

**CITY OF LINCOLN
REDEVELOPMENT AGREEMENT
(CASE, CASE AND CASE)**

THIS REDEVELOPMENT AGREEMENT is entered into between the **CITY OF LINCOLN, NEBRASKA**, a municipal corporation in the State of Nebraska (“City”), and **TB RENTALS, LLC**, a Nebraska limited liability company, and its successors and assigns (“Redeveloper”).

RECITALS

A. The City has undertaken a program for the redevelopment of blighted and substandard areas in the City of Lincoln, Nebraska. As part of that program the City has prepared and approved the Lincoln Center Redevelopment Plan a copy of which, together with any and all amendments thereto (collectively “Redevelopment Plan”), is on file in the Office of the City Clerk of the City (“City Clerk”). The Redevelopment Plan has been adopted in compliance with the Nebraska Community Development Law codified at *Neb. Rev. Stat.* §§18-2101 through 18-2144 (the “Act”).

B. The Case, Case and Case Redevelopment Project included within the Redevelopment Plan calls for the City to support vacation of the north-south alleys and the connecting link thereto from the south right-of-way line of P Street between 14th Street and Centennial Mall North south to the north right-of-way line of the east-west alley between North 14th Street and Centennial Mall North as shown on Exhibit A (“Alley Vacation”) and renovation of the existing structure, including façade improvements on real estate owned by the Redeveloper at 1421 P Street, and legally described as the North 65 feet of Lot 6, Little & Alexander’s Subdivision of Lot 63, S.W. Little’s Subdivision, Lincoln, Lancaster County, Nebraska. 1421 P Street is hereinafter referred to as the “Redeveloper Property.”

C. The Case, Case and Case Redevelopment Project area (“Project Area”) incorporates the Redeveloper Property and all adjacent rights-of-way including the alley and all intersections, the right-of-way of P Street between N. 14th Street and Centennial Mall North, and the right-of-way of the east-west alley on the block bounded by N. 14th Street, Centennial Mall North, O Street, and P Street including right-of-way extending through alley intersection of Centennial Mall North as shown on Exhibit “A-1”. The Project Area may be expanded, at the City’s sole discretion, to include any City property currently owned or hereinafter acquired which abuts upon any of the above right-of-way.

D. *Neb. Rev. Stat. § 18-2103(12)* (Reissue 2012) 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 Bond Proceeds (as defined herein).

E. *Neb. Rev. Stat. § 18-2107* (Reissue 2012) 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. Redeveloper is willing to enter into this Agreement, purchase the Redeveloper Property from the City as provided below, and through a hard construction cost minimum investment of approximately One Million Two Hundred Thousand Dollars (\$1,200,000) to redevelop the Project Area by renovating the existing residential units into approximately 10,800 square feet of residential space (“1421 P Street Housing”) on the Redeveloper Property, including certain public enhancements to the 1421 P Street Housing and the Redeveloper Property for the greater good of the community and which are beyond the requirements of City

standards, regulations or codes (“Public Enhancements”). The 1421 P Street Housing and the Public Enhancements are collectively referred to as the “Private Improvements.” The Public Enhancements are more particularly described in Section 201.C below.

G. In order to help remove blight and substandard conditions and improve conditions in an economically underutilized area, the City is willing to enter into this agreement and to make a grant or grants to the Redeveloper to be used to construct the Public Enhancements and certain street and alley improvements identified in the Sources and Uses of Funds in Exhibit “B ” through the City’s executive order construction process as described in Section 201.B below (“Redeveloper Public Improvements”). The City and Redeveloper agree that such assistance is deemed essential to the preparation of the Project Area for the 1421 P Street Housing.

H. The Private Improvements and the Public Enhancements are collectively known as the “Redeveloper Project Improvements.” The costs of the Redeveloper Project Improvements are collectively known as the “Redeveloper Project Costs” and are summarized on the Sources and Uses of Funds in Exhibit “B”.

I. The City shall support the above described Alley Vacation and redevelopment of the Project Area in accordance with the Case, Case and Case Redevelopment Project; provided that, Redeveloper is willing to restrict the use of the Alley Vacation and use of the Redeveloper Property to certain use restrictions as provided in Section 303 and is further willing to agree to covenants and conditions regarding compulsory maintenance and upkeep of the Private Improvements to prevent a recurrence of substandard and blighted conditions as provided in Section 307; and further provided that, Redeveloper is willing to restrict the use of the grants provided hereunder for the sole purpose of design, construction and implementation of the

Redeveloper Project Improvements on behalf of the City and in the manner contractually described herein.

J. The Redevelopment Plan contains a provision providing that any ad valorem tax levied upon real property in the Project Area for the benefit of any public body shall be divided, for a period not to exceed fifteen (15) years (“Tax Increment Period”) after the effective date of such provision as identified in the project redevelopment contract or in the resolution of the authority authorizing the issuance of bonds pursuant to *Neb. Rev. Stat.* § 18-2124. Said provision is hereinafter referred to as the “Ad Valorem Tax Provision” or the “Tax Increment Provision.” The Ad Valorem Tax Provision was implemented pursuant to Nebraska Constitution Article VIII, Section 12 which provides that:

For the purpose of rehabilitating, acquiring, or redeveloping substandard and blighted property in a redevelopment project as determined by law, any city or village of the state may, notwithstanding any other provision in the Constitution, and without regard to charter limitations and restrictions, incur indebtedness, whether by bond, loans, notes, advance of money, or otherwise. Notwithstanding any other provision in the Constitution or a local charter, such cities or villages may also pledge for and apply to the payment of the principal, interest, and any premium on such indebtedness all taxes levied by all taxing bodies, which taxes shall be at such rate for a period not to exceed fifteen years, on the assessed valuation of the property in the project area portion of a designated blighted and substandard area that is in excess of the assessed valuation of such property for the year prior to such rehabilitation, acquisition, or redevelopment.

