

**CITY OF LINCOLN  
REDEVELOPMENT AGREEMENT**

**(17th & Q/Credit Union)**

THIS REDEVELOPMENT AGREEMENT (17th & Q/Credit Union) (“Agreement”) is made and entered into as of the date of execution hereof by the last signatory hereto as indicated below (the “Effective Date”) by and between the **CITY OF LINCOLN, NEBRASKA**, a municipal corporation in the State of Nebraska (“City”) and **UNIVERSITY OF NEBRASKA FEDERAL CREDIT UNION** (“Credit Union”), a corporation organized and existing under the United States Federal Credit Union Act, and **LITTLEMORE PROPERTIES CORPORATION**, a Nebraska non-profit corporation (“Corporation”). Credit Union and Corporation are sometimes individually referred to as “Redeveloper” and collectively as “Redevelopers.”

**RECITALS**

A. The City has undertaken a program for the redevelopment of blighted and substandard areas in the City of Lincoln, Nebraska. As part of that program, the City has prepared and approved the Lincoln Center Redevelopment Plan and the Antelope Valley Redevelopment Plan designating a portion of such blighted and substandard area as a community redevelopment area for a renewal project designated the 17th & Q/Credit Union Redevelopment Project (“Redevelopment Project”). A copy of said Redevelopment Plans, together with any and all amendments thereto (collectively “Redevelopment Plans”), are on file in the Office of the City Clerk of the City (“City Clerk”). The Redevelopment Plans have been adopted in compliance with the Nebraska Community Development Law codified at Neb. Rev. Stat §§18-2101 through 18-2144 (the “Act”).

B. The Redevelopment Project specifically calls for the City to support mixed use redevelopment efforts on real estate located at 1630 Q Street (“Q Street Property”) and 1700 P Street (“P Street Property”). The Q Street Property is legally described as: Lot 2, Chislett’s Addition, Lincoln, Lancaster County, Nebraska. The Q Street Property is currently owned by the Credit Union and used for its business operations.

The P Street Property is legally described as Lots 7-10, Block 11, Kinney’s O Street Addition, Lincoln, Lancaster County, Nebraska. The Credit Union currently has an option to purchase the P Street Property.

The P Street Property and the Q Street Property are sometimes referred to jointly as “Redeveloper Property.”

C. The community redevelopment area identified in the Redevelopment Plans (“Project Area”) consists of the P Street Property, the Q Street Property, and the following public right-of-way: the east-west alley between North 16th Street to North 17th Street, Q Street to R Street; North 17th Street right-of-way adjacent to Lot 2, Chislett’s Addition, south to the south right-of-way line of P Street; the east-west alley from North 17th Street to North 18th Street, P Street to Q Street; and Q Street right-of-way from the east right-of-way line of North 17th Street to the west lot line of Lot 2, Chislett’s Addition as more specifically shown on the map attached hereto and incorporated herein by this reference as Exhibit “A”.

D. Neb. Rev. Stat. § 18-2103(12) (Reissue 2007) authorizes the City to carry out plans for a program of compulsory repair and rehabilitation of buildings and other improvements in connection with redevelopment of the Project Area and to pay for the same from TIF Proceeds (as defined herein).

E. Neb. Rev. Stat. § 18-2107 (Reissue 2007) authorizes the City to enter into contracts with redevelopers of property containing covenants and conditions regarding the use of such property as the City may deem necessary to prevent the recurrence of substandard and blighted areas.

F. Credit Union is willing to enter into this Agreement and through a minimum investment of Two Million Two Hundred Thousand and No/100 Dollars (\$2,200,000) to assist in the redevelopment of the Project Area by (1) acquiring the P Street Property; and (2) constructing certain private improvements on the P Street Property (“P Street Improvements”) consisting of a new 14,400 square foot two-story building with a basement and an adjacent parking lot and teller drive-through window.

Corporation is willing to enter into this Agreement and, through a minimum investment of Two Million Eight Hundred Thousand and No/100 Dollars (\$2,800,000), assist in the redevelopment of the Project Area by (1) acquiring the Q Street Property, and (2) constructing certain private improvements on the Q Street Property (“Q Street Improvements”) consisting of a thirty (30) bedroom, sixty (60) bed residential building.

G. The P Street Property and the P Street Improvements are generally shown on the Site Plan attached hereto as Exhibit “B” and incorporated hereby by this reference. The costs of the P Street Property and the P Street Improvements are collectively known as the “Credit Union Redevelopment Project Costs” and are shown on the Sources and Uses of Funds in Exhibit “C”, which is attached hereto and incorporated herein by this reference.

The Q Street Property and the Q Street Improvements are generally shown on the Site Plan attached hereto as Exhibit “D” and incorporated herein by this reference. The costs of

the Q Street Property and the Q Street Improvements are collectively known as the “Corporation Redevelopment Project Costs” and are shown on the Sources and Uses of Funds in Exhibit “C”.

The P Street Improvements and the Q Street Improvements are sometimes jointly referred to as the “Redeveloper Improvements.”

H. In order to help remove blight and substandard conditions and improve conditions in this economically underutilized Project Area, the City is willing to enter into this Agreement and assist in the redevelopment of the Project Area by (1) making a grant of funds to the Credit Union to buy down the cost of the P Street Property, and (2) constructing certain public improvements (“Public Improvements”) consisting of streetscape improvements abutting the P Street Property and Q Street Property and the removal of three Lincoln Electric System poles along the east side of 17th Street. The City and Redevelopers agree that such assistance is deemed essential to the success of the Redevelopment Project.

I. The City is willing to support the above described redevelopment of the Project Area in accordance with the Redevelopment Project; provided that each Redeveloper is willing to restrict the use of its Redeveloper Property to certain approved uses and is further willing to agree to covenants and conditions regarding compulsory maintenance and upkeep of its Redeveloper Improvements to prevent a recurrence of substandard and blighted conditions; and further provided that, the Credit Union is willing to restrict the use of the grant provided hereunder for the sole purpose of acquiring the P Street Property.

J. The Redevelopment Plan contains a provision dividing ad valorem property taxes levied upon the property in the Redevelopment Project for the benefit of any public body for a period not to exceed fifteen (15) years after the effective date of such provision, as provided

for in Neb. Rev. Stat. § 18-2147, et seq. Said provision is hereinafter referred to as the “Ad Valorem Tax Provision.”

K. Neb. Rev. Stat. § 18-2107 and § 18-2150 (Reissue 2007) authorize the City to provide grants to private parties in order to accomplish rehabilitation or redevelopment of the Project Area in accordance with the Redevelopment Plan. In order to make the grant to the Credit Union, the City intends to issue tax increment financing indebtedness instrument or instruments in tax exempt and taxable series (collectively “TIF Bond”) and incur indebtedness (“TIF Indebtedness”) upon the sale of the TIF Bond to be repaid with the tax increment revenues generated under the Ad Valorem Tax Provision (“TIF Tax Revenues”).

L. The City and Redevelopers desire to enter into this Agreement to implement the Redevelopment Project for the above purposes and in accordance with the Redevelopment Plan.

