

City of Seward, NE

Tuesday, May 17, 2016

Regular Session

Item G4

PUBLIC HEARING - 7:00 -P.M. - TAX INCREMENT FINANCING APPLICATION - BRADFORD CENTER - Alyssa Hendrix & Andrew Willis, Cline Williams Wright, Johnson & Oldfather, L.L.P.

Presentation and Review of TIF Application

Presentation and Review of Cost-Benefit Analysis

Presentation and Review of Amendment to Redevelopment Plan

Presentation and Review of Redevelopment Agreement

Consideration of a Resolution approving the Redevelopment Plan Amendment

*Consideration of a Resolution Approving the Redevelopment Agreement and the Issuance of TIF
Indebtedness for the Redevelopment Project*

Administrative Report: The Planning Commission reviewed the TIF application during a public hearing on May 9, 2016 and unanimously approved the application. The Community Redevelopment Authority met on May 4, 2016 and unanimously approved the project, plan amendment and plan agreement.

Following the public hearing, review and discussion, motions to approve the plan amendment, agreement and resolutions would be in order.

Staff Contact:

NOTICE OF PUBLIC HEARINGS

Public notice is hereby given by the Planning Commission of the City of Seward, Nebraska, that a public hearing will be held at 7:30 p.m. on May 9, 2016, at the Seward Municipal Building, 142 North 7th Street, Seward, Nebraska.

Public notice is hereby also given by the Mayor and City Council of the City of Seward, Nebraska, that a public hearing will be held at 7:00 p.m. on May 17, 2016, at the Seward Municipal Building, 142 North 7th Street, Seward, Nebraska.

The purpose of both hearings is to obtain public comment prior to the review and consideration of a proposed amendment to the redevelopment plan for the City of Seward, including a specific redevelopment project.

The property which is the subject of this notice and of the public hearing is the property generally located on the corner of North 5th and Bradford Streets, and is legally described as follows:

Lots 5-6, Block 42, Seward Cloyd's Addition, City of Seward,
Seward County, Nebraska.

All interested parties shall be afforded at each public hearing a reasonable opportunity to express their views regarding the proposed redevelopment plan amendment.

/s/Bonnie Otte, City Clerk

Please publish one time:
April 29, 2016
One Proof of Publication

Tax-Increment Financing Application

CITY OF SEWARD, NEBRASKA
 COMMUNITY REDEVELOPMENT AUTHORITY (CRA)
 537 MAIN STREET – P.O. BOX 38 – SEWARD, NE 68434-0038
 (Return to City Administrator's Office)

PROJECT SCOPE: (PLEASE PRINT OR TYPE ALL INFORMATION)

1. Applicant Information

KACH 510
 Business Name

Alyssa Hendrix
 Contact Person for Applicant

510 Bradford, Seward
 Street Address

1391 N 6th St, Seward
 Mailing Address

402.641.3790
 Telephone

402.646-9479
 Fax

Kachinvestments@gmail.com
 Email

Nebraska - KACH 510, LLC.
 Business Structure: (e.g. corporation, limited liability company, etc.); also identify the state of organization):

Carey & Alyssa Hendrix
 Owners

2. Project Description

- What type of business does this project involve (i.e. industrial, commercial, residential, etc.)
 - If the project involves housing, please give a description of intended tenants, type of household (families/elderly/etc.), income levels, impact on the schools and/or community, etc.:
 - If the project involves retail business, please give a description of the retail business, how the community would benefit from this retail business, the impact on similar existing retail businesses, etc.:
 - If the project involves industry, please give a description of the type of industry, impact on the environment, impact on the community, similar existing industries in town, etc.:
 - What is the estimated number of new jobs this project will create?
 - What is the pay scale and benefits package for these positions?
- 3. Proposed Project Site:**
 Please provide the address, legal description, current owner. If the current owner is not the applicant, identify whether the project site is under contract, option, etc.:
- 4. Physical Description of the Proposed Project:**
 Building square footage, size of property, description of building materials, etc. (Attach site plan, if available)
- 5. Land Use:**
- If property is to be subdivided, show division planned (attach copy of the plat):
 - Current Zoning of the property:
 - Is the proposed project a permitted use on the property? What permits would be required?
 - Please describe any other relevant information relating to zoning, permitting, or similar land use issues:

6. Estimated Project Costs:

- a. Land Acquisition, if applicable: \$ _____
- b. Site Development (itemize):
- i. Demolition: \$ _____
 - ii. Grading: \$ _____
 - iii. Site Preparation \$ _____
 - iv. Other (explain): \$ _____
- c. Building Construction Cost: \$ See attached bids
- d. Other Site Improvements (explain) \$ _____
- e. Equipment: \$ _____
- f. Architectural and Engineering Fees: \$ _____
- g. Legal Fees: \$ _____
- h. Financing Costs: \$ _____
- i. Broker Costs, if any: \$ _____
- j. Contingencies: \$ _____
- k. Other (explain): \$ _____
- Total:** \$ 134,000⁰⁰

7. Please attach the following documentation:

- a. Construction Pro Forma.
- b. Annual Income and Expense Pro Forma (with appropriate schedules).
- c. Applicant's Corporate/Business Annual Financial Statements for the last three years.
- d. Business Plan for the proposed project.

8. Estimated Tax Increment:

- a. Total estimated assessed valuation of Real Property at completion (please also describe how you arrived at this value; e.g., discussions with County Assessor, based on previous construction projects, etc.):
- b. Latest property valuation before construction (from Property Tax Statement):
- c. Estimated increase in real estate valuation:
- d. Estimated new real estate tax generated annually:

9. Proposed Source of Financing:

- a. Equity
- b. Bank loan (please provide conditional approval or commitment letters, if applicable):
- c. Tax Increment Financing:
- d. Other (please describe):

10. Name and address of architect, engineer, and general contractor:**11. Project construction schedule:**

- a. Construction start date: ASAP
- b. Construction completion date: 6/1/16
- c. If project is phased:
- Year ____ / ____ % Complete
- Year ____ / ____ % Complete

12. **Municipal reference (if applicable).** Please name any other municipality wherein the applicant, or other corporations the applicant has been involved with, has completed development within the last five years:

13. Amount of TIF request:

\$134,000.00

(Note: If the Application is approved, the applicant is not entitled to receive the requested TIF amount. The actual amount of the TIF Indebtedness will vary depending on multiple factors including without limitation lender interest rates, identification of eligible expenditures, and additional information identified in the redevelopment project approval process. However, as a general estimate for this application, request no more than ten (10) times the amount identified in section 8(d) of this application.

15. Statement of necessity for use of tax increment financing (include attachment if necessary):

- Is your project economically feasible as designed without tax increment financing? if no, please indicate how tax increment financing is necessary for the economic feasibility of your project.
- Would you locate your project in the redevelopment area without Tax Increment Financing? Explain.

14. Describe eligible costs for which tax increment financing will be used.

Please provide a detailed breakdown of proposed eligible uses and costs of each use, including any available bids or cost estimates for such work (include attachment if necessary):

16. List any other long term public benefits your project will bring to the City, or any other information relevant to this application.

"Applicant"

By: KACH 510, LLC.

Name: Alyssa Hendrix

Title: owner / president

Project Proposal

Prepared for: Tax Increment Financing Application City of Seward

Project Proposal Location: 510 Bradford Street

Prepared by: KACH 510, LLC.

139 N 6th Street, Seward, NE 68434

Alyssa Hendrix, Owner

402-641-3798

TAX INCREMENT FINANCING, CITY OF SEWARD

Project Description

KACH 510, LLC., is a property investment company who owns the Bradford Center located at 510 Bradford Street in Seward. The Bradford Center is currently vacant and needs improvements to attract new business to reside in Seward.

Job Creation

The Bradford Center is a 7,200 sqft facility build out for three separate businesses. Depending on the business who resides in this facility will determine the job creations.

Pay Scale

Depending on the business or business that will reside in the Bradford center will be determined by the type of business but will be required by the State of Nebraska to meet the minimum requirements of \$9.00/hr.

Proposed Project Site

The projects legal property description; SEWARD CLOYD'S ADDITION BLOCK 42 LOTS 5-6. Located on the north side of Bradford Street between 5th & 6th Street.

Land Use

The property is zoned CBD-Commercial Business District. The Bradford Center is located in the declared blighted and substandard by the City of Seward.