When such indebtedness and the interest thereon have been paid in full, such property thereafter shall be taxed as is other property in the respective taxing jurisdictions and such taxes applied as all other taxes of the respective taxing bodies.

K. *Neb. Rev. Stat.* § 18-2107 (Reissue 2012) and § 18-2150 (Reissue 2012) 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 a grant or grants to the Redeveloper, the City intends to issue tax increment financing

indebtedness (TIF Indebtedness) in the form of tax exempt and/or taxable series note or notes, and/or bond or bonds (collectively “TIF Bond”) to be repaid with the tax increment revenues generated under the Ad Valorem Tax Provision (“TIF Tax Revenues”).

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

M. The City and Redeveloper 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:

ARTICLE I.

EVIDENCE OF REDEVELOPER’S ABILITY

101. Evidence of Financial Ability of Redeveloper. The Redeveloper shall within sixty (60) days of the execution of this Agreement provide to the City on a confidential and privilege basis (to the extent allowed by law) evidence of availability of the specific amount of finances necessary for purposes of carrying out the commitment of the Redeveloper in connection with redevelopment of the Project Area. Such information shall state the amount and source of a loan commitment and liquid assets on hand or immediately available to the Redeveloper for design and construction of the Redeveloper Project Improvements. Such information shall be provided in a form satisfactory to the Finance Director of the City.

102. Timely Submittal of Evidence. Timely submittal of the information required in Section 101above shall be a condition precedent to the requirement of the City to proceed with its obligations under this Agreement.

ARTICLE II.

CONSTRUCTION/INSTALLATION OF REDEVELOPER AND CITY IMPROVEMENTS

201. Construction of Private Improvements.

A. Exterior Renovations. The preliminary size, shape and location of the exterior renovations to the Private Improvements are shown on Exhibit "C" ("Proposed Exterior Renovations"). The Proposed Exterior Renovations also include a delineation of renovations to be made to the exterior walls of the Private Improvements. The Proposed Exterior Renovations have been approved by the City. The exterior renovations to the Private Improvements as constructed by the Redeveloper shall be consistent with the Proposed Exterior Renovations. Prior to being approved by the City, the Proposed Exterior Renovations were presented to and approved by the City's Nebraska Capitol Environs Commission.

B. Construction Documents. The Redeveloper shall prepare or cause to be prepared, at Redeveloper's own cost and expense, detailed final construction plans and specifications (hereinafter "Construction Documents") for the Private Improvements. The Construction Documents for the Private Improvements will be submitted to the Department of Building and Safety for building permit review and approval.

C. Construction of Private Improvements.

1. General Requirements. The Redeveloper, through an anticipated hard construction cost minimum investment of One Million Two Hundred Thousand and No/100

Dollars (\$1,200,000.00), shall at its own cost and expense construct the Private Improvements substantially in conformance with the Construction Documents as approved by the City. As part of said construction, the Redeveloper, at its own cost and expense subject to reimbursement as provided in Section 403 below, shall construct the following Public Enhancements: (1) Façade Enhancements to include new doors and windows, repainting, brick repair, removal of exterior stairs on east side of the building, fill in stairway to the basement, remove metal railing, remove trash chute; (2) Energy Efficiency Enhancements to include a ductless mini-split heat pump HVAC system with a SEER rating of 28 for each dwelling unit and Energy Star qualified windows with a National Fenestration Rating Council (NFRC) U-value of .30 or less. The Private Improvements shall be constructed in compliance with all applicable local, state, and federal building and construction laws and codes. Redeveloper agrees to secure and maintain all permits and licenses necessary for its use of the Redeveloper Property including, but not limited to, necessary building permits and inspections. Redeveloper shall enter into a Façade Agreement with the City in the form attached hereto as Exhibit “D-1” related to the Façade Enhancements.

2. Egress Conditions. Construction of the Private Improvements requires a new step and a doorway which extends outward into the public sidewalk space together with barriers to protect pedestrians on the sidewalk from being struck by the door when opened (collectively “Encroachments”) as shown on Attachment A to Exhibit “D-2.” The City agrees to grant Redeveloper an easement for the Encroachments in the form attached hereto as Exhibit “D-2”.

D. Commencement/Completion of Private Improvements. Redeveloper agrees to use commercially reasonable efforts to substantially complete construction of the Private Improvements as provided for in Section 306 below and to pay or cause to be paid in a timely

manner each person, as defined in Neb. Rev. Stat. §49-801, that performed labor or furnished materials, equipment or supplies used in the prosecution of the Private Improvements. Such payment shall be made promptly after completion of the Private Improvements and submission of all final and unconditional lien waivers and in accordance with all the provisions of this Agreement relating to the obligations of Redeveloper to construct the Private Improvements. Failure to construct a specific element of Private Improvements due to a failure to obtain a necessary easement, license, permit or authorization in form and substance reasonably satisfactory to the Redeveloper and its counsel shall not be considered an item of default. Developer and the City shall agree on a reasonable alternative to such element of the Private Improvements.

E. Certificate of Completion. Promptly after final completion of the Private Improvements and Public Enhancements in accordance with all the provisions of this Agreement relating to the obligations of Redeveloper to construct the Private Improvements and Public Enhancements and promptly after the Redeveloper provides the City the proper documentation that each person, as defined in Neb. Rev. Stat. §49-801, that performed labor or furnished materials, equipment or supplies used in the prosecution of the Private Improvements and Public Enhancements have been properly paid, the City shall upon request by the Redeveloper furnish a Certificate of Completion of Private Improvements and Public Enhancements, the form of which is shown on Exhibit “E”. 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 Redeveloper to construct the Private Improvements and Public Enhancements. The Certificate of Completion of Private Improvements and Public Enhancements shall be recorded by the Redeveloper at its own cost and expense 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 Redeveloper, the City shall, within fifteen (15) days after written request by Redeveloper, provide Redeveloper with a written statement indicating in what respect Redeveloper has failed to complete the Private Improvements and Public Enhancements subject to 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 Redeveloper to take or perform in order to obtain such certification.