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

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

**1. Evidence of Financial Ability of Redeveloper.** Each Redeveloper shall provide to the City evidence of availability of the specific amount of finances necessary for purposes of carrying out the commitments of the Redeveloper in connection with the Project Area. To the extent allowed by law, the City agrees to keep said information confidential. Such information shall state the amount and source of liquid assets on hand or immediately available to the Redeveloper for use in the Project; and shall state the amount and source of debt financing

which is available, or irrevocably committed, to the Redeveloper for use in the Project Area. Such information shall be provided in a form satisfactory to the Finance Director of the City, and evidence of loan commitments shall include all the documents evidencing the loan commitment, and acceptance by the borrower, the purposes of the loan, the authorized use of loan funds, and all other terms and conditions of the loan commitment, the acceptance, and the loan. Submittal of such financial information in a form satisfactory to the Finance Director of the City shall be a condition precedent to the requirement of the City to proceed with its obligations under this Agreement.

2. **Design Documents.** Each Redeveloper will cause to be prepared exterior, preliminary and final design plans (hereinafter “Design Documents”) for the Redeveloper Improvements for which it is responsible for construction. The Design Documents will conform with the Downtown Design Standards and Downtown Master Plan except for variances approved by the Urban Design Committee and the City’s Director of Urban Development. The Design Documents will be submitted to and reviewed and approved by the Urban Design Committee and approved by the City’s Director of Urban Development. Such approval does not apply to the building permit review process. Approval by the City’s Director of Urban Development is not a substitute for and does not eliminate the requirement that each Redeveloper apply for and receive any necessary building permit for construction of its Redeveloper Improvements. The preliminary concept drawings for the P Street Improvements and Q Street Improvements are attached hereto as Exhibit “E” and Exhibit “F”, respectively, and are incorporated herein by this reference. After approval, any material changes in the Design Documents shall be submitted for review and approval as provided above.

3. **Construction Documents.** Each Redeveloper shall cause to be prepared detailed final construction plans and specifications for the Redeveloper Improvements for which it is responsible for construction (hereinafter “Construction Documents”). Such Construction Documents, including material samples, shall be submitted to the Director of the Urban Development Department for his review and approval. The Director shall so approve or reject such Construction Documents within fourteen (14) days after receipt thereof.

4. **Credit Union Responsibilities.**

A. **Acquisition of P Street Property.** Credit Union shall, at its own cost and expense, subject to partial reimbursement from grant funds provided in Paragraph 16 below, acquire the P Street Property on or before August 1, 2011.

B. **Construction of P Street Improvements.** The Credit Union, through a minimum investment of Two Million Two Hundred Thousand and No/100 Dollars (\$2,200,000), shall at its own cost and expense construct the P Street Improvements substantially in conformance with the Design Documents and the Construction Documents.

5. **Corporation Responsibilities.**

A. **Acquisition of Q Street Property.** Corporation shall, at its own cost and expense, acquire the Q Street Property on or before August 1, 2011.

B. **Construction of Q Street Improvements.** Corporation, through a minimum investment of Two Million Eight Hundred Thousand and No/100 Dollars (\$2,800,000), shall, at its own cost and expense, construct the Q Street Improvements substantially in conformance with the Design Documents and the Construction Documents.

6. **City Construction of Public Improvements.** To the extent allowed by law and then only to the extent TIF Proceeds are lawfully available to the City as described in Paragraph

18 (Use of TIF Proceeds) below, the City shall use the TIF Proceeds to bid and construct the Public Improvements in accordance with City Procedures after conferring with the Redevelopers to determine how best to use such funds. Said Public Improvements shall not include the installation of sidewalks to the extent that said sidewalks are required by law. Any required sidewalks shall be installed at the cost of the Redevelopers for their respective properties. In the event that the City chooses to install sidewalks that are in excess of that required by law, Redevelopers shall reimburse the City for the cost of that portion of the sidewalk required by law. The parties recognize that completion of the P Street Improvements is on a time table separate from completion of the Q Street Improvements, as set forth in paragraph 14 hereof. The City will separately contract for the Public Improvements adjacent to the P Street Property and the Q Street Property so as to assure that completion of the Public Improvements adjacent thereto will be completed, as nearly as practicable, at or immediately after completion of the Redeveloper Improvements on each of said properties. If for any reason the Public Improvements adjacent to the P Street Property cannot be completed in full at the time of issuance of a certificate of occupancy to the Credit Union for the P Street Improvements, the City will assure that, at a minimum, sidewalks have been installed in the public right of way adjacent to the P Street Property. The City shall not have any obligations to fund the Public Improvements in excess of the available TIF Proceeds as described in Paragraph 18 (Use of TIF Proceeds) below. Redeveloper, at its election, may use its own funds to fund any Public Improvements the costs of which exceed the TIF proceeds that are lawfully available. Should either Redeveloper elect to fund any Public Improvements, it may do so in accordance with approved Design Documents, or if said improvements are not part of approved design documents, it shall present designs for said Public Improvements to the Department of Urban

Development and the Public Works & Utilities Department for review and approval prior to commencing construction of said Public Improvements.

7. **Payment of Costs.** Each Redeveloper agrees to use commercially reasonable efforts and to complete its own Redeveloper Improvements as provided in this Agreement, and to pay, or cause to be paid, in a timely manner all persons, firms, or organizations who performed labor or furnished materials, equipment or supplies used in the prosecution of the Redeveloper Improvements. Such payments shall be made promptly after completion of the Redeveloper Improvements and in accordance with all the provisions of this Agreement. Promptly after each Redeveloper provides the City the proper documentation that all persons, firms or organizations who performed labor or furnished materials, equipment, or supplies in the prosecution of the Redeveloper Improvements have been properly paid or satisfactorily secured, the City shall upon request by such Redeveloper furnish a Certificate of Completion, the forms of which are shown on Exhibit "G" and Exhibit "H", which are attached hereto and incorporated herein by this reference. Such certification by the City shall be a conclusive determination of satisfaction of the agreements and covenants in this Agreement with respect to the obligations of such Redeveloper to construct the Redeveloper Improvements for which such Redeveloper is responsible. The Certificates of Completion shall be recorded by the City in the office of the Register of Deeds for Lancaster County, Nebraska. If the City shall refuse or fail to provide the certification in accordance with the provisions of this paragraph after being requested to do so by a Redeveloper, the City shall, within fifteen (15) days after such written request, provide such Redeveloper with a written statement indicating in what respect the requesting party has failed to complete the improvements subject to each such certification in accordance with the provisions of this Agreement and what measures or acts will be necessary, in the opinion of the City, for

such Redeveloper to take or perform in order to obtain such certification. As used herein, the term “completion” shall mean substantial completion of the applicable Improvements so that they may be reasonably used for their intended purposes.

**8. Cost Certification.** The Credit Union shall submit authentic documentation to the City on approved forms or format for payment of any expenses related to acquisition of the P Street Property. The City shall approve or reject the same with reasons stated, based on the review within ten (10) days of receipt of the same; provided, however, the City shall generally approve request for payment made by Credit Union that is consistent with this Agreement. Reimbursement by the City to the Credit Union shall be made promptly after approval by the City.