The following permits will need to be obtained;

- Building permit
 - Electrical permit
-

Project Estimated Costs

Site Development Description	Cost
Butzke Construction - Fascia removal and replacement	\$ 54,126.00
Binswanger Glass - New store front 2glass door entry/rear	\$ 22,549.00
Cuttin' it Close - Landscaping	\$ 15,111.00
Thomas Morse Electric	\$ 28,550.00
Total	\$ 120,336.00

Architectural and Engineering Fees	Cost
Architectural and Engineering Fees	\$ 15,000.00
Total	\$ 15,000.00

Grand Estimated Total	
	\$ 135,336.00

Construction Pro Forma	Cost
Butzke Construction - Fascia removal and replacement	\$ 54,126.00
Binswanger Glass - New store front 2glass door entry/rear	\$ 22,549.00
Thomas Morse Electric	\$ 28,550.00
Total	\$ 105,225.00

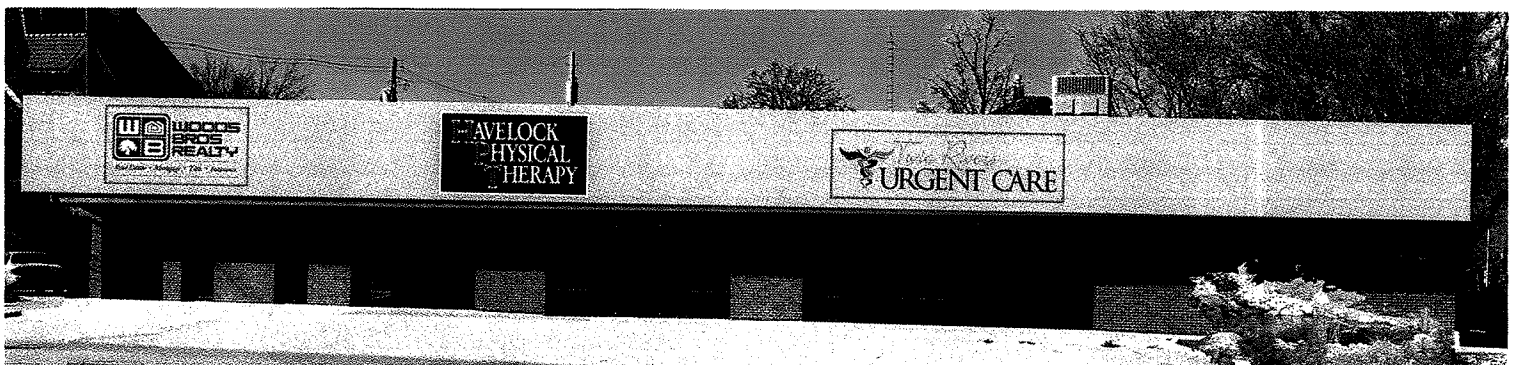
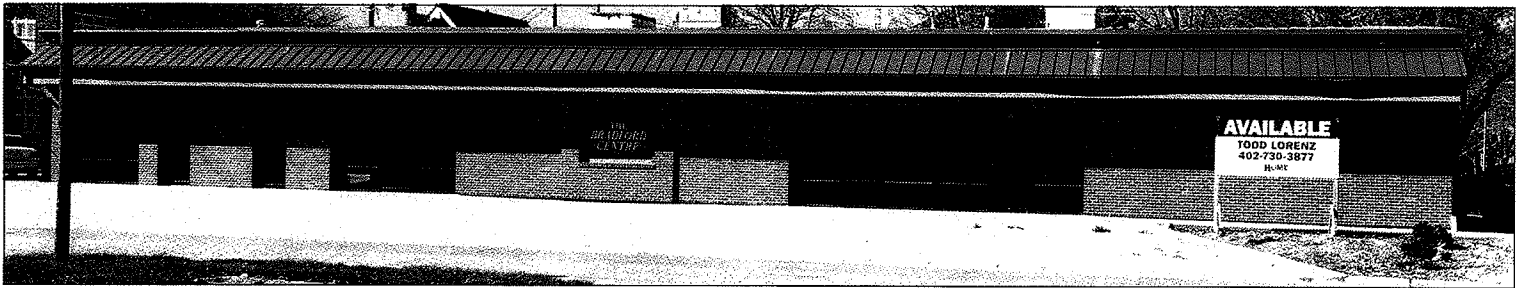
Over the past ten years KACH Investments has been involved in three commercial and five residential investments. KACH Investments has structured and protected its investments by individually separating its entities. KACH 510 was established in 2015 by the purchase of the Bradford Center.

The owners of KACH Investments are Carey and Alyssa Hendrix of Seward. Their other commercial projects consist of 139 N 6th (location of Awe Salon and Fastenal) and 133 N 6th (location of Jazzersize).

KACH Investments is invested in the community of Seward.

The Bradford Center in 2014 was valued at \$424,000 with 83% occupancy. The Bradford Center was purchased in 2015 by KACH. With its occupancy at 100% vacant the property value decreased to \$290,000.00. In 2016 the projections of 100% occupancy to assessed value is calculated to \$560,000.00.

KACH 510 is seeking \$135,000.00 for fifteen years.



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BINSWANGER GLASS #579
2740 NORTH 27TH STREET
LINCOLN, NE 68521

Customer

PH:(402) 467-2596 FAX:(402) 467-2598

Federal Tax ID: 45 2494422

Remit To: PO BOX 95354, GRAPEVINE, TX 76099-9733

P/O#: 579-#1110004
Taken By: RBridger
Installer:

Cust State Tax ID:
Cust Fed Tax ID:
Ship Via:

Invoice: I579022038

SalesRep:

Adv. Code:PR

Bill To: 700636

Sold To: 700636

CAREY-HENDRIX#1110004
139 N. 8TH STREET
SEWARD, NE 68434

JOB: HENDRIX BUILDING
SEWARD, NE 68434

(402) 641-1535 Fax: (402) 643-3313 OTHER: (402) 641-1535

materials, labor, store front-2glass door entry, 2 rear

Bid \$22,549.00

Customer's Signature: _____

Binswanger Glass #579 2740 North 27th Street LINCOLN, NE 68521 PH:(402) 467-2596 FAX:(402) 467-2598

Cuttin It Close Lawncare, LLC
PO BOX 188
SEWARD, NE 68434
(402) 646-5824
cuttinitcloselawncare9990@gmail.com



ESTIMATE

ESTIMATE # 1028
DATE 03/26/2016

ADDRESS
Carey Hendrix
456 South Columbia
Seward, NE 68434

Please detach top portion and return with your payment.

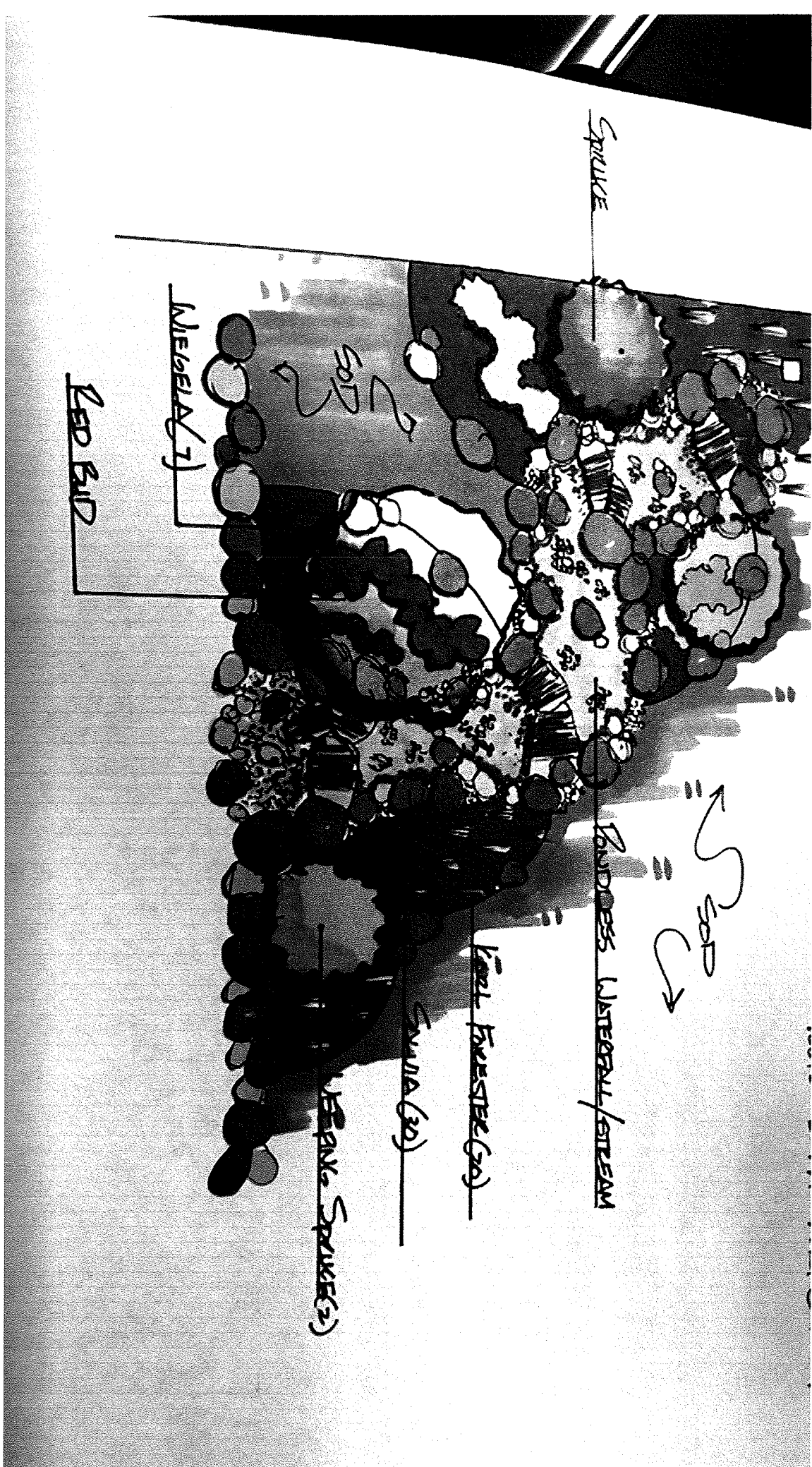
ACTIVITY	QTY	RATE	AMOUNT
Service 10gpm tidal wave pump	1	1,250.00	1,250.00
Service Gabion rock base in	1	800.00	800.00
Service 40mm pond liner 540 sq ft	540	1.90	1,026.00
Service Materials Castle wood for pond less water feature.	1	4,400.00	4,400.00
Labor	36	50.00	1,800.00
Service River Rock	5	125.00	625.00
Service 4 dwarf Colorado blue spruce	4	500.00	2,000.00
Service 40 fountain grasses	40	15.00	600.00
Service 40 Veronica speedwell	40	20.00	800.00
Service 8 Hydrangea	8	45.00	360.00
Labor Plant labor	20	50.00	1,000.00
Service 3 tons of Boulder/ cobbles	3	150.00	450.00