202. Cost Certification. The Redeveloper shall submit a reimbursement request, accompanied by photographs or images showing and the Redeveloper's certification that the Public Enhancements have been completed in accordance with this Agreement, to the City requesting reimbursement from the City or Lender Project Account (as defined in Section 402.A below) of any expenses related to construction of the Public Enhancements. The Redeveloper shall timely submit receipts, invoices, or proof of payment concurrently with the request for such reimbursement. 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 reimbursement made by Redeveloper that are consistent with this Agreement. If the TIF Bond Proceeds are held in a City Project Account, the reimbursement payment by the City to Redeveloper shall be made within fifteen (15) days after approval by the City. If the TIF Bond Proceeds are held in a Lender Project Account, the reimbursement payment shall be promptly made by the Lender.

203. Construction Administration. Redeveloper shall be responsible on a pay-as-you-go basis for all components of the Redeveloper Project Improvements, including construction management, coordination of contractors and regulatory permitting and other

requirements. Subject to reimbursement for Public Enhancements as provided for in Section 403 below, the Redeveloper will be solely responsible for payment of all construction cost attributable to the Private Improvements.

204. Permits and Approvals. Redeveloper agrees to secure all permits and licenses necessary for construction of the Private Improvements and its intended use of the Redeveloper Property including, but not limited to, necessary building permits and inspections.

205. Commencement and Completion Deadline for Private Improvements. The Redeveloper shall use its best efforts to commence construction of the Private Improvements within ninety (90) days following the date of this Agreement and shall use its best efforts to substantially complete the Private Improvements by January 15, 2015.

206. Duty to Maintain Private Improvements. Redeveloper at its own cost and expense shall, following construction of the Private Improvements, keep the same in a safe and sanitary condition and shall take all necessary action reasonably necessary to (a) maintain, in good order and condition and state of repair, all interior and exterior portions of the buildings including the routine and reasonable preventive maintenance of the buildings and their 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, and (b) maintain the grounds in a safe and sanitary condition including but not limited to sweeping and removal of trash, litter, and refuse; repair and replacement of paving as reasonably necessary; maintenance of landscaped areas; removal of snow and ice from sidewalks, driveways, and parking areas, in order to keep the same free from dilapidation or deterioration and free from conditions which endanger life or property by fire or other causes.

ARTICLE III.

SECURITY AND RESTRICTIONS

301. Bonds.

A. Penal Bond –Public Enhancements. Pursuant to *Neb. Rev. Stat. § 18-2151*, Redeveloper shall furnish or cause to be furnished to the City, prior to commencement of construction of the Public Enhancements, a penal bond in the amount of \$10,000 with a corporate surety authorized to do business in the State of Nebraska. The form of the penal bond is attached hereto as Exhibit “F”.

B. Payment and Performance Bond – Private Improvements. Prior to commencing construction of the Private Improvements, Redeveloper shall furnish the City with a construction performance and construction payment bond in a sum not less than the contract sum for the Private Improvements, including the contract sum for the Public Enhancements. Such bonds shall be conditioned upon the Redeveloper at all times making payment of all amounts lawfully due to each person, as defined in *Neb. Rev. Stat. §49-801*, that performed labor or furnished materials, equipment or supplies used in the prosecution of the Private Improvements.

C. Disbursement Agreement. The City shall accept in lieu of the requirement in Section 301.B above a fully executed Disbursement Agreement. The form of which is attached hereto as Exhibit “H”.

302. Indemnification. Redeveloper agrees to indemnify and hold City harmless to the extent of any payments in connection with carrying out construction of the Redeveloper Project Improvements the City may be required to make for failure of Redeveloper or its contractor to make payments of all amounts lawfully due to each person, as defined in *Neb. Rev. Stat. §49-*

801, that performed labor or furnished materials, equipment or supplies used in prosecution of the Redeveloper Project Improvements.

303. Use Restrictions.

A. Alley Vacation. Redeveloper agrees that as a condition of approval of the Alley Vacation and conveyance of the vacated alleys and connecting link (“Vacated Alleys”) to the Redeveloper, the Redeveloper shall enter into a Joint Use Easement and Maintenance Agreement acceptable to the City providing for the joint use easement and maintenance of the Vacated Alleys by the Redeveloper and the owners of the other properties abutting upon the Vacated Alleys. The Vacated Alleys shall be conveyed to the Redeveloper by Quitclaim Deed without the payment of additional consideration. The City’s Quitclaim Deed to the Vacated Alleys and the approved Joint Use, Easement and Maintenance Agreement shall be filed of record by the City with the Register of Deeds of Lancaster County, filing fees to be paid by the Redeveloper. The Alley Use Agreement shall be indexed against the properties abutting the Vacated Alleys .

B. Redeveloper Property and Vacated Alleys. Redeveloper agrees that during the Tax Increment Period no portion of the Redeveloper Property or the Vacated Alleys shall be used for any of the following uses:

1. Any business whose predominant operation is the retail sale of alcoholic beverages for consumption off the premises (predominant shall mean retail gross sales of alcoholic beverages, including mixed drinks, in excess of 50% of gross sales on the premises) or any such business that in the opinion of the City has an unreasonable pattern of liquor law violations;

2. 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;

3. 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.

4. 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.

5. Any business involving gambling or wagering even if otherwise permitted by law including slot machines, video lottery machines, or casino games, but excluding keno, bingo, and the retail sale of lottery tickets as permitted by applicable law.