**9. Indemnification.** Each Redeveloper agrees to indemnify and hold City harmless to the extent of any payments in connection with carrying out construction of its Redeveloper Improvements that the City may be required to make for failure of such Redeveloper to make or cause to be made payments of all amounts lawfully due to all persons, firms, or organizations who performed labor or furnished materials, equipment, or supplies used in construction of the applicable Improvements.

**10. Penal Bond.** Pursuant to Neb. Rev. Stat. § 18-2151, each Redeveloper shall furnish to the City, prior to commencement of construction of its Redeveloper Improvements, a penal bond in an amount equal to the costs of such Improvements being undertaken with a corporate surety authorized to do business in the State of Nebraska. Such penal bond shall be conditioned upon the Redeveloper at all times making payment of all amounts lawfully due to all persons, firms, or organizations who performed labor or furnished materials, equipment, or supplies used in prosecution of their respective Improvements. The City shall accept, in lieu of said penal bond, a similarly conditioned payment and performance bond supplied by each

Redeveloper's general contractor in an amount equal to the costs of the Redeveloper Improvements for which it responsible for construction and a lien waiver from the general contractor. Proof of said payment and performance bond and lien waiver shall be provided to the City prior to the start of construction of such Redeveloper Improvements.

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

**12. Use Restrictions.** Credit Union and Corporation agree that during the Tax Increment Period no portion of the P Street Property and/or Q Street Property, respectively, shall be used for any of the following uses:

A. A liquor store selling alcoholic beverages for consumption off the premises, but excluding micro-brewing establishments that sells alcoholic beverage for consumption off the premises and restaurants allowing the removal of an unsealed bottle of wine pursuant to Neb. Rev. Stat. §53-123.04, as amended;

B. The retail sale of alcoholic beverages for consumption on the premises if such use, in the opinion of the City, has an unreasonable pattern of unlawful disturbances or alcoholic beverage law violations;

C. Any business whose predominant operation is the retail sale of tobacco products (predominant shall mean retail gross sales of tobacco products, including mixed

products, in excess of 50% of gross sales on the premises) or any such use that has an unreasonable pattern of unlawful disturbances or tobacco law violations;

D. A sexually oriented business including live entertainment establishments as defined in Section 27.03.545 of the Lincoln Municipal Code and any other business engaged in sexually oriented entertainment or materials such as any: sexually oriented show, movie, picture, exhibition, performance, demonstration, film, video, book, or other depictions of a sexually explicit nature; sexually oriented live entertainment or exotic dance; exotic lingerie; sex toys or sexually oriented paraphernalia; sexually oriented telecommunication, internet or similar service; sexually oriented massage parlor; or escort service. The foregoing exclusion shall not include pay for view video/audio services, internet and other forms of telecommunication/communication systems offered or available to guests in the ordinary course of hotel business and trade or to Lincoln residents;

E. Any business whose predominant operation is the use, storage or processing of hazardous or potentially hazardous materials as defined under applicable law, including any salvage or recycling operation, car wash, dry cleaning, vehicle body repair, paint, refinishing, or parts and equipment cleaning business; provided nothing herein shall be construed to prohibit dry cleaning pickup facility, convenience, food or fuel store;

F. Any business involving gambling or wagering even if otherwise permitted by law including slot machines, video lottery machines, casino games, or off-site pari-mutual wagering sites, but excluding keno, bingo, and the retail sale of lottery tickets as permitted by applicable law;

G. Any business involving the sale or display of weapons, self-service laundromats for nonresidents or non-occupants of the Redeveloper Property, illegal activities, or sale of any illegal goods or products;

H. Off-premises signs as defined in Section 27.69.020 of the Lincoln Municipal Code; and

I. Any business providing payday loans, liens, check cashing services, or other similar services, except for a bank or credit union or similar financial institution.

**13. Construction Administration.** Each Redeveloper shall be responsible for all components of its own Redeveloper Improvements, including construction management, coordination of contractors and regulatory permitting and other requirements.

**14. Timing of Construction.** Credit Union will use commercially reasonable efforts to complete the P Street Improvements within fourteen (14) months following City Council's approval and the Mayor's execution of this Agreement. Corporation will use commercially reasonable efforts to complete the Q Street Improvements within twenty-six (26) months following City Council's approval and the Mayor's execution of this Agreement.

**15. Valuation of Property Within the Project Area.** The City intends to use the Ad Valorem Tax Provision to generate approximately Seven Hundred Twelve Thousand Seven Hundred Eighty-Six and No/100 Dollars (\$712,786) in TIF Proceeds (\$335,671 P Street Property and \$377,115 Q Street Property) which shall be used to finance (i) the issuance of the TIF Bond, (ii) the grant to Credit Union in accordance with this Redevelopment Agreement, and (iii) the costs of the Public Improvements. The tax increment is to be derived from the increased valuation, determined in the manner provided for in Article 8, Section 12 of the Constitution of the State of Nebraska and the Community Act which will be attributable to the redevelopment

contemplated under this Agreement. The TIF Tax Revenues which are to be used to pay debt service on the TIF Indebtedness from the sale of the TIF Bond will be derived from the increased valuation from redeveloping the P Street Property and Q Street Property as provided in this Agreement.

Credit Union agrees not to contest any taxable valuation assessed for the P Street Property and improvements thereon which does not exceed \$2,000,000.00 commencing on the effective date of the Ad Valorem Tax Provision and continuing for a period of not to exceed fifteen (15) years after said effective date or so long as any portion of the TIF Indebtedness with respect to the Redevelopment Project remains outstanding and unpaid, whichever period of time is shorter.

Corporation agrees to not contest any taxable valuation assessed for the Q Street Property and Q Street Improvements thereon which does not exceed \$2,500,000.00 commencing on the effective date of the Ad Valorem Tax Provision and continuing for a period of not to exceed fifteen (15) years after said effective date or so long as any portion of the TIF Indebtedness with respect to the Redevelopment Project remains outstanding and unpaid, whichever period of time is shorter.

**16. Grant of Funds.** In order to support redevelopment of the Project Area and as an inducement for the Credit Union to construct the P Street Improvements, the City agrees, to the extent allowed by law and then only to the extent funds are lawfully available from the issuance of the TIF Bond (“TIF Proceeds”), to make a grant to Redeveloper in the total amount of Four Hundred Thirty-Nine Thousand Six Hundred Fifty-Nine and No/100 Dollars (\$439,786) (“Grant Funds”), to reimburse Credit Union for part of the cost of acquisition of the P Street Property provided that only costs incurred after the date of this Agreement shall be eligible for

payment. In order to receive reimbursement from Grant Funds, the Credit Union shall submit authentic and satisfactory documentation to the City to verify the expenditures were eligible Redevelopment Project Costs. Any ineligible use of the Grant Funds shall immediately be repaid to the City.