TOTAL

\$15,111.00

Accepted By

Accepted Date



THOMAS MORSE ELECTRIC

648 N 9TH St.
Seward Ne, 68434

March 25, 2016

The following quote for the Bradford Centre is based upon the descriptions of this scope letter.
They are as follows:

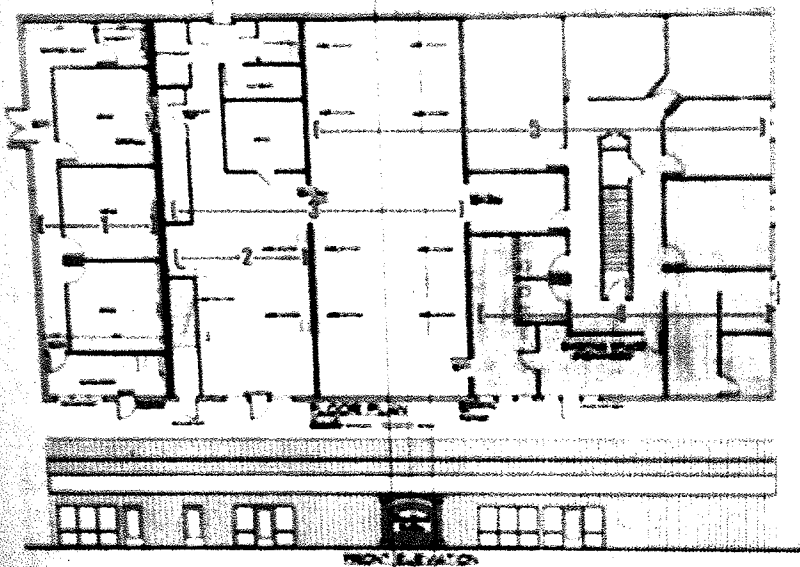
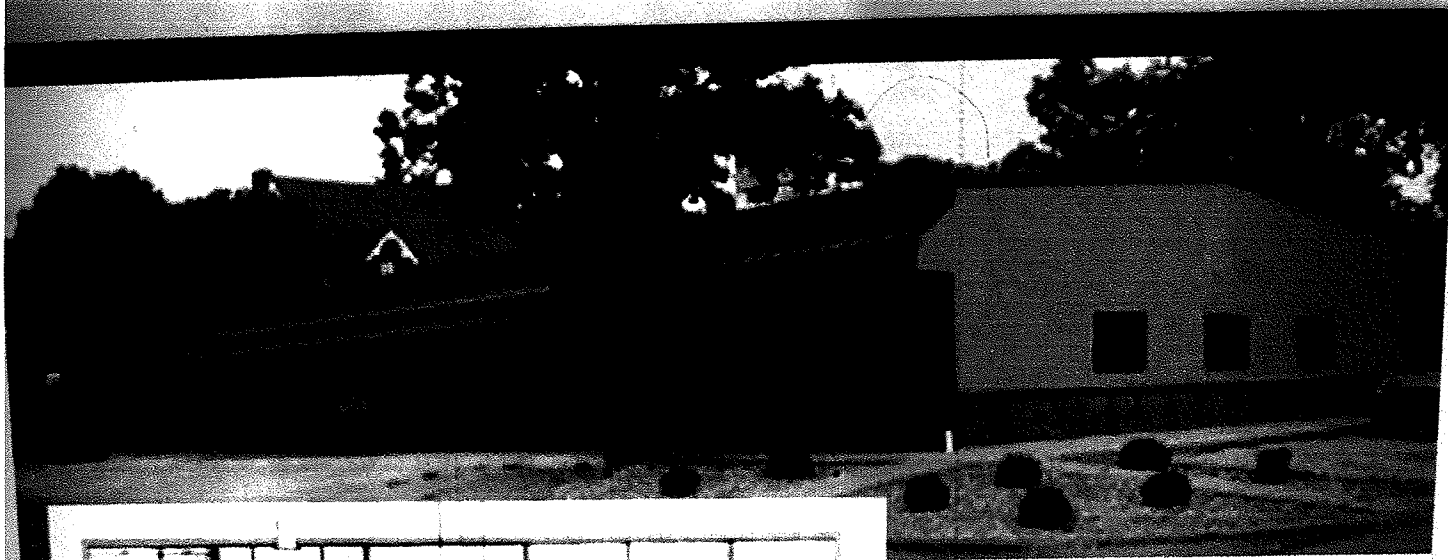
- Provide and install new lay in LED fixtures to replace old T12 fixtures.
- Provide and install new service and panels to separate the electrical into different suites.
- Provide and install needed electrical for outside landscaping.
- Provide and install needed electrical for outside signage.
- Provide and install hardwired smoke detection devices in each of the suites.

70 LED lights.	\$14,000.00
Labor to install LED lights.	\$4,550.00
New service and panels.	\$6,000.00
Outside landscaping.	\$1,000.00
Outside signage.	\$1,000.00
Smoke detection.	\$2,000.00

Total \$28,550

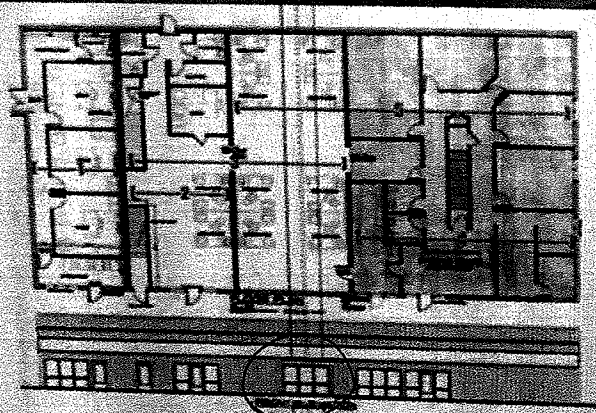
Sincerely,

Thomas A Morse
Thomas Morse Electric
402-641-3461
Tommy2537@hotmail.



2014
Property tax evaluation
\$424,000
83% occupancy

2015
Property tax evaluation
\$290,000
100% vacancy



2016
Projected
Property tax evaluation
\$560,000
100% occupied

COMMUNITY REDEVELOPMENT AUTHORITY
CITY OF SEWARD, NEBRASKA
BRADFORD CENTER REDEVELOPMENT PROJECT
August, 2016

COST-BENEFIT ANALYSIS
(Pursuant to Neb. Rev. Stat. § 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. §18-2147, can be summarized as follows:

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

a.	Base Project Area Valuation:	\$293,658.00
b.	Projected Minimum Project Assessed Valuation:	\$560,000.00
c.	Projected Incremental Valuation:	\$266,342.00
d.	Estimated Tax Levy:	1.742962
e.	Projected Annual Tax Increment:	\$4,642.00

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

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

a. Public service needs impacts:

The Project anticipates expenditures of approximately \$135,000.00 for the Project. It is proposed that approximately \$45,500.00 of these expenditures will be financed with the proceeds of tax increment financing indebtedness, with the remaining balance to be paid by the Redeveloper. The projected sources and uses of the TIF indebtedness, which will be refined in the Redevelopment Agreement for this Project, are set forth in the TIF Sources and Uses chart on the attached Exhibit B. All expenditures financed by tax increment financing Indebtedness shall be eligible public expenditures. It is not anticipated that the Project will have a material adverse impact on existing public infrastructure. The eligible improvements for this Project shall enhance the aesthetics of the Redevelopment Area, revitalize the property to reverse the decrease in valuation; and to encourage new commercial tenants and additional

businesses in the Redevelopment Area, all of which are important public functions to decrease the blighted and substandard conditions.

b. Local Tax impacts (in addition to impacts of Tax Shifts described above):

The Project will create material tax and other public revenue for the City and other local taxing jurisdictions. While the use of tax increment financing will defer receipt of a majority of new ad valorem real property taxes generated by the Project, it is intended to create a long term benefit and substantial increase in property taxes to the City and other local taxing jurisdictions. The long-range tax growth on this Site is unlikely without the use of TIF to enhance the building and attract tenants. The new business activity will have a positive impact on tax revenues. The enhancements cannot be completed at an affordable price without TIF, and the Site will not likely be renovated and revitalized without TIF.

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

It is not anticipated that the Project will have a material adverse impact on employers and employees of firms locating or expanding within the boundaries of the area of the redevelopment project. This Project will ensure the Site maintains economic viability and does not add to the blight and substandard conditions. The ultimate businesses of the tenants are unknown at this time, but this Project will provide the positive effect or additional commercial tenancy options for any business looking for an available site to relocate.

4. Impacts on other employers and employees within the City and the immediate area that is located outside of the boundaries of the area of the redevelopment project:

The Project should not have a material impact on private sector businesses in and around the area outside the boundaries of the redevelopment project. The Project is not anticipated to impose a burden or have a negative impact on other local area employers. While the precise scope of the businesses that will ultimately occupy the Site is not yet certain, the Project will provide additional space for commercial tenants in Seward, which will allow for further growth of the community. There should be no material and unreasonable impact on other businesses.

