building Costs only**

PROJECTED CASH FLOW FOR 2020 W BLAKE

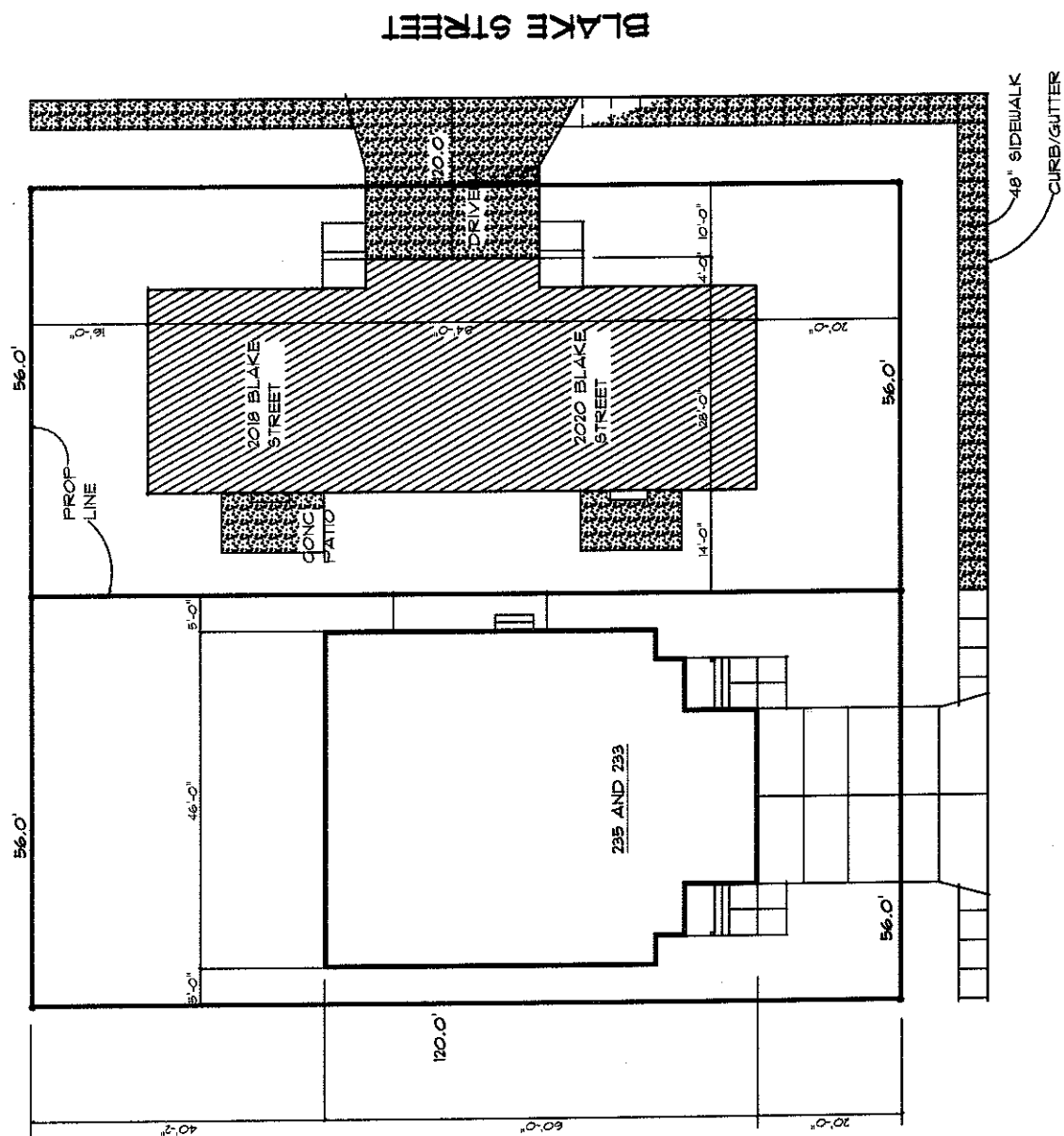
Cash Flow Analysis		Cash Flow Analysis	
Annual est. revenues @ 700/mo/unit		Annual est. revenues @ 700/mo/unit	
	\$ 33,600.00		\$ 33,600.00
5% vacancy	\$ 1,680.00	5% vacancy	\$ 1,680.00
Taxes	\$ 5,400.00	Taxes	\$ 840.00
Maintenance	\$ 840.00	Maintenance	\$ 300.00
Miscellaneous/Mngt	\$ 300.00	Miscellaneous/Mngt	\$ 1,200.00
Insurance	\$ 1,200.00	Insurance	\$ 29,580.00
Net Income	\$ 24,180.00	Net Income	\$ 29,580.00
5/30 Debt Service (without TIF) @ 7.5%**		5/30 Debt Service (with TIF) @ 7.5%**	
Property DSCR		Property DSCR	
\$ 25,176.00		\$ 25,176.00	
0.96		\$ 1.17	
5/15 Debt Service (without TIF) @ 7.5%**		5/15 Debt Service (with TIF) @ 7.5%**	
Property DSCR		Property DSCR	
\$ 33,372.00		\$ 33,372.00	
0.72		\$ 0.89	