**17. Issuance of TIF Bond.**

A. TIF Bond based on Projected Value of P Street Improvements and Q Street Improvements. As soon as practicable on or after thirty days following the Effective Date of this Agreement, which date is after the remonstrative period of this Agreement, the City shall issue a TIF Bond, in one or more tax exempt and/or taxable series, in the total contracted amount of Seven Hundred Twelve Thousand Seven Hundred Eighty-Six and No/100 Dollars (\$712,786.00) for net funds available (collectively “TIF Indebtedness”) to be purchased by a party mutually agreed upon between the City and the Redevelopers (“TIF Bond Purchaser”), and receive TIF Proceeds from TIF Bond Purchaser in said amount. The TIF Bond will specifically provide that any shortfall in anticipated TIF Tax Revenues from the Tax Increment Provision for any reason whatsoever, specifically including a decline in taxable valuation of the Redeveloper Property, shall be borne entirely by the TIF Bond Purchaser without recourse of any kind against the City. The Redevelopers agree that the City Finance Director on behalf of the City shall have the authority to determine the actual timing of issuing the TIF Indebtedness and all the other necessary and reasonable details and mechanics of the TIF Indebtedness, TIF Bonds, TIF Tax Revenues, TIF Proposals, Project Account and the grant of funds to the Credit Union.

**18. Use of TIF Proceeds.** The TIF Proceeds shall be deposited into a fund account (“Project Account”) to be used for payment of (i) the City’s TIF Bond cost of issuance, (ii) the

cost of Public Improvements, and (iii) the grant of funds to the Credit Union for the purpose of acquiring the “P” Street Property. TIF Proceeds shall be expended in the following priority:

FIRST PRIORITY: Reimburse the City for the cost of issuing the TIF Bond, including but not limited to bond counsel fees, fiscal advisory fees, placement fees, capitalized interest, and reserves.

SECOND PRIORITY: Payment of \$273,000 for the City’s cost to construct the Public Improvements. Of this amount approximately \$150,000 shall be allocated toward Public Improvements around the P Street Property and approximately \$85,500 shall be allocated toward Public Improvements around the Q Street Property.

THIRD PRIORITY: Payment of the \$439,786 grant to the Credit Union.

In the event there is not enough available TIF Proceeds to complete the Third Priority items as shown above, the City Urban Development Director on behalf of the City is hereby authorized to modify or reduce the scope, scale, size or phasing of the Third Priority items, but not eliminate any Third Priority item, to enable the available TIF Proceeds to fund the modified or reduced Third Priority items.

**19. Debt Service for TIF Indebtedness.** The City shall, to the extent allowed by law, and then only to the extent funds are lawfully available from TIF Tax Revenues, pay the TIF Bond Purchaser the principal of and/or interest on the TIF Indebtedness with interest at a rate of three and one-half percent (3.5%) per annum. Any debt service on the TIF Indebtedness (including interest) to be paid from TIF Tax Revenues shall not constitute a general obligation or debt of the City. Any excess TIF Revenues resulting from the Tax Increment Provision on the P Street Property and/or Q Street Property not needed or required to pay the TIF Bond Purchaser for

the TIF Indebtedness shall be expended by the City or returned to the applicable taxing authorities as provided in the Community Development Law.

**20. Tax Increment Deficiency on TIF Bond.** In the event of and to the extent of any deficiency in annual TIF Tax Revenues from the Ad Valorem Tax Provision for required debt service on the TIF Indebtedness, the Corporation agrees to pay the City the amount of said deficiency within thirty (30) days following receipt of a written request from the City. If Corporation is required to pay any such annual deficiency, the City shall reimburse all sums paid by the Corporation for such purposes if and when TIF Tax Revenues do become available from the Ad Valorem Provision to meet current debt service and reimburse Corporation for such deficiency payments.

**21. Failure to Complete; Liquidated Damages.**

(a) Subject to Paragraph 28 (Remedy) below, in the event the Credit Union fails to substantially complete the P Street Improvements on or before December 31, 2012, Credit Union shall pay to the City, as liquidated damages, the sum of \$23,976.50, representing one fourteenth of the estimated TIF Proceeds to be generated from the P Street Property, which amount shall be paid to the City on or before December 31, 2013. In the event that the P Street Improvements are not completed on or before December 31, 2013, then and in that event the City may deem the P Street Improvements to be abandoned, and the Credit Union shall pay to the City, as liquidated damages, the full amount of the TIF Proceeds that was anticipated to be generated by the P Street Improvements as set forth in Paragraph 15 hereof. Credit shall be given for any prior damages paid by the Credit Union under this paragraph.

(b) Subject to Paragraph 28 (Remedy) below, in the event the Corporation fails to substantially complete the Q Street Improvements on or before December 31, 2013, the

Corporation shall pay to the City, as liquidated damages, the sum of \$29,009, representing one thirteenth of the estimated TIF Proceeds to be generated from the Q Street Property, which amount shall be paid to the City on or before December 31, 2014. In the event that the Q Street Improvements are not completed on or before December 31, 2014, then and in that event the City may deem the Q Street Improvements to be abandoned, and the Corporation shall pay to the City, as liquidated damages, the full amount of the TIF Proceeds that was anticipated to be generated by the Q Street Improvements as set forth in Paragraph 15 hereof. Credit shall be given for any prior damages paid by the Corporation under this paragraph.

**22. Restriction on Transfer.** Each Redeveloper agrees that it will not, for a period of fifteen (15) years after the effective date of the Ad Valorem Provision hereof or so long as the TIF Bond remains outstanding whichever period of time is shorter (tax increment period), convey its Redeveloper Property or any portion thereof to any entity which will result in such property being exempt from ad valorem taxes levied by the State of Nebraska or any of its subdivisions.

**23. Financing Creating Encumbrances Restricted.**

A. Prior to completion of its Redeveloper Improvements, neither Redeveloper, nor any of its successors in interest with respect to its Redeveloper Property shall engage in any financing or any other transaction creating any Mortgage upon its Redeveloper Property, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attached to any of its Redeveloper Property, except for the purposes of obtaining funds only to the extent necessary to acquire, design, construct, maintain, repair, replace and insure its Redeveloper Improvements. Each Redeveloper or any of its successors in interest shall notify the City in advance of any financing secured by Mortgage that it proposes to enter into with respect to its Redeveloper Property, and shall promptly notify the City of any Mortgage that has been

created on or attached to its Redeveloper Property whether by voluntary act of the Redeveloper or otherwise. Notwithstanding the above, if any involuntary encumbrance or lien is made on or attached to any of its Redeveloper Property and which is contested by such Redeveloper, then such Redeveloper may defend against such encumbrance or lien, provided that a sufficient bond or security is posted with the clerk of the district court pursuant to Neb. Rev. Stat. § 52-142 to permit Redeveloper to avoid or prevent foreclosure of such encumbrance or lien. In addition, each Redeveloper agrees that prior to completion of its Redeveloper Improvements; any loan proceeds secured by any interest in its Redeveloper Property shall be used solely for the payment of costs and expenses related to the acquisition of its Redeveloper Property and development of its Redeveloper Improvements.