5. Other impacts determined by the agency to be relevant to the consideration of costs and benefits arising from the redevelopment project:

All of the façade and landscaping enhancements are not required improvements, but are costs that exceed City code and permitting compliance. The façade improvements will include several features that will heighten the aesthetics of the area, and the landscaping will include a pond and waterfall feature that will be a positive enhancement of the Redevelopment Area. There are no other material impacts determined by the agency relevant to the consideration of the cost of benefits arising from the Project.

6. Cost Benefit Analysis Conclusion:

Based upon the findings presented in this cost benefit analysis, the benefits outweigh the costs of the proposed Project.

Approved by the Community Redevelopment Authority, City of Seward this ____ day of May, 2016.

Michael Hecker, Chairman

Bonnie Otte, Secretary

EXHIBIT A

PROJECT INFORMATION

The Project will consist of the renovation and exterior enhancements including, without limitation, façade and landscaping upgrades to the Bradford Center property located on the real property legally described as:

Lots 5-6, Block 42, Seward Cloyd's Addition, Seward, Seward County, Nebraska.

Exhibit A

EXHIBIT B

PROJECTED TIF SOURCES AND USES

1. TIF SOURCES

Assumptions:

Tax Levy	1.742962
Interest Rate	5.50%
Number of years	15

Property Value Assumptions:

	Assessed Value	Estimated Taxes
Pre-Project	\$293,658	\$5,118
Completed Project	\$560,000	\$9,761
Difference	\$266,342	\$4,643

TIF Calculations:

Annual TIF Amount	\$4,643
Loan Amount	\$47,000
less 3% Admin Fee	(\$1,410)
Total TIF Available	\$45,590

2. TIF USES

Cost of Issuance	TBD
Façade	\$54,126
Façade (store front glass door)	\$22,500
Landscaping	\$16,000
Total	\$92,675

4825-9581-0096, v. 1

Exhibit B

**AMENDMENT TO THE REDEVELOPMENT PLAN
OF THE CITY OF SEWARD, NEBRASKA**

(BRADFORD CENTER REDEVELOPMENT PROJECT)

The City of Seward, Nebraska ("City") has undertaken a plan of redevelopment within the community pursuant to the adoption of the Redevelopment Plan for a certain redevelopment area in the City of Seward, as amended (the "Redevelopment Plan"). The Redevelopment Plan was approved by the City Council of the City as of November 15, 2011. The Redevelopment Plan serves as a guide for the implementation of redevelopment activities within certain areas of the City, as set forth in the Redevelopment Plan.

Pursuant to the Nebraska Community Development Law codified at Neb. Rev. Stat. §§ 18-2101 through 18-2154 (the "Act"), the City created the Community Redevelopment Authority of the City of Seward ("CRA"), which has administered the Redevelopment Plan for the City.

The purpose of this Plan Amendment is to identify specific property within the redevelopment area that is in need of redevelopment to cause the removal of blight and substandard conditions identified as the site located in the in the City of Seward, Nebraska, and legally described on the attached and incorporated Exhibit "A" (the "Site").

Description of the Project

The project under consideration will consist of the renovation, rehabilitation, and exterior enhancements of the Bradford Center commercial building on the Site and associated improvements on the Site (the "Project").

Project

The Site is in need of redevelopment. The CRA has considered whether redevelopment of the Site will conform to the general plan and the coordinated, adjusted, and harmonious development of the City and its environs. In this consideration, the CRA finds that such a redevelopment of the Site will promote the health, safety, morals, order, convenience, prosperity, and the general welfare of the community including, among other things, the promotion of safety from fire, the promotion of the healthful and convenient distribution of population, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds, and the prevention of the recurrence of unsanitary and unsafe dwelling accommodations or conditions of blight. The blighted condition of the Site and the Redevelopment Area has contributed to its inability to attract businesses and/or development. In order to support private development, the Site and the Redevelopment Area are in need of renovation and development.

The Bradford Center building on the Site was built in 1974 and is in need of upgrades and improvements. The building is currently 100% vacant and is in

need of improvements to attract tenants. The condition of the building and the lack of tenants has caused the valuation of the Site to decrease by 31% in the previous year. Redeveloper intends to make substantial investments to reverse the valuation decline and vacancy issues. A substantial portion of the Project will consist of aesthetic enhancements to the building and the Site that will improve the quality of the Site and decrease blighted and substandard conditions in the Redevelopment Area, and such improvements would not be made without the assistance of tax increment financing. The Project is intended to reverse the drastic decline in valuation and to avoid further deterioration of the Site and the Redevelopment Area. The façade improvements, upgrades, landscaping and other aspects of the Project are eligible expenditures under the Act. The project is anticipated to eliminate the current blight and substandard conditions of the Site and will further the purposes of the Act in conformity with the Redevelopment Plan.

KACH 510, LLC has submitted a proposal for the redevelopment of the Site to include the façade and landscaping enhancements and improvements, and associated improvements. As part of the Project, the CRA shall capture available tax increment from the Site to assist in payment for the public improvements listed as eligible expenditures under the Act in the Redevelopment Area.

As described above, the project envisions the capture of the incremental taxes created by the Project on the Site to pay for those eligible expenditures as set forth in the Act. Attached as Exhibit "B" and incorporated herein by this reference is a consideration of the statutory elements under the Nebraska Community Development Law.

Approved by the Community Redevelopment Authority, City of Seward, on this ____ day of May, 2016.

Michael Hecker, Chairman

Bonnie Otte, Secretary

EXHIBIT “A”
Legal Description of the Site

The property is located on the corner of 5th and Bradford Streets. The property is legally described as follows:

Lots 5-6, Block 42, Seward Cloyd’s Addition, Seward, Seward County, Nebraska.

EXHIBIT “B”
Statutory Elements

A. Property Acquisition, Demolition and Disposal

No public acquisition of private property, relocation of families or businesses, or the sale of property is necessary to accomplish the Project. Redeveloper is the owner of the Site.

B. Population Density

The proposed development at the Site is the renovation and rehabilitation of a currently vacant commercial business center, which will not significantly affect population density in the project area.

C. Land Coverage

The Project will consist of the renovation and upgrades to the currently existing building on the project Site. The footprint of the building will not change. The Project will meet the applicable land-coverage ratios and zoning requirements as required by the City of Seward.

D. Traffic Flow, Street Layouts, and Street Grades

No adverse impacts are anticipated with respect to traffic flow, street layouts, and street grades. The Project is intended to attract up to three (3) businesses as tenants at the project Site. The Site was previously designed for such uses and, without additional information about the ultimate tenants, the infrastructure is anticipated to be sufficient for the intended uses.

E. Parking

The Project will meet or exceed the parking requirements set forth in the applicable zoning district.

F. Zoning, Building Code, and Ordinances

The Site is located in a CBD - Commercial Business District zone and the Project is a permitted use in said zoning district. No additional zoning, building code, or ordinance changes will be necessary for the Project.

**REDEVELOPMENT AGREEMENT
(Bradford Center Redevelopment Project)**

This Redevelopment Agreement is made and entered into as of the ____ day of May, 2016, by and between the Community Redevelopment Authority of the City of Seward, Nebraska (“CRA”) and KACH 510, LLC, a Nebraska limited liability company (the “Redeveloper”).

RECITALS

- A. The CRA is a duly organized and existing community redevelopment authority, a body politic and corporate under the laws of the State of Nebraska, with lawful power and authority to enter into this Redevelopment Agreement.
- B. The City of Seward, in furtherance of the purposes and pursuant to the provisions of Article VIII, Section 12 of the Nebraska Constitution and Neb. Rev. Stat. §§ 18-2101 to 18-2154, as amended (collectively the “Act”), has adopted a Redevelopment Plan for a blighted and substandard area designated by the City, including the Redevelopment Area.
- C. Redeveloper owns the Project Site which is located in the Redevelopment Area.
- D. Redeveloper submitted a redevelopment project proposal to redevelop the Project Site.
- E. The CRA has approved the Redeveloper’s proposed redevelopment project, including the utilization of tax-increment financing to provide for the construction of the eligible public improvements defined in this Redevelopment Agreement.
- F. CRA and Redeveloper desire to enter into this Redevelopment Agreement for redevelopment of the Project Site.

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

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01 Terms Defined in this Redevelopment Agreement.

Unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Redevelopment Agreement, 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:

A. “Act” means Article VIII, Section 12 of the Nebraska Constitution, Neb. Rev. Stat. §§ 18-2101 through 18-2154, as amended, and acts amendatory thereof and supplemental thereto.

B. “City” means the City of Seward, Nebraska.

C. “CRA” means Community Redevelopment Authority of the City of Seward, Nebraska.

D. “Eligible Project Costs” means only costs or expenses incurred by Redeveloper for Public Improvements that are eligible for reimbursement under the Act.

E. “Project” or “Redevelopment Project” means the improvements to the Project Site and adjacent thereto, including the Private Improvements and Public Improvements defined herein and described on Exhibit “A” attached and incorporated by this reference.

F. “Project Site” or “Redevelopment Site” means all that certain real property situated in the City of Seward, Seward County, Nebraska, more particularly described on Exhibit “A”.

G. “Private Improvements” means all the private improvements to be constructed on the Project Site as more particularly described on Exhibit “A”.