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

7. Off-premises signs as defined in Section 27.69.020 of the Lincoln Municipal Code.

8. Any business providing payday loans, liens, check cashing services, or other similar services, except for banks, savings and loans, insurance company, investment companies, stock brokers, credit unions and automated teller machines.

9. Cell towers, although cellular antennae and transmission equipment may be incorporated into the Private Improvements provided that they are properly screened and otherwise meet design standards that meet the City's approval.

ARTICLE IV.

TAX AGREEMENT

401. Grant of Funds. In order to support redevelopment of the Project Area and as an inducement for the Redeveloper to construct the Redeveloper Project 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 and receipt of proceeds from the sale thereof ("TIF Bond

Proceeds”) as shown in Exhibit “B”, to make a grant or grants to Redeveloper to reimburse Redeveloper (or make payments directly to Redeveloper’s Contractor) as provided in Section 403 below for the Public Enhancements in a maximum amount not to exceed the total amount of TIF Bond Proceeds remaining after reimbursing the City for the City’s cost to issue the TIF Bond. Redeveloper shall submit authentic and satisfactory documentation to the City to verify the grant was expended on TIF eligible Redeveloper Project Costs. Any ineligible use of the grant shall immediately be repaid to the City.

402. TIF.

A. Issuance of TIF Indebtedness. Not earlier than thirty (30) days following the later date of the approval and execution of this Redevelopment Agreement or the date the issuance of the TIF Bond (defined below) has been authorized, which date is after the remonstrative period in Neb. Rev. Stat § 18-2142.01 or as soon thereafter as is practicable, the City shall issue a TIF Bond in the sum of \$175,000 to be purchased by the Redeveloper or Redeveloper’s Lender (“TIF Bond Purchaser”) and receive TIF Bond Proceeds from the TIF Bond Purchaser to be deposited into a City or Lender fund account (the “Project Account”) to be used and expended as set forth in Section 403 below. The total dollar amount of the TIF Bond is the estimated amount of the tax increment to be generated on the Redeveloper Property and Private Improvements based upon an estimated taxable valuation of \$1,160,000 after completion of the Private Improvements.

B. Authority of City Finance Director. Subject to the terms of this Redevelopment Agreement, the City Finance Director on behalf of the City shall make all necessary arrangements regarding when to incur TIF Indebtedness and issue the TIF Bond and all other details of the TIF Indebtedness, TIF Bond, TIF Tax Revenues, Project Account and

Grant of Funds to reimburse Redeveloper for the Public Enhancements and Redeveloper Public Improvements. All such arrangements made by the Finance Director shall be subject to approval of the Mayor.

403. Use of TIF Bond Proceeds. TIF Bond Proceeds shall be used for and 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 grant or grants to reimburse Redeveloper for costs of the Public Enhancements.

Only Public Enhancement costs incurred after the date of this Agreement shall be eligible for reimbursement as Second Priority items.

The City shall not have any obligation to making a grant or grants to reimburse the Redeveloper for the Public Enhancements in excess of the available TIF Bond Proceeds as described above. Redeveloper shall use its own funds to fund any Public Enhancement costs that exceed the TIF Bond Proceeds that are lawfully available and granted to the Redeveloper hereunder. The funds granted to Redeveloper are restricted and earmarked solely for the reimbursement of eligible Redeveloper Public Improvements and Public Enhancements as described herein and the Redeveloper does not have discretionary judgment over the applications of said grant funds.

404. Valuation of the Redeveloper Property. The City intends to use the Ad Valorem Tax Provision to generate tax increment financing funds which shall be used to finance the issuance of the TIF Bond and to make the grant or grants to Redeveloper in accordance with

this Redevelopment Agreement. 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 Development 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 Redeveloper Property as provided in this Agreement. Redeveloper agrees not to contest any taxable valuation assessed for the Redeveloper Property and Private Improvements thereon during the Tax Increment Period which do not exceed \$1,160,000 commencing tax year 2015 and continuing for a period of not to exceed fifteen (15) years after the effective date (“Effective Date”) of the Ad Valorem Tax Provision in Section 813 below 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.

405. 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 purchaser of the TIF Bond (“TIF Bond Purchaser”) the principal of the TIF Indebtedness with interest as provided in the TIF Bond Ordinance at a rate not to exceed seven percent (7%) 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 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 Redeveloper and TIF Bond Purchaser without recourse of any kind against the City.

406. Tax Increment Deficiency on Redeveloper Purchased TIF Bond.

A. Redeveloper Purchased TIF Bond. If the Redeveloper purchases the TIF Bond, any shortfall in the annual 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 Redeveloper without recourse of any kind against the City. 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 Redeveloper as purchaser of the TIF Bond agrees to defer payment of the same for each year that there exists a deficiency during the Tax Increment Period. If Redeveloper is required to defer any such payments, the City shall reimburse all sums deferred if and when annual TIF Tax Revenues do become available from the Ad Valorem Tax Provision to meet current debt service and reimburse Redeveloper for such deferred payments. In the event the TIF Indebtedness is not retired in full at the end of the Tax Increment Period, any remaining TIF Indebtedness shall be forgiven.

B. Lender Purchased TIF Bond. If Redeveloper's Lender purchases the TIF Bond, any shortfall in the annual 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 Redeveloper and TIF Bond Purchaser without recourse of any kind against the City. 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 Redeveloper agrees to pay the same upon written request of the City and shall pay the same for each year that there exists a deficiency in such TIF Tax Revenues. In the event the TIF Indebtedness is not retired in full at the end of the Tax Increment Period, the Redeveloper agrees to pay the same upon written request of the City. If Redeveloper is required to pay any such deficiency, the City

shall reimburse all sums paid by said Redeveloper for such purposes if and when annual TIF Tax Revenues do become available from the Ad Valorem Provisions to meet current debt service and reimburse Redeveloper for such deficiency payments.