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

C. Copy of Notice of Default. Whenever the City shall deliver any notice or demand to a Redeveloper with respect to any breach or default by such Redeveloper of its

obligations or covenants in this Agreement, the City shall at the same time forward a copy of such notice or demand to each Holder of any Mortgage against the Redeveloper Property at the last address of such Holder as shown in the records of the Register of Deeds of Lancaster County.

D. Option to Cure. If thirty (30) days after any notice or demand with respect to any breach or default, such breach or default remains uncured, each such Holder shall (and every Mortgage or other instrument of encumbrance made prior to completion of the Redeveloper Improvements by such Redeveloper or its successors in interest shall so provide) have the right, at its option, to cure or remedy such breach or default within sixty (60) days after the notice or demand referred to in Paragraph 23.C (Copy of Notice of Default) above and to add the cost thereof to the mortgage debt and the lien of its Mortgage; provided, that if the breach or default is with respect to construction of the Redeveloper Improvements, nothing contained in this section or any other section of this Agreement shall be deemed to permit or authorize Holder to modify the Redevelopment Agreement as approved by the City. If the Holder commences efforts to cure the default within such sixty (60) day period and the default cannot, in the exercise of due diligence, be cured within such period, the Holder shall have the right to diligently continue to cure the defaults. In the event the Holder fails to cure, then the City shall have the remedies provided for in this Agreement.

E. Rights Applicable to Other Forms of Encumbrance (Deed of Trust). The rights and obligations of this Agreement relating to Mortgages against any portion of any Redeveloper's Redeveloper Property shall apply to any other type of encumbrance on any of such Redeveloper Property, and any of the stated rights, obligations and remedies of any party relating to mortgage foreclosures shall be applicable to procedures under any deed of trust or similar method of encumbrance.

F. Termination of Provisions. The provisions of this Section 23 shall terminate with respect to each Redeveloper and its Redeveloper Property upon issuance by the City to such Redeveloper of the Certificate of Completion with respect to the Redeveloper Improvements for which such Redeveloper is responsible.

**24. Insurance - Damage or Destruction of Redeveloper Improvements.**

(a) During the construction period, each Redeveloper agrees to keep the construction area, including completed operations insured against loss or damage by fire, and such other risks, casualties, and hazards as are customarily covered by builders' risk or extended coverage policies in an amount not less than the replacement value of its Redeveloper Improvements but allowing for reasonable coinsurance clauses and deductibles.

(b) During the Tax Increment Period, each Redeveloper shall maintain or cause to be maintained property insurance on an extended coverage all-risk basis in an amount not less than the replacement value of its Redeveloper Improvements, allowing for reasonable coinsurance clauses and deductibles.

(c) In the event of any insured damage or destruction during the construction period and continuing through the tax increment period, each Redeveloper agrees to restore, to the extent of available insurance proceeds, its Redeveloper Improvements to their prior condition within twelve months from the date of the damage or destruction, and shall diligently pursue the same to completion.

**25. Representations.** Redevelopers represent and agree that their undertakings, pursuant to this Agreement, have been, are, and will be, for the purpose of redevelopment of Project Area and not for speculation in land holding.

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

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

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

C. There shall be submitted to the City for review, not less than ten (10) days prior to the proposed execution thereof, all instruments and other legal documents involved in the transfer or described in this Agreement; and if disapproved by the City, its disapproval and reasons therefore shall be indicated to the applicable party in writing.

**27. Representations and Warranties of Parties.**

A. Credit Union represents and warrants to City as follows:

(1) Organization; Power; Good Standing. Credit Union is a corporation duly organized and validly existing in good standing under the United States Federal Credit Union Act. Credit Union is qualified to do business in the State of Nebraska and has all requisite

power and authority to own and operate its properties and carry on its business as now being conducted and to enter into this Agreement and perform the obligations hereunder.

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

(3) Effect of Agreement. The execution, delivery and performance of this Agreement by Credit Union has been duly authorized by all necessary action by Credit Union and except as provided in this Agreement will not require the consent, waiver, approval, license or authorization of any person or public authority, or said consent, waiver, approval, license or authorization has already been obtained, and will not violate any provision of law applicable to Credit Union, and will not violate any instrument, agreement, order, judgment, decree, statute, regulation, or any other restriction of any kind to which Credit Union is a party.

B. Corporation represents and warrants to City as follows:

(1) Organization; Power; Good Standing. Corporation is a non-profit corporation duly organized and validly existing in good standing under the laws of the State of Nebraska. Corporation is qualified to do business in the State of Nebraska and has all requisite power and authority to own and operate its properties and carry on its business as now being conducted and to enter into this Agreement and perform the obligations hereunder.

(2) Authority Relative to Agreement. This Agreement has been duly executed and delivered by Corporation and constitutes a legal, valid and binding obligation of Corporation, enforceable in accordance with its terms, except as the same may be limited by

bankruptcy, insolvency, reorganization, or other laws affecting the enforcement of creditor's rights generally, or by judicial discretion in connection with the application of equitable remedies.

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

C. City represents and warrants to Redevelopers as follows:

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

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

**28. Remedies.** Except as otherwise provided in this Agreement, in the event of any default in performance of this Agreement by the City, Credit Union, or Corporation, the party in default shall, upon written notice from the other, proceed immediately to cure or remedy such

default within thirty (30) days after receipt of notice. However, if the default cannot, in the exercise of reasonable diligence, be cured within thirty (30) days, then the defaulting party shall commence efforts to cure and shall diligently continue to cure the default. If the default is not cured, the non-defaulting party may institute any proceedings which may be necessary to cure and remedy the default.

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

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

**31. Agreement to Pay Taxes.** Each Redeveloper agrees to pay all real property taxes levied upon its Redeveloper Property and Redeveloper Improvements prior to the time the

taxes become delinquent. This contractual obligation to pay such taxes prior to delinquency shall cease upon expiration of the Tax Increment Period, but the City in no way waives the statutory obligation to continue to pay real estate taxes. This provision shall not be deemed a waiver of the right to protest or contest the valuation of the lots or improvements for tax purposes.

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

**33. Conflicts of Interest: City Representatives Not Individually Liable.** No official or employee of the City shall be personally liable to Redeveloper, or any of their successors in interest due to any default or breach by the City under the terms of this Agreement.

**34. Notices and Demands.** A notice under this Agreement by a party to the other party shall be deemed delivered on the date it is postmarked, sent postage prepaid, certified or registered mail, or delivered personally to Credit Union at: 1630 Q Street, P. O. Box 82847, Lincoln, Nebraska 68501-2847; to Corporation at 320 N 16<sup>th</sup> Street, Lincoln, Nebraska 68508; and to the City at Mayor's Office, 555 South 10th Street, Lincoln, NE 68508, with a copy to City Attorney's Office, 555 South 10th Street, Lincoln, NE 68508, or at such other address with respect to either party as that party may from time to time designate in writing and notify the other as provided in this section.

**35. Access to P Street Property and Q Street Property.** During construction of its Redeveloper Improvements, each Redeveloper shall permit the representatives of the City to enter all areas of its Redeveloper Property and at any and all reasonable times, as the City may deem

necessary for the purposes of inspection of work being performed in connection with Redeveloper's construction of the Redeveloper Improvements.