*DSCR= Debt Service Coverage Ratio

*Bank will require 1.25 DSCR-this can be accomplished only with TIF financing and additional downpayment by the owner

**Financing of \$300,000

ALTY

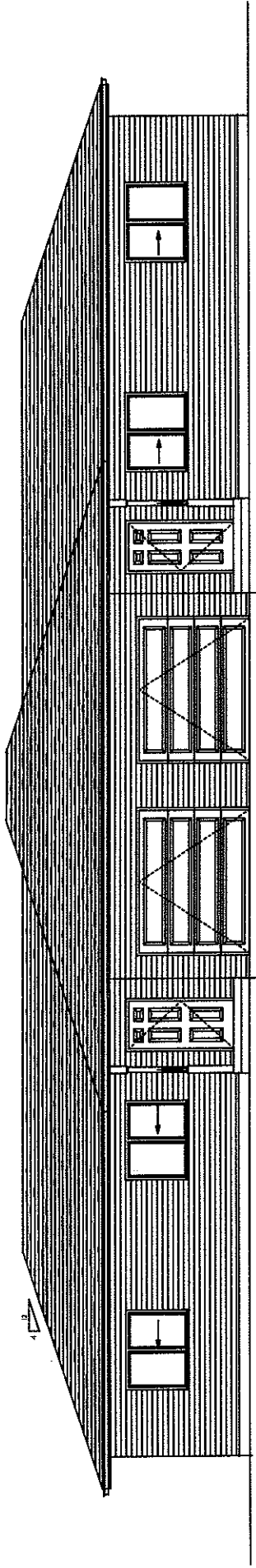


DARR AVENUE

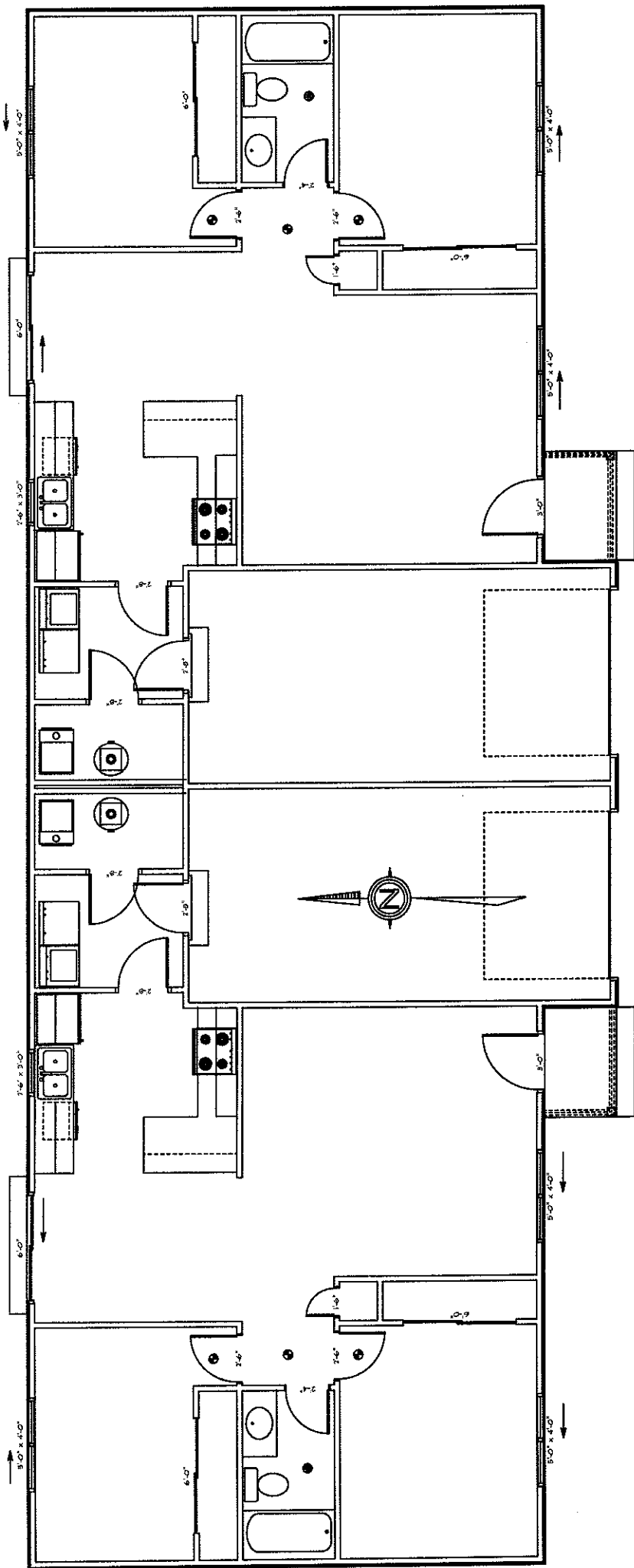


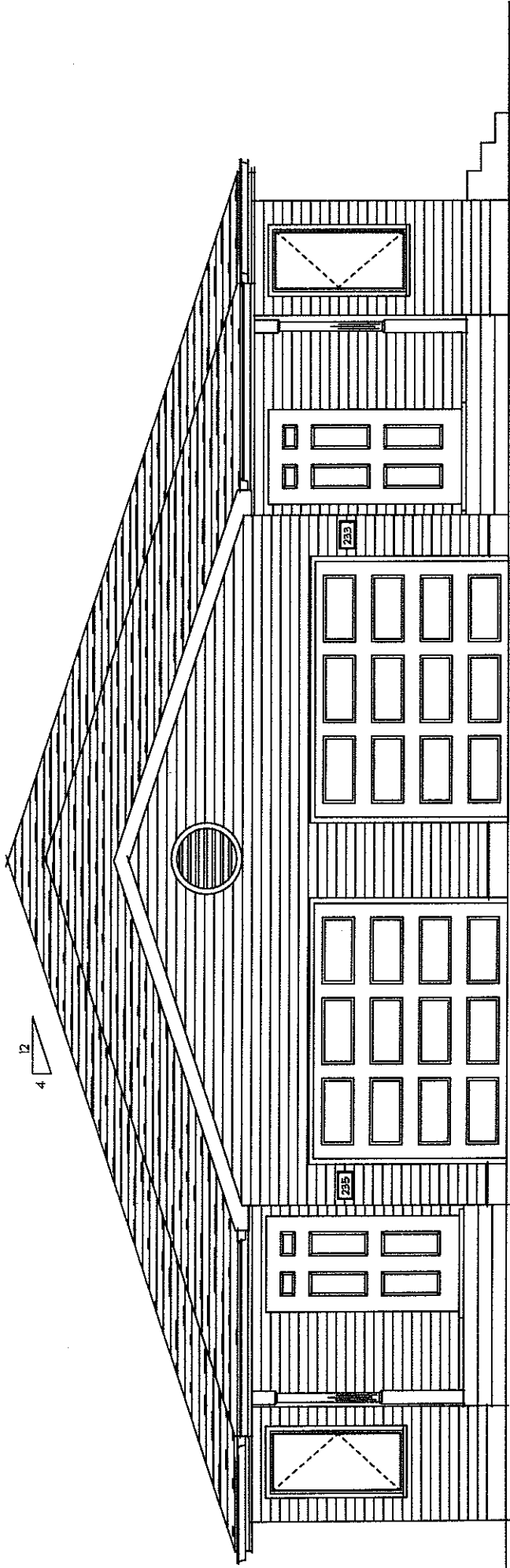
NOTES

$$\bar{r} = 10.0'$$



FRONT ELEVATION





FRONT ELEVATION



810 Allen Drive
Post Office Box 5168
Grand Island, NE
68802-5168

Tel: 308-389-2600
Toll Free: 800-619-2303
Fax: 308-382-2182
www.pvsb.com

October 22, 2008

Community Redevelopment Authority
P.O. Box 1968
101 East 1st Street
Grand Island, NE 68802

RE: Todd Enck
2020 Blake St., Grand Island, NE 68803

Dear Members:

Platte Valley State Bank & Trust Co. has agreed to provide financing in an amount approximately \$300,000, as a first mortgage loan, for a project to be located at 2020 Blake Street, Grand Island, NE. This commitment is contingent upon a written commitment from your agency to support this project with tax increment financing.