C. Adjustments for any Payments of Tax Increment Deficiency. If Redeveloper makes one or more payments to cover a deficiency in the required debt service payments on the TIF Bond as provided in paragraph A and paragraph B of this Section 406, the City shall maintain a record of the aggregate amount of said payments, which shall include interest (at the same interest rate of the then outstanding TIF Bond) (“**Redeveloper’s Aggregate Deficiency Payments**”). If the TIF Tax Revenues from the Tax Increment Provision for any year exceeds the amount necessary to meet current debt service on the TIF Indebtedness, then the excess TIF Tax Revenues shall be paid to Redeveloper and deducted from the Redeveloper’s Aggregate Deficiency Payments until Redeveloper’s Aggregate Deficiency Payments have been fully reimbursed.

407. Excess TIF. Any excess TIF Tax Revenues resulting from the Tax Increment Provision on the Redeveloper 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.

408. Reimbursement of Grants. Subject to Section 701 below, Redeveloper agrees to repay the City the grant or grants of funds provided for in Section 401 above in the event Redeveloper fails to substantially complete the Redeveloper’s Private Improvements as provided in Section 205 and, upon such repayment of the of the grant funds, this Agreement shall be null and void in regards to the Redeveloper and the Redeveloper Property.

Subject to Section 701 below, in the event the Redeveloper fails to maintain the Redeveloper's Private Improvements as provided in Section 206 above, then the Redeveloper shall reimburse the City the proportionate share (1/15) of the grant funds provided for in Section 301 above for the year the Redeveloper fails to maintain the Private Improvements.

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

410. Damage or Destruction of Private Improvements.

A. Construction Period. During the construction period, 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 but allowing for reasonable coinsurance clauses and deductibles. In the event of any insured damage or destruction, Redeveloper agrees to use its good faith efforts to commence restoration of the Private Improvements to its prior condition within nine (9) months from the date of the damage or destruction, and shall diligently pursue the same to completion.

B. Tax Increment Period. During the tax increment period, Redeveloper shall include by restrictive covenant an enforceable obligation on the Redeveloper or other owner or tenant in possession to maintain property insurance on an extended coverage all-risk basis in an amount not less than the replacement value, allowing for reasonable coinsurance clauses and deductibles and also subject to the Redeveloper or other owner or tenant's obligation to use good

faith efforts to commence restoration of the Private Improvements to its prior condition within nine (9) months from the date of the damage or destruction, diligently pursuing the same to completion.

C. Failure to Restore. In the event Redeveloper fails for any reason to restore the Private Improvements as provided in A and/or B above, Redeveloper shall either forgive any remaining TIF Indebtedness and interest thereon if the Redeveloper was the TIF Bond Purchaser, or pay to the City the necessary amount of to retire the TIF Indebtedness in full (including interest) if the TIF Bond was purchased by the Redeveloper's Lender.

411. Condemnation. If during the Tax Increment Period, all or any portion of the Redeveloper Property is condemned by a condemning authority other than the City, and the condemning authority or its successor in interest would not be obligated to pay real estate taxes upon that portion condemned, the City shall be entitled to claim against the Condemner an interest in the property equal to the present value of the pro rata share of TIF Indebtedness outstanding as of the date of taking.

412. Agreement to Pay Taxes. Redeveloper agrees to pay all real property taxes levied upon the Redeveloper Property and Private Improvements prior to the times such taxes become delinquent. This contractual obligation to pay such taxes prior to delinquency on the part of the Redeveloper shall cease upon expiration of the Tax Increment Period, but the City in no way waives the statutory obligation of Redeveloper to continue to pay real estate taxes. Nothing herein shall be deemed an agreement by Redeveloper to waive its right to protest or contest the valuation of the Redeveloper Property and Private Improvements for tax purposes except provided herein.

ARTICLE V.

MORTGAGE FINANCING; RIGHTS OF MORTGAGEES

501. Financing Creating Encumbrances Restricted.

A. Prior to issuance of the Redeveloper's Certificate of Completion of Improvements by the City for the Private Improvements, neither Redeveloper, nor any successors in interest with respect to the Redeveloper Property shall engage in any financing or any other transaction creating any Mortgage upon the 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 the Redeveloper Property, except for the purposes of obtaining funds only to the extent necessary to design, construct, maintain, repair, replace and insure the Private Improvements. Redeveloper or any successor in interest as Redeveloper shall notify the City in advance of any financing secured by Mortgage that it proposes to enter into with respect to the Redeveloper Property, and shall promptly notify the City of any Mortgage that has been created on or attached to the Redeveloper Property whether by voluntary act of Redeveloper or otherwise. Notwithstanding the above, if any involuntary encumbrance or lien is made on or attached to any of the Redeveloper Property and which is contested by Redeveloper, then Redeveloper may defend against such encumbrance or lien, provided that a sufficient bond or security is posted with the Clerk of the district court pursuant to Neb. Rev. Stat. §52-142, to permit the Redeveloper to avoid or prevent foreclosure of such encumbrance or lien. In addition, Redeveloper agrees that prior to completion of Private Improvements; any loan proceeds secured by any interest in the Redeveloper Property shall be used solely for the payment of costs and expenses related to the design and construction of the Private Improvements. Redeveloper shall provide a copy of all

draw requests and bank approvals related to the Public Enhancements to the Director of Urban Development in a timely fashion.