**36. Provisions Run With the Land.** This Agreement shall run with the P Street Property and Q Street Property and shall inure to and bind the parties and their successors in interest. This Redevelopment Agreement or a Memorandum hereof shall be recorded with the Register of Deeds of Lancaster County, Nebraska, against the P Street Property and Q Street Property, at the Credit Union's and Corporation's expense, respectively.

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

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

**39. Expiration of Agreement.** Unless otherwise stated in this Agreement, this Agreement shall expire upon expiration of the Tax Increment Period, or retirement of the TIF Bond, whichever first occurs. The City, Credit Union and Corporation each agree to execute any release necessary to be filed of record to evidence such expiration or termination, unless otherwise stated herein.

**40. Interpretations.** Any uncertainty or ambiguity existing herein shall not be interpreted against either party because such party prepared any portion of this Agreement, but shall be interpreted according to the application of rules of interpretation of contracts generally. The parties agree that any grant paid hereunder to the Credit Union for TIF Eligible Costs are for the benefit of the City and the public and are granted pursuant to the contract provisions described herein and that such grant funds are not under the dominion and control of the Credit

Union and should not be construed as income to the Credit Union under the Internal Revenue Code Section 61 (I.R.C. § 61).

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

**42. Equal Employment Opportunity.** Pursuant to requirements of Section 11.08.160 of the Lincoln Municipal Code and Neb. Rev. Stat. § 48-1122 (Reissue 2010), each Redeveloper, and its successors and transferees, agree that, during the performance of this Agreement, it will not discriminate against any employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment because of race, religion, sex, color, national origin, ancestry, disability, age or marital status. Each Redeveloper further agrees to require that its contractor and subcontractors shall agree to conform to said requirements.

**43. Audit and Review.** Each Redeveloper shall be subject to audit pursuant to Chapter 4.66 of the Lincoln Municipal Code and shall make available to a contract auditor, as defined therein, copies of all its financial and performance related records and materials germane to this Agreement, as allowed by law. The City shall cooperate and make available to the Redeveloper or its agent copies of all financial and performance related records and materials germane to the Project Account and the TIF Proceeds.

**44. Maintenance Districts.** Each Redeveloper agrees to participate in and, as necessary, to either petition for or to not protest against the creation of special assessment districts, including business improvement districts, for the maintenance, repair, reconstruction, replacement of the streetscape improvements in the public right-of-way of any street adjacent to the P Street Property and Q Street Property. Such participation may be in existing districts or in districts to be created in the future, as the case may be.

Executed by **City** this \_\_\_\_ day of \_\_\_\_\_, 2011.

ATTEST:

**City of Lincoln, Nebraska**  
a municipal corporation

\_\_\_\_\_  
City Clerk

By: \_\_\_\_\_  
Chris Beutler, Mayor of Lincoln

STATE OF NEBRASKA            )  
  ) ss.  
COUNTY OF LANCASTER        )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2011, by Chris Beutler, Mayor of the City of Lincoln, Nebraska, a municipal corporation, on behalf of the municipal corporation.

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

Executed by **Credit Union** this \_\_\_\_ day of \_\_\_\_\_, 2011.

**University of Nebraska Federal Credit Union**, a corporation organized and existing under the United States Federal Credit Union Act

By: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2011, by \_\_\_\_\_, as \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, on behalf of the \_\_\_\_\_.

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

Executed by **Corporation** this \_\_\_\_ day of \_\_\_\_\_, 2011.

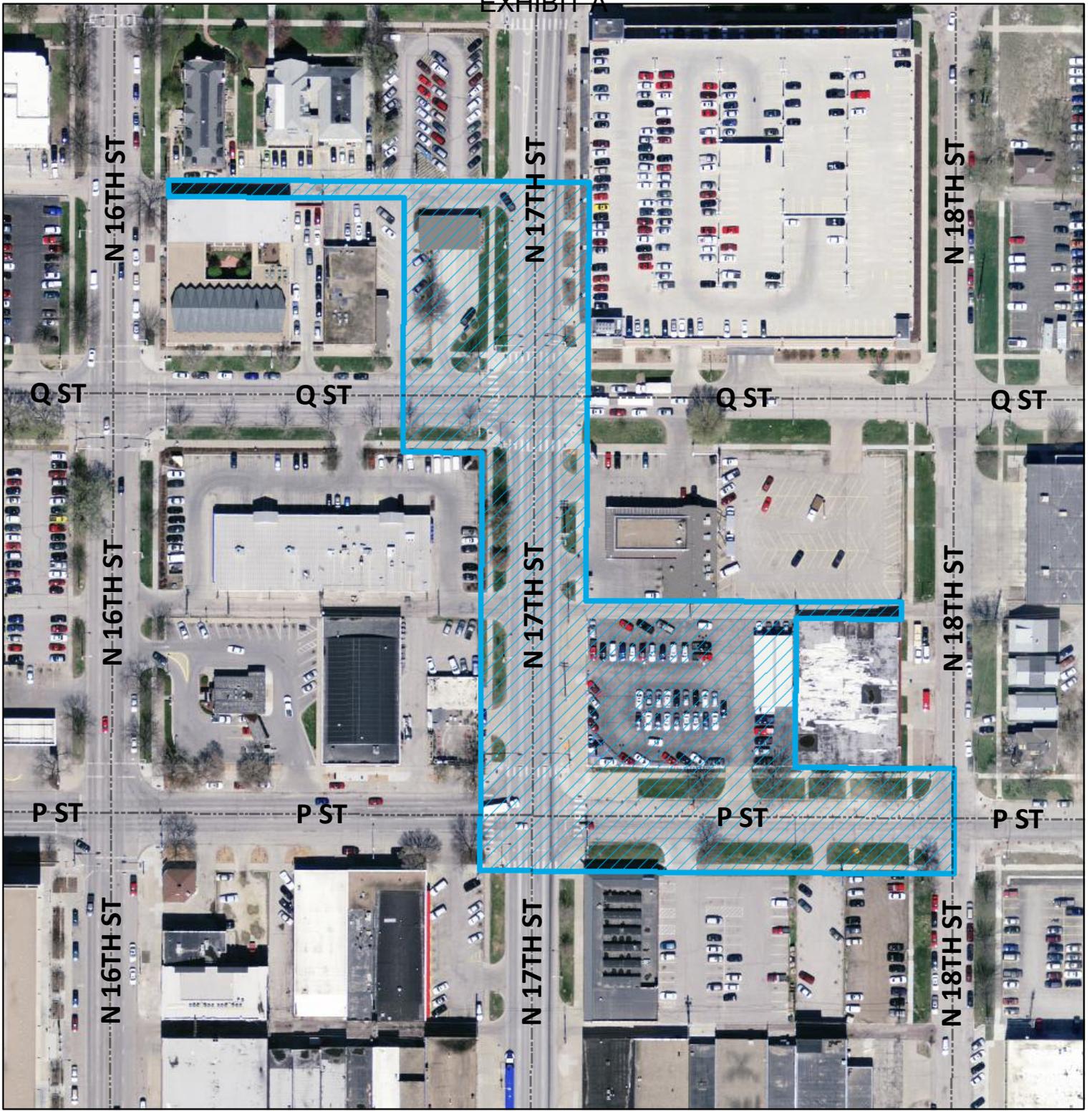
**Littlemore Properties Corporation,**  
a Nebraska non-profit corporation

By: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2011, by \_\_\_\_\_, as \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, on behalf of the \_\_\_\_\_.