H. “Public Improvements” shall include all the public improvements more particularly described on Exhibit “A” which are eligible improvements under the Act. The costs of the Public Improvements include the debt service payments of the TIF Indebtedness.

I. “Redevelopment Agreement” means this Redevelopment Agreement between the CRA and Redeveloper with respect to the Project.

J. “Redeveloper” means KACH 510, LLC, a Nebraska limited liability company.

K. “Redevelopment Area” means the Redevelopment Area #1 that is set forth in the Redevelopment Plan.

L. “Redevelopment Plan” means the Redevelopment Plan for the Redevelopment Area by the CRA and approved by the City pursuant to the Act, as amended from time to time.

M. “TIF Indebtedness” means any bonds, notes, loans and advances of money or other indebtedness, including interest thereon, issued by the CRA or the City secured in whole or in part by TIF Revenues.

N. “TIF Revenues” or “Tax Increment” means incremental ad valorem taxes generated by the Project which are allocated to and paid to the CRA pursuant to the Act.

Section 1.02 Construction and Interpretation.

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

(a) This Redevelopment Agreement shall be interpreted in accordance with and governed by the laws of the State of Nebraska, including the Act.

(b) Wherever in this Redevelopment Agreement it is provided that any person may do or perform any act or thing the word “may” shall be deemed permissive and not mandatory and it shall be construed that such person shall have the right, but shall not be obligated, to do and perform any such act or thing.

(c) The phrase “at any time” shall be construed as meaning “at any time or from time to time.”

(d) The word “including” shall be construed as meaning “including, but not limited to.”

(e) The words “will” and “shall” shall each be construed as mandatory.

(f) The words “herein,” “hereof,” “hereunder,” “hereinafter” and words of similar import shall refer to the Redevelopment Agreement as a whole rather than to any particular paragraph, section or subsection, unless the context specifically refers thereto.

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

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

ARTICLE II
REPRESENTATIONS

Section 2.01 Representations by the CRA.

The CRA makes the following representations and findings:

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

(b) The CRA deems it to be in the public interest and in furtherance of the purposes of the Act to accept the proposal submitted by Redeveloper for the redevelopment of the Project Site as specified herein.

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

Section 2.02 Representations of Redeveloper.

Redeveloper makes the following representations and findings:

(a) Redeveloper is a Nebraska limited liability company in good standing and has the power to enter into this Redevelopment Agreement and perform all obligations contained herein.

(b) The execution and delivery of the Redevelopment Agreement 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 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 Agreement or, except as disclosed in writing to the CRA, as to any other matter materially affecting the ability of Redeveloper to perform its obligations hereunder.

(d) Redeveloper owns the Project Site, in fee simple and free from any liens, encumbrances, or restrictions which would prevent the performance of this Agreement by Redeveloper.

ARTICLE III

OBLIGATIONS OF THE CRA AND PUBLIC IMPROVEMENTS

Section 3.01 Capture of Tax Increment.

Subject to the contingencies described below and to all of the terms and conditions of this Agreement, commencing for the tax year of 2017 and continuing thereafter, the CRA shall capture the Tax Increment, as defined below, from the Private Improvements pursuant to the Nebraska Community Development Law. The CRA shall capture the Tax Increment generated by the Project Site for a total period of not to exceed fifteen (15) years after the Private Improvements have been included in the assessed valuation of the Redevelopment Site and is generating the Tax Increment subject to capture by the CRA. The effective date of this provision shall be January 1, 2017 (the "Effective Date"). The CRA shall file with the Seward County Assessor the "Notice to Divide Taxes" on or prior to August 1, 2017.

Section 3.02 Tax Increment.

The term Tax Increment shall mean, in accordance with Neb. Rev. Stat. § 18-2147 of the Nebraska Community Development Law, the difference between the ad valorem tax which is produced by the tax levy (fixed each year by the Seward County Board of Equalization) for the Redevelopment Site before the completion of the construction of the Private Improvements and the ad valorem tax which is produced by the tax levy for the Redevelopment Site after completion of construction of the Private Improvements as part of the Project. For this Redevelopment Project, the Tax Increment is anticipated to be the difference between the taxes payable for 2017 (after construction completion) and the taxes payable for 2016 (before completion of construction).

Section 3.03 Issuance of TIF Indebtedness.

(a) On or after thirty (30) days following the approval and execution of this Agreement, the CRA shall incur or issue Redeveloper TIF Indebtedness in the estimated amount of Forty Seven Thousand and No/100 Dollars (\$47,000.00), as calculated on the attached and incorporated Exhibit "B", to be purchased by the Redeveloper or a lender of the Redeveloper. The Redeveloper TIF Indebtedness, which shall be in the form of a TIF Promissory Note, shall not be a general obligation of the CRA or City which shall issue such Note solely as a conduit. The Redeveloper shall locate a lender or other entity to acquire and fund the acquisition of the TIF Note for this Redeveloper TIF Indebtedness. The Redeveloper Indebtedness shall be secured by a pledge or assignment of the Tax Increment or otherwise secured by the Redeveloper as required by the lender.

(b) The parties acknowledge that there are additional eligible public improvements within the Redevelopment Area that would benefit the Project and the City including, but not limited to, additional street and infrastructure improvements, utility improvements, public space enhancements, public facility improvements, landscaping, and the removal of blighted and substandard conditions, that are being included in the Project as CRA Improvements. If the Redeveloper TIF Indebtedness is fully repaid prior to the end of the fifteen (15) year tax increment capture period, the CRA shall have the right to incur or issue CRA TIF Indebtedness in an amount reasonably determined by the CRA to be used for the construction and completion of the CRA Improvements. The CRA TIF Indebtedness may be issued in the form of a CRA TIF promissory note, loan, advance of money, or any form of indebtedness incurred by the CRA, and the CRA shall capture any remaining TIF Revenues to pay the CRA TIF Indebtedness in the Redevelopment Area. The CRA TIF Indebtedness shall in no case be a general obligation of the CRA or City.

Section 3.04 Use of TIF Indebtedness.

(a) CRA will collect the Tax Increment and use said Tax Increment to pay debt service on the TIF Indebtedness incurred as provided in Section 3.03 of this Redevelopment Agreement. Notwithstanding the foregoing, the amount of the Redeveloper TIF Indebtedness that the CRA agrees to service and repay with the Tax Increment shall not exceed the amount of the Eligible Project Costs certified pursuant to Section 4.02. In addition, the CRA shall retain an amount sufficient to pay its reasonable and necessary cost of issuance, including attorney fees, and a CRA administration fee in the amount of three percent (3%)

of the Redeveloper TIF Indebtedness. The Tax Increment, less the CRA's costs set forth above, shall be paid pursuant to the terms and schedules of any TIF Promissory Note or TIF resolution issued by the CRA relating to this Project.

(b) Upon the repayment in full of the Redeveloper TIF Indebtedness, the CRA shall retain the Tax Increment to pay the CRA TIF Indebtedness, if the CRA issues or incurs any CRA TIF Indebtedness pursuant to Section 3.03(b).

Section 3.05 Creation of Fund.

CRA will create a special fund to collect and hold the receipts of the Tax Increment. Such special fund shall be used for no purpose other than to: (1) pay TIF Indebtedness issued pursuant to Section 3.03 above; and (2) hold any TIF Revenues until such time as the CRA commences the public improvements and incurs the CRA TIF Indebtedness described in Section 3.03(b).

Section 3.06 Projected TIF Sources and Uses.

In addition to the Redeveloper TIF Indebtedness calculation formula set forth on Exhibit "B", Redeveloper's anticipated TIF sources and eligible uses are attached and incorporated for the parties' reference as Exhibit "C."

ARTICLE IV

OBLIGATIONS OF REDEVELOPER

Section 4.01 Construction of Project; Insurance.

(a) Redeveloper will complete the Public Improvements and the Private Improvements as described on Exhibit "A" and install all equipment necessary to operate the Public Improvements and the Private Improvements no later than December 31, 2016. Redeveloper shall be solely responsible for obtaining all permits and approvals necessary to acquire, construct and equip the Public

Improvements and the Private Improvements. Until construction of the Public Improvements and the Private Improvements has been completed, Redeveloper shall make reports in such detail and at such times as may be reasonably requested by the CRA as to the actual progress of Redeveloper with respect to construction of the Public Improvements and the Private Improvements. Promptly after completion by Redeveloper of the Public Improvements and the Private Improvements, Redeveloper shall furnish to the CRA a Certificate of Completion from Redeveloper's engineer or architect, or owner's representative. The certification by Redeveloper shall be a conclusive determination of satisfaction of the agreements and covenants in this Redevelopment Agreement with respect to the obligations of Redeveloper to construct the Public Improvements and the Private Improvements.

(b) Any contractor chosen by Redeveloper or 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 (provided that Redeveloper may self-insure in lieu of obtaining and keeping in force such policy of insurance) and a penal bond as required by the Act. Redeveloper shall be named as an additional insured. Any contractor chosen by Redeveloper or Redeveloper itself, as an owner, shall be required to purchase and maintain property insurance upon the Project to the full insurable value thereof (provided that Redeveloper may self-insure in lieu of obtaining and keeping in force such policy of insurance). This insurance shall insure against the perils of fire and extended coverage and shall include "special causes of loss" insurance for physical loss or damage.

(c) Redeveloper shall have no obligation to construct or complete any CRA improvements that will be constructed with the CRA TIF Indebtedness.