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 the Private Improvements has occurred and has not been fully restored, any party who obtains title to any portion of the Redeveloper Property from or through Redeveloper or the holder of any Mortgage or any other purchaser at foreclosure sale shall be obligated to use good faith efforts to commence construction or reconstruction within nine (9) months from the date of acquisition of title by said party and to diligently pursue the same to completion or, in lieu thereof, the holder of any Mortgage or any other purchaser at foreclosure 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. Each Mortgage holder who obtains title to the Redeveloper Property or any part thereof as a result of a foreclosure or other judicial proceedings or action in lieu thereof shall not be obligated by and shall be exempted from those provisions of this Redevelopment Agreement which require construction and completion of the Private Improvements and which require such holder to be obligated to guarantee such construction and completion.

502. Notice of Default. Whenever the City shall deliver any notice or demand to Redeveloper with respect to any breach or default by 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 at the last address of such holder as shown in the records of the Register of Deeds of Lancaster County.

503. 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 of a mortgage shall (and every Mortgage or other instrument of encumbrance made prior to completion of the Private Improvements by Redeveloper or its successors in interest shall so provide) have the right, at its option, to cure or remedy such breach or default and to add the cost thereof to the mortgage debt and the lien of its Mortgage. If the Mortgage holder commences efforts to cure the default within such 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 default. In the event the holder fails to cure, then the City shall have the remedies provided for in this Redevelopment Agreement.

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

ARTICLE VI.

REPRESENTATIONS

601. Representations. Redeveloper represents and agrees that its undertakings, pursuant to this Agreement, have been, are, and will be, for the purpose of redevelopment of the Redeveloper Property and not for speculation in land holding.

602. Restrictions on Assignments of Rights or Obligations. Redeveloper represents and agrees that prior to completion of the Private Improvements provided for above there shall

be no sale or transfer of the Redeveloper Property or assignment of 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 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 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 Redeveloper in writing.

603. Representations and Warranties of Parties.

A. Redeveloper represents and warrants to City as follows:

i. Organization; Power; Good Standing. Redeveloper is a limited liability company organized and validly existing in good standing under the laws of the State of Nebraska. Redeveloper is qualified to do business in the State of Nebraska and has all requisite power and authority to own and operate their

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

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

iii. Effect of Agreement. The execution, delivery and performance of this Agreement by Redeveloper have been duly authorized by all necessary action by Redeveloper 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 Redeveloper, and will not violate any instrument, agreement, order, judgment, decree, statute, regulation, or any other restriction of any kind to which Redeveloper is a party.

B. City represents and warrants to Redeveloper as follows:

i. 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.

ii. 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.

ARTICLE VII.

REMEDIES

701. Remedies. Except as otherwise provided in this Agreement, in the event of any default in performance of this Agreement by the City or Redeveloper, 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 after receipt of such notice, then the defaulting party shall within such 30-day period notify the non-defaulting party of the reasonably expected time needed to cure the default and commence efforts within such 30-day period to cure and shall use its best efforts to cure the default within said reasonably expected time line. If the default is not timely cured, the non-defaulting party may institute any proceedings which may be necessary to cure and remedy the default.

702. 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.

703. 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.

704. 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 at the same or different times 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.

ARTICLE VIII.

MISCELLANEOUS

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

802. Notices and Demands. A notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is sent by registered or certified mail, postage prepaid, return receipt requested or delivered personally as follows:

If to the City: Mayor
555 South 10th Street
Lincoln, NE 68508

With a copy to: City Attorney
555 South 10th Street
Lincoln, NE 68508

If to Redeveloper: TB Rentals, LLC
2640 West M Court
Lincoln, NE 68522

with a copy to: Thomas C. Huston
Cline, Williams, Wright, Johnson & Oldfather, L.L.P.
233 South 13th Street
1900 U.S. Bank
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.

803. Access to Redeveloper Property. During construction of the Private Improvements, Redeveloper shall permit the representatives of the City to enter all areas of the 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 the construction of the Redeveloper Project Improvements. No compensation shall be payable nor shall any charges be made in any form by any party for the access or inspection provided for in this section. The City's right of access granted under this Section shall terminate upon issuance by the City of the Redeveloper's Certificate of Completion.

804. Provisions Run With the Land. This Agreement shall run with the Redeveloper Property and shall inure to and bind the parties and their successors in interest. This Redevelopment Agreement or the Memorandum of Redevelopment Agreement and Use Restrictions attached hereto as Exhibit “G” shall be recorded with the Register of Deeds of Lancaster County, Nebraska, against the Redeveloper’s Property, at the Redeveloper’s expense.

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

806. 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.

807. 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; provided the City and the Redeveloper each agree to execute any release necessary to be filed of record to evidence such expiration or termination, unless otherwise stated herein.

808. 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 Redeveloper for Public Enhancements 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 Redeveloper and should not be construed as income to the Redeveloper under the Internal Revenue Code Section 61 (I.R.C. § 61).

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

810. Equal Employment Opportunity. Pursuant to requirements of Section 11.08.160 of the Lincoln Municipal Code and *Neb. Rev. Stat.* § 48-1122 (Reissue 2010), 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. Redeveloper further agrees to require that its contractor and subcontractors shall agree to conform to said requirements.

811. Federal Immigration Verification System Requirements. In accordance with *Neb. Rev. Stat.* §§4-108 through 4-114, the Redeveloper agrees to register with and use a federal immigration verification system to determine the work eligibility status of new employees performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 USC 1324a, otherwise known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized. The Redeveloper shall not discriminate against any employee or applicant for employment to be employed in the performance of this section pursuant to the requirements of state law and 8 USC 1324b. The Redeveloper shall require any contractor constructing the Private Improvements on behalf of Redeveloper to comply with the provisions of this Section.

812. Audit and Review. 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 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 Bond Proceeds.