In the event you have any questions, please do not hesitate to contact me.

Sincerely,

Claudia Fredricks
Vice President

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 Todd Enck (“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 an individual 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 ten years after the effective date of this provision as provided in Section 18-2147 of the Act or until \$54,650.00 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 10 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 \$300,000.00 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 \$331,594.00 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 10 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

Todd Enck

STATE OF NEBRASKA)
)ss.
COUNTY OF HALL)

The foregoing instrument was acknowledged before me this _____ day of
_____, 2008, by Todd Enck, for the purposes therein stated.

(SEAL)

Notary Public

EXHIBIT A

DESCRIPTION OF PREMISES

This property is located at the corner of Blake Street and Darr Avenue (Lots 9 and 10 of Block 19 of Packer & Barr's Second Addition to the City of Grand Island). Property addresses include 235 and 233 N Darr Avenue and 2020 and 2018 Blake Street in Grand Island Nebraska.

EXHIBIT B

DESCRIPTION OF PROJECT

Two energy efficient duplexes with attached garages. Two units are 960 sq. ft. and two units are 1062 sq. ft. Yards landscaped and sprinklers installed. Both at 2020 Blake Street.

EXHIBIT C
(Estimated)

1.	<u>Acquisition Costs:</u>	
	A. Land	\$25,093.87
	B. Building - Included in Land Cost	\$11,100.00
2.	<u>Construction Costs:</u>	
	A. Renovation or Building Costs:	\$272,944.26
	B. On-Site Improvements:	\$12,106.40
	C. Off-Site Improvements:	N/A
3.	<u>Soft Costs:</u>	
	A. Architectural & Engineering Fees:	\$2,800.00
	B. Financing Fees:	\$2,549.50
	C. Legal/Developer/Audit Fees:	\$1,000.00
	D. Contingency Reserves:	\$5,000.00
	E. Other (Please Specify)	N/A
	TOTAL	\$332,594.03