Section 4.02 Cost Certification.

Redeveloper shall submit to CRA a certification of Eligible Project Costs, after expenditure of such project costs. Redeveloper may, at its option, submit one or more partial Eligible Project Costs Certifications prior to expenditure of all Eligible Project Costs providing certification of receipt of billings for work in progress. All Eligible Project Costs Certifications shall be subject to review and approval by the CRA. Determinations by the CRA whether costs included in the Eligible Project Costs Certification are properly included in Eligible Project Costs as defined in this Agreement shall be made in its sole discretion and shall be conclusive and binding on Redeveloper.

Section 4.03 No Discrimination.

Redeveloper agrees and covenants for itself, its successors and assigns that as long as this Redevelopment Agreement is outstanding, it will not discriminate against any person or group of persons on account of race, sex, color, religion, national origin, ancestry, disability, marital status or receipt of public assistance in connection with the Project. Redeveloper, for itself and its successors and assigns, agrees that during the construction of the Project, Redeveloper will not discriminate against any employee or applicant for employment because of race, color, religion, sex, 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 4.04 Pay Real Estate Taxes.

(a) Redeveloper intends to create a taxable real property valuation of the Project and Project Site of not less than Five Hundred Sixty Thousand and No/100 Dollars (\$560,000.00) (the “Minimum Project Valuation”) no later than as of January 1, 2017. During the period of this Agreement, Redeveloper, its successors and assigns, will: (1) not protest a real estate property valuation of the Project and Project Site to a sum less than or equal to the Minimum Project Valuation; and (2) not convey the Project Site 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.

(b) If, during the period of this Agreement, the Project Site is assessed at less than the Minimum Project Valuation, Redeveloper shall either: (1) successfully protest the valuation of the Project Site upwards such that the valuation is equal to or greater than the Minimum Project Valuation; or (2) make a payment in lieu of taxes in the amount the anticipated Tax Increment, as defined in Exhibit “B”, exceeds the actual Tax Increment.

Section 4.05 No Assignment or Conveyance.

Redeveloper shall not convey, assign or transfer the Project Site 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 CRA, which shall not be unreasonably withheld and which the CRA may make subject to any terms or conditions it reasonably deems appropriate, except for the following conveyance, which shall be permitted without consent of the CRA:

(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 Project Site which shall have lien priority over the obligations of Redeveloper pursuant to this Redevelopment Agreement, or (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 Redeveloper pursuant to this Redevelopment Agreement.

ARTICLE V

CITY EASEMENTS

Section 5.01 Grant of Easements.

Redeveloper shall grant to the City appropriate easements related to the Public Improvements as set forth in this Article V. The grant of said easements shall be at no cost to the City and shall continue in full force and effect during the term of this Agreement.

Section 5.02 Façade Easement.

Redeveloper shall grant to the City a Façade Easement in the form attached hereto as Exhibit "D".

Section 5.03 Additional Easements.

Redeveloper shall grant to the City any other easements that are reasonably necessary, in the City's discretion, in order to ensure the City can reasonably access and use the Public Improvements.

ARTICLE VI

FINANCING REDEVELOPMENT PROJECT; ENCUMBRANCES

Section 6.01 Financing.

(a) Redeveloper shall pay all costs for the construction of the Private Improvements and the Public Improvements. Redeveloper shall be responsible for arranging all necessary financing for the construction of the Public Improvements and Private Improvements, including, with respect to the Public Improvements, the TIF Indebtedness.

(b) Notwithstanding Redeveloper's obligation above, the CRA shall pay the cost of and shall be responsible for arranging all necessary financing for any CRA improvements that shall be constructed utilizing the CRA TIF Indebtedness.

Section 6.02 Encumbrances.

Redeveloper shall not create any lien, encumbrance or mortgage on the Project or the Project Site except, (a) encumbrances which secure indebtedness incurred to acquire, construct and equip the Project or for any other physical improvements to the Project Site, (b) easements and rights of entry granted by Redeveloper, (c) construction and materialman liens that may be filed in connection with the construction of the Private Improvements so long as any such lien is discharged or bonded within 90 days of completion of the Private Improvements, and (d) any other liens so long as any such lien is satisfied and released or substitute security is posted in lieu thereof within 90 days of Redeveloper receiving notice thereof.

ARTICLE VII

DEFAULT, REMEDIES; INDEMNIFICATION

Section 7.01 General Remedies of the CRA and Redeveloper.

Subject to the further provisions of this Article VII, in the event of any failure to perform or breach of this Redevelopment Agreement or any of its terms or conditions, by either party hereto or any successor to such party, such party, or successor, shall, upon written notice from the other, proceed immediately to commence such actions as may be reasonably designed to cure or remedy such failure to perform or breach which cure or remedy shall be accomplished within a reasonable time by the diligent pursuit of corrective action. In case such action is not taken, or diligently pursued, or the failure to perform or breach shall not be cured or remedied within a reasonable time, this Redevelopment Agreement 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 Agreement, including, but not limited to, proceedings to compel specific performance by the party failing to perform or in breach of its obligations; provided that, in view of the additional remedies of the CRA set out in Section 7.02, the remedy of specific performance by Redeveloper shall not include or be construed to include the covenant to build or construct the Private Improvements or Project.

Section 7.02 Additional Remedies of the CRA.

In the event that:

- (a) Redeveloper, or successor in interest, shall fail to complete the construction of the Project on or before December 1, 2014, or shall abandon construction work for any period of 120 days (not including any period covered pursuant to the terms of Section 7.04 below);

- (b) Redeveloper, or successor in interest, shall fail to pay real estate taxes or assessments on the Project Site or any part thereof when due, and such taxes or assessments or payments in lieu of taxes shall not have been paid, or provisions satisfactory to the CRA made for such payment within thirty (30) days following written notice from the CRA;
- (c) Redeveloper does not maintain an assessed valuation equal to or greater than the Minimum Project Valuation for the Project Site for the term of this Agreement and fails to satisfy the obligations of Section 4.04(b) of this Agreement; or
- (d) There is, in violation of Section 4.05 of this Redevelopment Agreement, transfer of the Project Site or any part thereof, and such failure or action by Redeveloper has not been cured within 30 days following written notice from the CRA,

then Redeveloper shall be in default of this Redevelopment Agreement; and such failure to perform, breach or default is not cured in the period herein provided, the parties agree that the damages caused to the CRA would be difficult to determine with certainty. To the extent that such failure results in the fact that the CRA is not able to capture the full amount of TIF Revenues contemplated hereunder, Redeveloper shall be obligated, on an annual basis, to remit the sum by which the anticipated TIF Revenues exceed the actual TIF Revenues.

Section 7.03 Remedies in the Event of Other Redeveloper Defaults.

In the event Redeveloper fails to perform any other provisions of this Redevelopment Agreement (other than those specific provisions contained in Section 7.02), and such failure has not been cured within 30 days following

written notice from the CRA, then Redeveloper shall be in default. In such an instance, the CRA may seek to enforce the terms of this Redevelopment Agreement or exercise any other remedies that may be provided in this Redevelopment Agreement or by applicable law; provided, however, that the default covered by this Section shall not give rise to a right or rescission or termination of this Redevelopment Agreement.

Section 7.04 Limitation of Liability; Indemnification.

(a) Notwithstanding anything in this Article VII or this Redevelopment Agreement to the contrary, neither the CRA, City, nor their officers, directors, employees, agents or their governing bodies shall have any pecuniary obligation or monetary liability under this Redevelopment Agreement. The obligation of the CRA on any TIF Indebtedness shall be limited solely to the TIF Revenues pledged as security for such TIF Indebtedness. Specifically, but without limitation, neither City nor the CRA shall be liable for any costs, liabilities, actions, demands, or damages for failure of any representations, warranties or obligations hereunder. Redeveloper releases the CRA and the City from and agrees that the CRA and the City shall not be liable for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Private Improvements. Provided, however, such release shall not be deemed to include such liability actions as arise directly out of the sole negligence or willful misconduct of the CRA or the City.

(b) Redeveloper agrees to indemnify, defend (at the CRA's and/or the City's option) and hold harmless the CRA, the City, their respective employees, officials, agents, representatives and volunteers from and against any and all

liabilities, damages, injuries (including death), property damage (including loss of use), claims, liens, judgments, costs, expenses, suits, actions, or proceedings and reasonable attorney's fees, and actual damages of any kind or nature, arising out of or in connection with any aspect of the acts, omissions, negligence or willful misconduct of Redeveloper, its employees, agents, officers, contractors or subcontractors, or Redeveloper's performance or failure to perform under the terms and conditions of this Redevelopment Agreement. Such indemnification, hold harmless and defense obligation shall exclude only such liability actions as arise directly out of acts, omissions, or the sole negligence or willful misconduct of the CRA or the City. The indemnification and defense obligations set forth herein shall survive the termination of this Redevelopment Agreement.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 Memorandum.

A Memorandum of this Redevelopment Agreement shall be recorded with the Seward County Register of Deeds. The form of the Memorandum is attached as Exhibit "E" and incorporated by this reference.

Section 8.02 Governing Law.

This Redevelopment Agreement shall be governed by the laws of the State of Nebraska, including the Act.

Section 8.03 Binding Effect; Amendment.

This Redevelopment Agreement shall be binding on the parties hereto and their respective successors and assigns. This Redevelopment Agreement shall run

with the Project Site. The Redevelopment Agreement shall not be amended except by a writing signed by the party to be bound.