813. Effective Date of Ad Valorem Tax Provision. The Effective Date of the Ad Valorem Tax Provision of the Private Improvements portion of the Redevelopment Project shall be the earlier of the date when construction of the Private Improvements is completed or January 15, 2015 (“Effective Date”). The City will deliver written notice to the County Assessor on or before August 1st of the year in which the Effective date occurs to divide the property taxes in the Project Area and use the last certified valuation to divide the taxes for the remaining portion of the fifteen (15) year period as described in Section 18-2147 of the Nebraska Revised Statutes.

814. Integrated Contract; Severance of Provisions. It is intended by the parties that this Redevelopment Agreement and the incorporated, attached, and referenced documents shall be an integrated contract, but that invalidation of any of its provisions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect unless such court action shall materially change the intent of this Redevelopment Agreement.

815. Exhibits. The following Exhibits are attached to the Redevelopment Agreement and are incorporated herein by this reference:

- Exhibit A – Alley Vacation Map
- Exhibit A-1 – Project Area Map
- Exhibit B – Sources and Uses of Funds
- Exhibit C – Proposed Exterior Renovations
- Exhibit D-1 – Façade Agreement

- Exhibit D-2 – Encroachment Easement Agreement
- Exhibit E – Certificate of Completion of Private Improvements
- Exhibit F – Penal Bond
- Exhibit G –Memorandum of Redevelopment Agreement and Use Restrictions
- Exhibit H – Disbursement Agreement.

816. Recording. The City, at Redeveloper’s cost and expense, shall record the Memorandum of Redevelopment Agreement and Use Restrictions with the Lancaster County Register of Deeds to be indexed against the Redeveloper Property.

[SIGNATURE PAGES TO FOLLOW]

Executed by Redeveloper this _____ day of _____, 2014.

TB RENTALS, LLC
a Nebraska limited liability company

By: _____
Title: _____

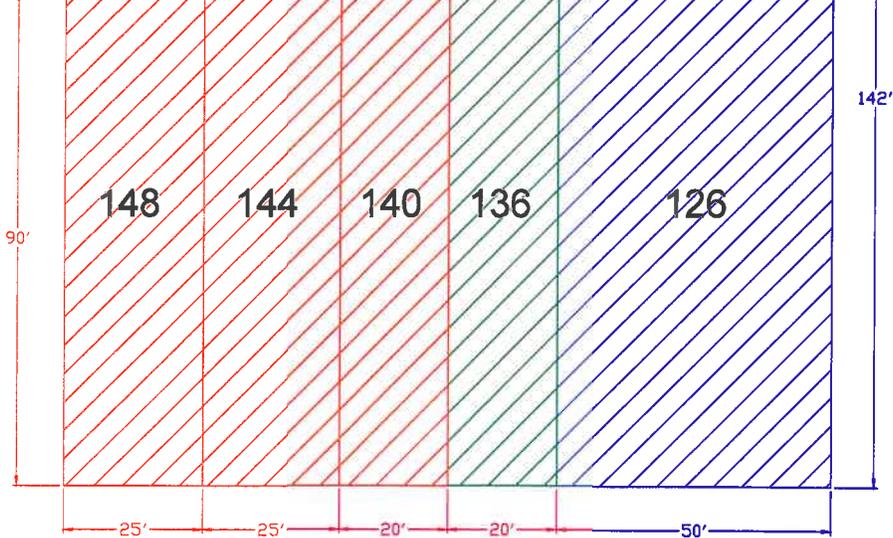
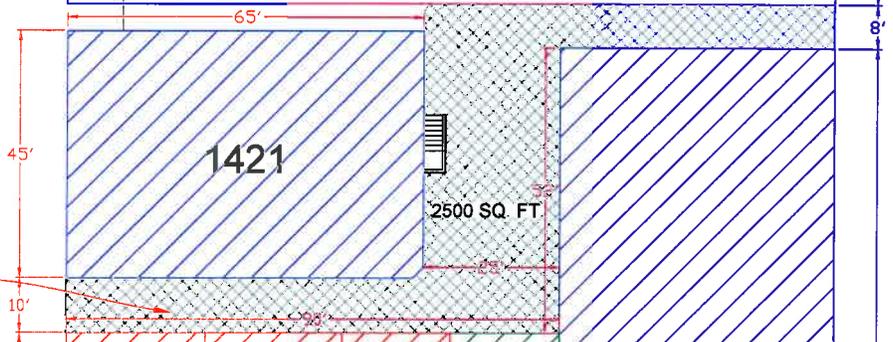
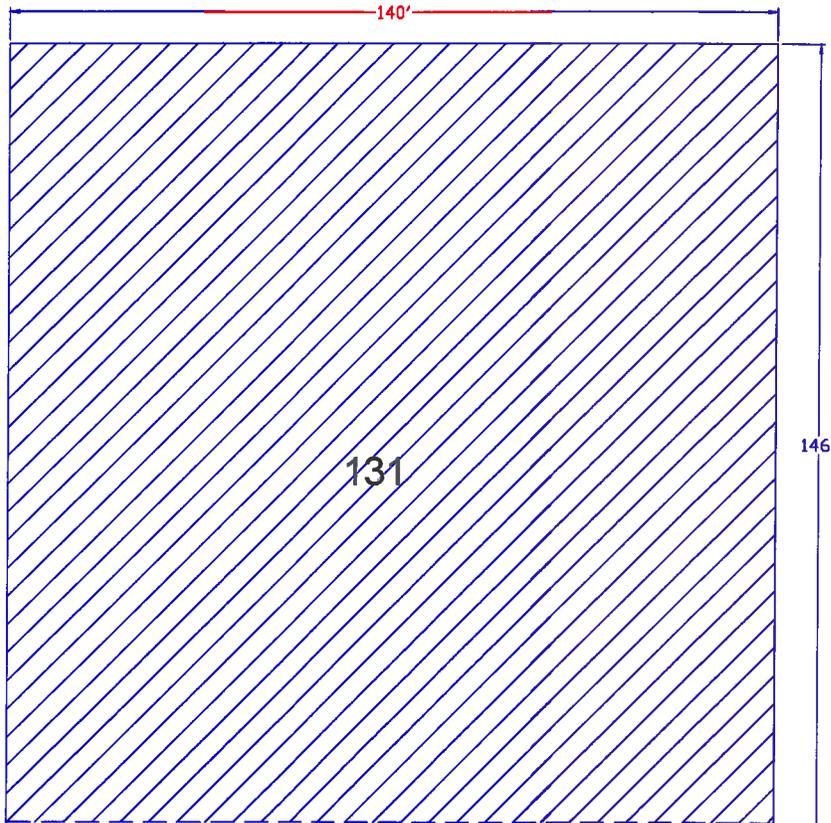
STATE OF NEBRASKA)
) ss.
COUNTY OF LANCASTER)