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



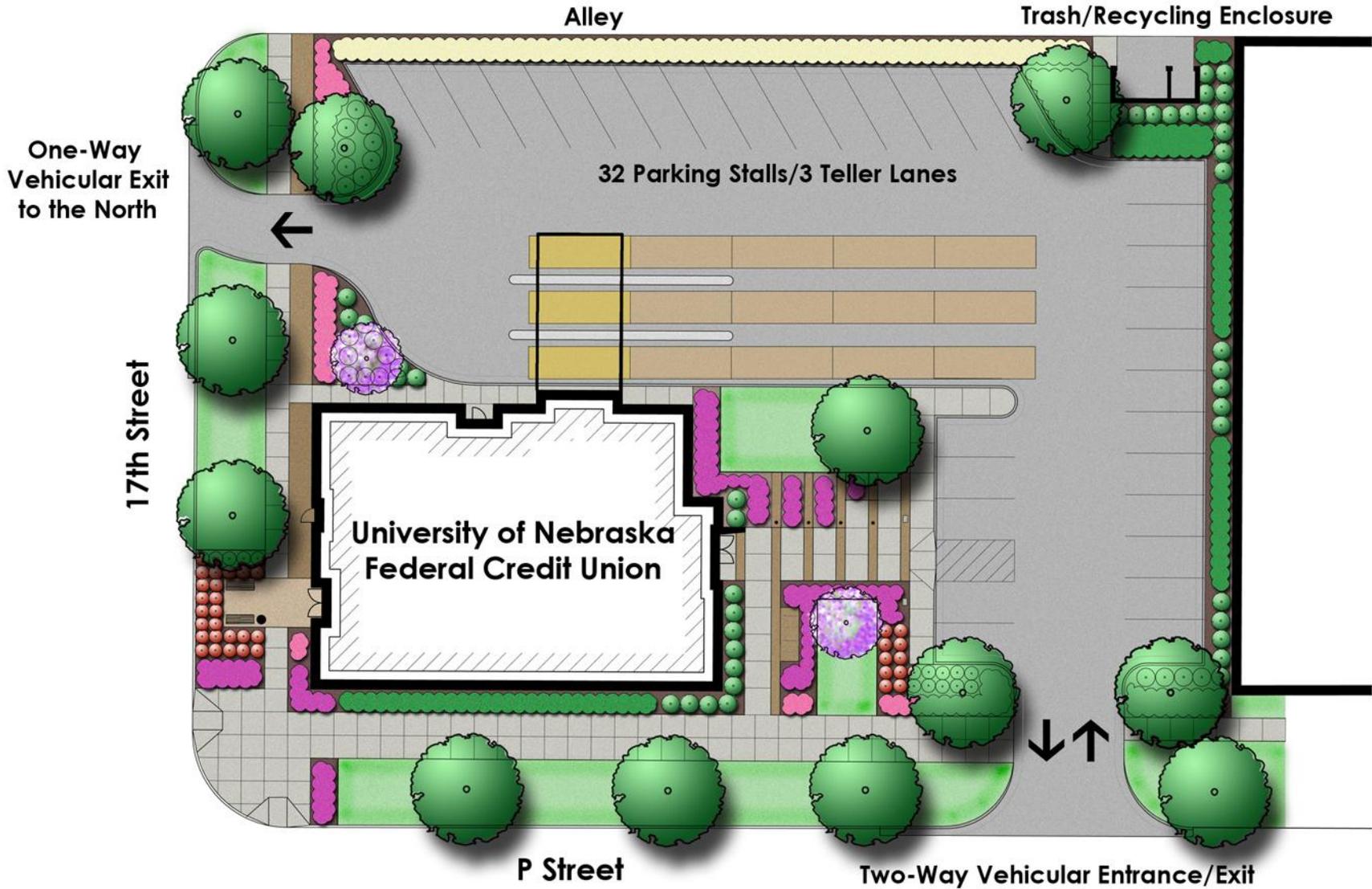
# 17th & Q St / Credit Union: Redevelopment Project Area

Exhibit A

----- Streets     Project Area     Parcel



EXHIBIT B



# EXHIBIT C

## Sources and Uses of Funds

Sources	Description	Amount
<i>TIF</i>		\$ 712,786
<i>Private Sources</i>		\$ 5,000,000
<b>Total Sources</b>		<b>\$ 5,712,786</b>

Uses of Funds	Description	Amount
<b>Total Private Improvements</b>	<i>(i.e., Fraternity House, Credit Union and Surface Parking Lot)</i>	<b>\$ 5,000,000</b>
<b>Total Public Improvements and Enhancements</b>		<b>\$ 712,786</b>
<i>Public Improvements</i>		<b>\$ 273,000</b>
	Utility Relocation and Improvements (i.e., LES)	\$ 37,500
	Streetscape and Right-of-Way Improvements (i.e., Streetscape on P, Q, and 17th)	\$ 235,500
<i>Acquisition</i>		<b>\$ 439,786</b>
<b>Total Uses</b>		<b>\$ 5,712,786</b>