Section 8.04 No Agency or Partnership.

This Redevelopment Agreement is not intended and shall not be construed to create the relationship of agent, servant, employee, partnership, joint venture or association as between the CRA and the City, on the one hand, and Redeveloper, on the other hand, nor between the CRA and the City, on the one hand, and any officer, employee, contractor or representative of Redeveloper, on the other hand. No joint employment is intended or created by this Redevelopment Agreement for any purpose. Redeveloper agrees to so inform its employees, agents, contractors and subcontractors who are involved in the implementation of or construction under this Redevelopment Agreement.

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

[Signature and Notary Pages to Follow]

“CRA”

COMMUNITY REDEVELOPMENT
AUTHORITY OF THE CITY OF
SEWARD, NEBRASKA

ATTEST:

By: _____
Bonnie Otte, Secretary

By: _____
Michael Hecker, Chairman

STATE OF NEBRASKA)
) ss.
COUNTY OF SEWARD)

The foregoing instrument was acknowledged before me this ____ day of _____, 2016, by Michael Hecker and Bonnie Otte, Chairman and Secretary respectively of the Community Redevelopment Authority of the City of Seward, Nebraska, a public body corporate and politic, on behalf of the Authority.

Notary Public

“REDEVELOPER”

KACH 510, LLC, a Nebraska limited liability company

By: _____
Alyssa Hendrix, Manager

STATE OF NEBRASKA)
) ss.
COUNTY OF SEWARD)

The foregoing instrument was acknowledged before me this ____ day of _____, 2016, by Alyssa Hendrix, Manager of KACH 510, LLC, a Nebraska limited liability company, on behalf of the company.

Notary Public

EXHIBIT “A”

DESCRIPTION OF PROJECT

The Project undertaken by Redeveloper on the Project Site, defined as the real estate legally described as:

Lots 5-6, Block 42, Seward Cloyd’s Addition, Seward, Seward County, Nebraska (the “Project Site”),

is the renovation, remodeling, and upgrading of the commercial office building on the Project Site, and shall consist of the following Public Improvements: the renovation and exterior enhancements including, without limitation, façade and landscaping improvements and other eligible public improvements on the Project Site and in the Redevelopment Area, which public improvements are eligible improvements under the Act pursuant to this Redevelopment Agreement; paid for, in part, by the Tax Increment created by the Private Improvements.

Exhibit “A”

EXHIBIT “B”

REDEVELOPER TIF INDEBTEDNESS

1. **Principal Amount.** The principal amount of the Redeveloper TIF Indebtedness shall be the amount, together with interest accruing thereon, which can be amortized by December 31, 2032, solely from the Tax Increment Revenues based upon the current aggregate ad valorem tax rate applicable to the Project Site multiplied by an assumed valuation of \$560,000.00, subject to required debt service coverage, required reserve, and cost of issuance.
2. **Anticipated Tax Increment.** \$4,643 annually
3. **Payments.** Semi-annually with interest only until real estate taxes are fully collected for the tax year 2017 in an amount sufficient to fully amortize the TIF Indebtedness on or before the Maturity Date.
4. **Maturity Date.** On or before December 31, 2032.
5. **TIF Period.** The period for the division of taxes for this Project shall be fifteen (15) years, commencing on the Effective Date of January 1, 2017 (2017 taxes paid in 2018) and terminating on December 31, 2031 (2031 taxes due on December 31, 2031 but paid in 2032). Payment of ad valorem taxes in arrears pursuant to customary payments in Nebraska shall not affect the 15 year TIF period.

Exhibit “B”

EXHIBIT "C"

PROJECTED TIF SOURCES AND USES

1. TIF SOURCES

Assumptions:	Tax Levy	1.742962
	Interest Rate	5.50%
	Number of years	15

Property Value Assumptions:

	Assessed Value	Estimated Taxes
Pre-Project	\$293,658	\$5,118
Completed Project	\$560,000	\$9,761
Difference	\$266,342	\$4,643

TIF Calculations:	Annual TIF Amount	\$4,643
	Loan Amount	\$47,000
	less 3% Admin Fee	(\$1,410)
	Total TIF Available	\$45,590

2. TIF USES

Cost of Issuance	TBD
Façade	\$54,126
Façade (store front glass door)	\$22,500
Landscaping	\$16,000
Total	\$92,675

Exhibit "C"

1

EXHIBIT “D”

FAÇADE EASEMENT AGREEMENT (Bradford Center Redevelopment Project)

THIS FAÇADE EASEMENT AGREEMENT (the “Agreement”) is made this ____ day of _____, 2016 by and between KACH 510, LLC, a Nebraska limited liability company (the “Grantor”), and the City of Seward, Nebraska, a municipal corporation (“Grantee”).

RECITALS

- A. Grantor owns certain real estate located in the City of Seward, Seward County, Nebraska, legally described as follows:

Lots 5-6, Block 42, Seward Cloyd’s Addition, Seward, Seward County, Nebraska (the “Property”).

- B. Grantor entered into a Redevelopment Agreement (the “Redevelopment Agreement”) with the Community Redevelopment Authority of the City of Seward, Nebraska, for the renovation and improvement of the Property and the commercial office building located on the Property (the “Building”).
- C. Pursuant to the Redevelopment Agreement, and to ameliorate the blighted and substandard conditions of the Property, Grantor agrees to make certain improvements to the façade of the Building including, but not limited to, a replacement and upgrade of the façade and the installation of store-front glass doors (the “Façade”) for the aesthetic benefit to the Redevelopment Area and the public. Under the Redevelopment Agreement Grantor is receiving financial assistance from Grantee to make certain public improvements including, but not limited to the improvements to the Façade.
- D. This Agreement sets forth the parties’ rights and obligations with respect to the Façade.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein set forth, Grantor and Grantee do now hereby agree as follows:

1. Façade. In consideration of the benefits received by Grantor under the Redevelopment Agreement, Grantor hereby agrees to construct and install the

Exhibit “D”

Façade to the specifications set forth in the plans, drawings and specifications which shall be approved by the City prior to construction.

2. Façade Restrictions. Grantor agrees to observe and comply with the following restrictions:

a. Grantor shall not demolish, remove or raze the Façade during the term of this Agreement.

b. Grantor shall not undertake, or allow to be undertaken, any changes to the Façade without the express written consent of Grantee. Changes to the Façade include, but are not limited to:

(i) Any change in the Façade, including the alteration, partial removal, construction, remodeling or physical or structural change or change in color or surfacing with respect to the appearance or construction of the Façade;

(ii) The addition of any signs, canopies, plaques or other attachments to the Façade; or

(iii) Any significant reconstruction, repair, repainting or refinishing of any Façade feature that alters its state from the existing condition.

c. This section shall not preclude Grantor from implementing any ordinary or necessary maintenance as set forth in Section 3 below.

3. Façade Maintenance. Grantor shall perform all ordinary and/or necessary maintenance and repairs on the Façade to maintain its appearance and structural soundness and to prevent any deterioration of the Façade.

4. Specification of Work. In the event Grantor desires to make any changes to the Façade, Grantor shall give Grantee copies of the plans, designs, elevations, specifications and documents relating to the change or work, including specification of all materials, colors and construction techniques to be used in any such work and photographs of the subject area as it appears at the time of the request.

5. Insurance. Grantor, at its expense, shall (i) keep the Building insured under a standard form of insurance policy against loss or damage resulting from fire or other perils normally insured under uniform standard extended coverage endorsement; and (ii) carry and maintain comprehensive public liability insurance. The public liability policy shall name Grantee as an additional insured as to the Façade and shall provide for not less than thirty (30) days prior written notice to the Grantee by the insurer of any proposed cancellation of any such insurance. Grantor shall deliver to Grantee a certificate of insurance prior to the recording of this Agreement.

Exhibit "D"

2

6. Casualty Damage. In the event that the Building or any part thereof shall be damaged by fire or other casualty, then the proceeds of the insurance required to be carried pursuant to Section 5 above and Grantor's funds shall be applied to reconstructing the Façade to the condition required under this Agreement. If the Building is damaged to such an extent that Grantor determines that reconstruction is not feasible and provides Grantee with a statement from an independent engineer to the same effect, then this Agreement shall be void and of no further force or effect.

7. Inspection. Grantee shall be permitted to have access to the Property at reasonable times to inspect the Façade for the purpose of determining conformance with this Agreement.

8. Term. The term of this Agreement shall be fifteen (15) years from the date of completion of the improvements to the Façade. Provided, however, this Agreement shall terminate at any earlier date that the Redevelopment Agreement is terminated and is no longer in effect.

9. Public Access. Grantor acknowledges and agrees that the general public shall have the regular and substantial opportunity to view the Façade from the sidewalks and other property near the Building. Grantor shall have no obligation under this Agreement to allow the general public to view the interior of the Building.

10. Indemnification. Grantor shall defend, indemnify and hold Grantee harmless from and against any liability, claims, suits, demands, judgments (including costs, expenses and attorneys fees), resulting from actions or claims by third parties or defaults under this Agreement by Grantor arising out of the conveyance of or possession of the Façade Easement.

11. Binding Effect. This Agreement shall be appurtenant to and run with the property. The grant of this easement shall be binding upon the heir, executors, administrators, successors and assigns of Grantor.