EXHIBIT E



**University of Nebraska Federal Credit Union**  
P Street Facade



Brick Masonry Facade  
w/ Cast Stone Sill

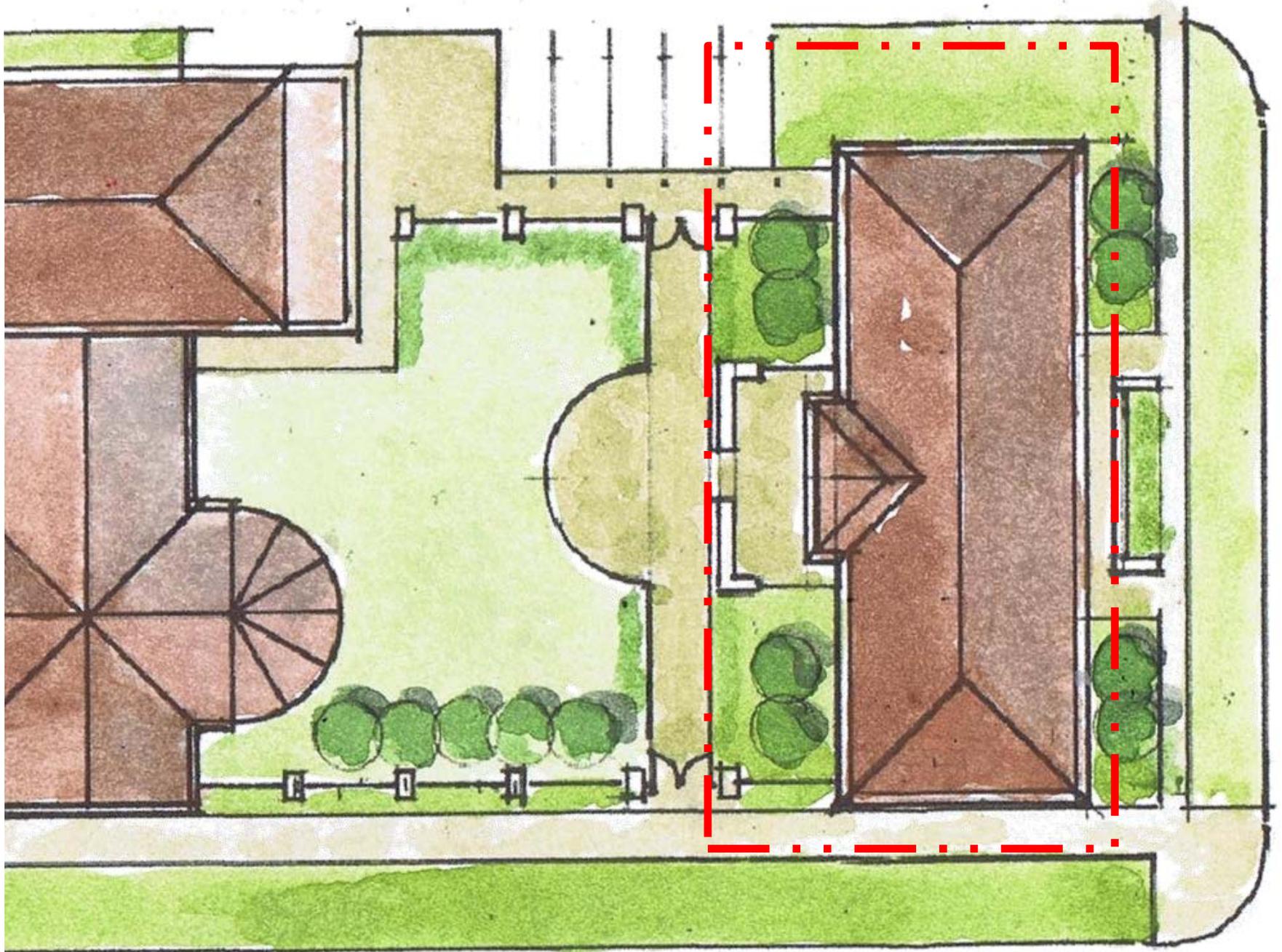
Two-Tone Architectural Metal Panel System

Clear-Anodized Aluminum Window System

Architectural  
Metal Panel  
Canopy System

Clear-Anodized Aluminum  
Storefront System

Brick Masonry Facade  
w/ Cast Stone Sill





- 1. Brick veneer-A
- 2. Brick veneer-B
- 3. Precast cornice
- 4. Precast band
- 5. Precast sill
- 6. Double hung windows
- 7. Asphalt shingles
- 8. Prefinished gutter
- 9. Decorative lighting

**east elevation**



**southeast elevation - before**

Date: 5 . 19 . 11  
Scale: 1" = 16'

**PHI KAPPA THETA fraternity**



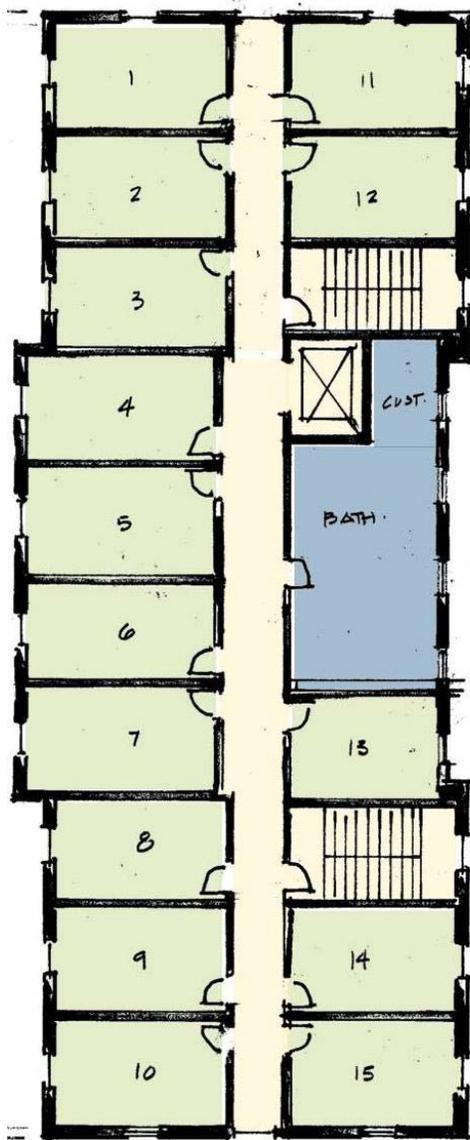
**southeast elevation - after**

Date: 5 . 19 . 11  
Scale: 1" = 16'

**PHI KAPPA THETA fraternity**

CLARK  
architectural  
collaborative<sup>3</sup>

- Living
- Bedrooms
- Library
- Bathroom
- Kitchen
- Dining
- Circulation



2<sup>nd</sup> , 3<sup>rd</sup> floor



1<sup>st</sup> floor



basement

EXHIBIT G

**CERTIFICATE OF COMPLETION OF  
REDEVELOPER IMPROVEMENTS**

KNOW ALL PEOPLE BY THESE PRESENTS: That the City of Lincoln, Nebraska, a Nebraska municipal corporation, hereinafter called "City," hereby certifies that, with regard to the following real property situated in the City of Lincoln, Lancaster County, Nebraska, to wit:

Lots 7-10, Block 11, Kinney's O Street Addition, Lincoln, Lancaster Country, Nebraska.

("Redeveloper Property") all the improvements required to be constructed upon the above-described Redeveloper Property have been satisfactorily completed in accordance with the requirements of the CITY OF LINCOLN REDEVELOPMENT AGREEMENT (17<sup>th</sup> & Q/Credit Union) ("Agreement") by and between the **CITY OF LINCOLN, NEBRASKA**, a municipal corporation in the State of Nebraska ("City") **UNIVERSITY OF NEBRASKA CREDIT UNION**, a corporation organized and existing under the United States Federal Credit Union Act ("Credit Union"), and **LITTLEMORE PROPERTIES CORPORATION.**, a Nebraska non-profit corporation("Corporation"), said Agreement dated as of \_\_\_\_\_, 2011, and recorded as Instrument No. \_\_\_\_\_, in the office of the Register of Deeds for Lancaster County, Nebraska.

IN WITNESS WHEREOF, the City has executed this instrument this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**CITY OF LINCOLN, NEBRASKA**  
a municipal corporation

ATTEST:

\_\_\_\_\_  
City Clerk

By: \_\_\_\_\_  
Chris Beutler, Mayor of Lincoln

STATE OF NEBRASKA     )  
  ) ss.  
COUNTY OF LANCASTER    )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2009, by Chris Beutler, Mayor of the City of Lincoln, Nebraska, a municipal corporation, on behalf of the municipal corporation.

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