[Signature and Notary Pages to Follow]

Exhibit "D"

3

“GRANTOR”

KACH 510, LLC, a Nebraska limited liability company

By: _____
Alyssa Hendrix, Manager

STATE OF NEBRASKA)
) ss.
COUNTY OF SEWARD)

The foregoing instrument was acknowledged before me this ____ day of _____, 2016, by Alyssa Hendrix, Manager of KACH 510, LLC, a Nebraska limited liability company, on behalf of the company.

Notary Public

Exhibit “D”

4

“GRANTEE”

CITY OF SEWARD, NEBRASKA, a municipal
corporation

By: _____
Joshua Eickmeier, Mayor

STATE OF NEBRASKA)
) ss.
COUNTY OF SEWARD)

The foregoing instrument was acknowledged before me this ____ day of _____, 2016, by Joshua Eickmeier, Mayor of the City of Seward, Nebraska, a municipal corporation, on behalf of the City.

Notary Public

Exhibit “D”

5

EXHIBIT “E”

MEMORANDUM OF REDEVELOPMENT AGREEMENT (Bradford Center Redevelopment Project)

This Memorandum of Redevelopment Agreement (“Memorandum”) is made this ____ day of April, 2014 by and between the Community Redevelopment Authority of the City of Seward, Nebraska (“CRA”) and KACH 510, LLC, a Nebraska limited liability company (the “Redeveloper”).

1. **Redevelopment Agreement.** CRA and Redeveloper have entered into that certain Redevelopment Agreement dated as of this even date, describing the public improvements being made by the CRA in the Redevelopment Area and the private improvements being made to real property owned by Redeveloper and legally described as:

Lots 5-6, Block 42, Seward Cloyd’s Addition, Seward, Seward County, Nebraska (the “Project Site”).

2. **Tax Increment Financing.** The Redevelopment Agreement provides for the capture of the Tax Increment, as defined therein, by the CRA of the private improvements to be made by the Redeveloper for a period not to exceed fifteen (15) years after the Project Effective Date of January 1, 2017. The Tax Increment so captured by the CRA shall be used to make the public improvements as described in the Redevelopment Agreement.

3. **Remaining Terms.** The rest and remaining terms of the Redevelopment Agreement are hereby incorporated into this Memorandum as if they were set forth in full. A full and correct copy of the Redevelopment Agreement may be inspected at the CRA offices in Seward, Nebraska.

[SIGNATURE PAGE FOLLOWS]

Exhibit “E”

1

“CRA”

COMMUNITY REDEVELOPMENT
AUTHORITY OF THE CITY OF
SEWARD, NEBRASKA

ATTEST:

By: _____
Bonnie Otte, Secretary

By: _____
Michael Hecker, Chairman

STATE OF NEBRASKA)
) ss.
COUNTY OF SEWARD)

The foregoing instrument was acknowledged before me this ____ day of _____, 2016, by Michael Hecker and Bonnie Otte, Chairman and Secretary respectively of the Community Redevelopment Authority of the City of Seward, Nebraska, a public body corporate and politic, on behalf of the Authority.

Notary Public

“REDEVELOPER”

KACH 510, LLC, a Nebraska limited
liability company

By: _____
Alyssa Hendrix, Manager

STATE OF NEBRASKA)
) ss.
COUNTY OF SEWARD)

The foregoing instrument was acknowledged before me this ____ day of _____, 2016, by Alyssa Hendrix, Manager of KACH 510, LLC, a Nebraska limited liability company, on behalf of the company.

Notary Public

4849-5891-4096, v. 1

Exhibit “E”

2

CITY OF SEWARD, NEBRASKA
RESOLUTION #2016-__

(Amendment to Redevelopment Plan – Bradford Center
Redevelopment Project)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SEWARD, NEBRASKA, APPROVING AN AMENDMENT OF THE
REDEVELOPMENT PLAN FOR THE CITY OF SEWARD, NEBRASKA,
INCLUDING A SPECIFIC REDEVELOPMENT PROJECT.**

RECITALS

A. The Community Redevelopment Authority of the City of Seward (“CRA”) has recommended that the Redevelopment Plan for Redevelopment Area #1, a copy of which is on file and available for public inspection with the City Clerk, (the “Redevelopment Plan”) should be amended to include a project for the redevelopment of certain real property within the Redevelopment Area identified and legally defined in said amendment (the “Project Site”).

B. The proposed amendment to the Redevelopment Plan (“Redevelopment Plan Amendment”) is on file and available for public inspection with the Seward City Clerk.

C. The Redevelopment Plan Amendment includes a redevelopment project, (the “Project”) that will utilize tax increment financing pursuant to Neb. Rev. Stat. § 18-2147.

D. The CRA submitted the question of whether the Redevelopment Plan Amendment should be recommended to the City Council to the Planning Commission of the City of Seward.

E. The Planning Commission recommended the approval of the Redevelopment Plan Amendment.

F. Notice of public hearing regarding the adoption and approval of the Redevelopment Plan Amendment by the City Council was provided in conformity with the Open Meetings Act, Neb. Rev. Stat. § 84-1407 et seq., the Community Development Law, Neb. Rev. Stat. § 18-2115, and Nebraska law.

G. On May 17, 2016, the City Council held a public hearing relating to the question of whether the Redevelopment Plan should be adopted and approved by the City. All interested parties were afforded at such

public hearing a reasonable opportunity to express their views respecting the submitted question.

H. The City Council has reviewed the Redevelopment Plan Amendment, the cost benefit analysis prepared by the CRA, and the recommendations of the Planning Commission, and has duly considered all statements made and material submitted related to the submitted question.

NOW THEREFORE, it is found by the City Council of the City of Seward, Nebraska, in accordance with the Community Development Law, Neb. Rev. Stat. §§ 18-2101 through 18-2154 (the “Act”), as follows:

1. The Project Site is in need of redevelopment to remove blight and substandard conditions identified pursuant to Section 18-2109 of the Act.
2. The Redevelopment Plan Amendment will, in accordance with the present and future needs of the City of Seward, promote the health, safety, morals, order, convenience, prosperity, and the general welfare of the community in conformance with the legislative declarations and determinations set forth in the Act.
3. The Redevelopment Plan Amendment is in conformance with the general plan for development of the City of Seward as a whole, as set forth in the City of Seward Comprehensive Plan, as amended.
4. The cost and benefits set forth in the Project cost benefit analysis are found to be in the long-term best interest of the City of Seward.
5. The Project would not be economically feasible without the use of tax increment financing.
6. The Project would not occur on the Redevelopment Area without the use of tax increment financing.

BE IT RESOLVED, that pursuant to the provisions of the Act and in light of the foregoing findings and determinations, the Redevelopment Plan Amendment is hereby approved and adopted by the City Council as the governing body for the City of Seward.

[SIGNATURE PAGE TO FOLLOW]

Dated this 17th day of May, 2016.

CITY OF SEWARD, NEBRASKA

By: _____
Mayor

ATTEST: _____
City Clerk

4848-0530-5904, v. 1

CITY OF SEWARD, NEBRASKA

RESOLUTION NO. 2016-_____

(Approval of Redevelopment Agreement - Bradford Center
Redevelopment Project)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEWARD,
SEWARD COUNTY, NEBRASKA, APPROVING THE FORM OF THE
REDEVELOPMENT AGREEMENT AND AUTHORIZING THE COMMUNITY
REDEVELOPMENT AUTHORITY TO ENTER INTO SAID AGREEMENT.**

RECITALS

A. Pursuant to the Nebraska Community Development Law, Neb. Rev. Stat. §§ 18-2101 through 18-2154, as amended (the “Act”), the City of Seward, Nebraska (“City”), has adopted a redevelopment plan (“Redevelopment Plan”) for certain portions of the City. A copy of the Redevelopment Plan is on file with the City Clerk for inspection.

B. The Redevelopment Plan, as amended, includes a specific redevelopment project identified as the Bradford Center Redevelopment Project that will include the use of tax increment financing (the “Project”).

C. On May 4, 2016, the CRA approved the Redevelopment Agreement for the Project.

D. The City Council has reviewed the Redevelopment Agreement and has found it to be in conformity with the Act and the General Comprehensive Development Plan of the City, and in the best interests of the City.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Seward, Nebraska, that the Redevelopment Agreement between the Community Redevelopment Authority of the City of Seward, Nebraska, and KACH 510, LLC, which is attached hereto as Exhibit “A” and incorporated here by this reference, is hereby approved;

BE IT FURTHER RESOLVED, the CRA is hereby authorized to execute and deliver the Redevelopment Agreement, with such changes, modifications, additions, and deletions therein and shall they seem necessary, desirable or appropriate, for and on behalf of the CRA;

BE IT FURTHER RESOLVED, the CRA is hereby authorized to take all actions contemplated and required in the Redevelopment Agreement including, without limitation, the issuance of such TIF Indebtedness not to exceed the amount of TIF Indebtedness set forth in the Redevelopment Agreement. Such

TIF Indebtedness shall be repaid solely from the Tax Increment created by the Project and does not represent the general obligation of the CRA of the City;

BE IT FURTHER RESOLVED, that all Resolutions or parts thereof in conflict with the provisions of this Resolution or to the extent of such conflicts, are hereby repealed.

DATED THIS 17th day of May, 2016.

CITY OF SEWARD, NEBRASKA

By: _____
Mayor

ATTEST: _____
City Clerk

EXHIBIT "A"

(Redevelopment Agreement)

4816-5197-5728, v. 1

Exhibit "A"