The foregoing instrument was acknowledged before me this _____ day of _____, 2014, by _____, _____ of TB Rentals, LLC, a Nebraska limited liability company on behalf of said limited liability company.

Notary Public



P STREET



MAIN E.W. ALLEY

14TH STREET

1

Tru-Built Construction

Title: Plan View of Buildings and Alleys

Scale:

Drawn By: Tucker Lange

Date: 1-21-14

TRU-BUILT CONSTRUCTION
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EXHIBIT "A"

Exhibit "A-1"

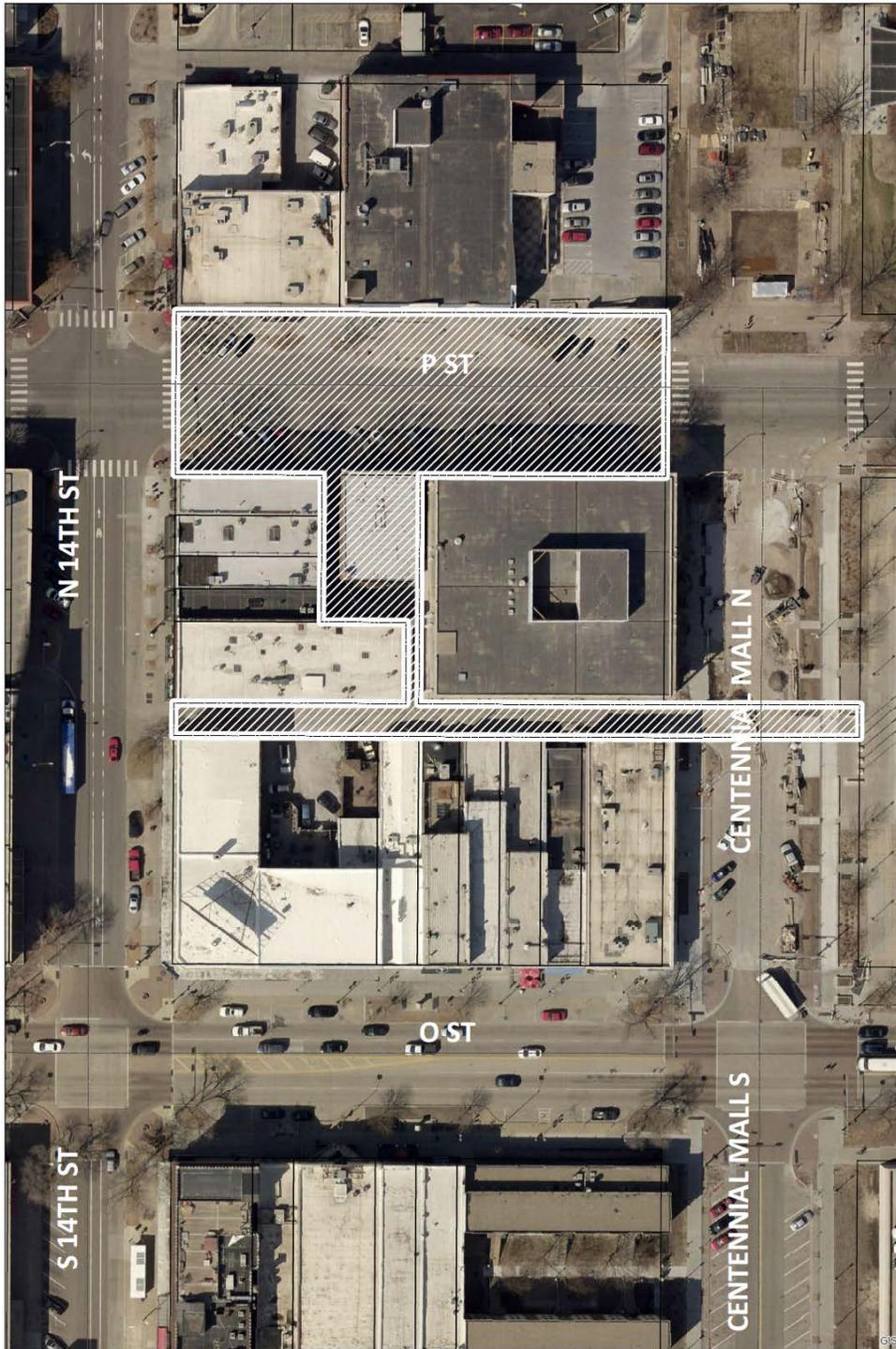


Exhibit IV-181: Case, Case, and Case: Redevelopment Project Area

 Case Case and Case



Exhibit B

Uses of TIF

Priorities	Uses of TIF	Estimate	Estimate
1	Issuance Costs		\$ 5,000.00
2	Public Enhancements		\$ 190,000.00
	Façade Enhancements	\$ 81,000.00	
	Energy Enhancements	\$ 109,000.00	
	Total Eligible Costs		\$ 195,000.00
	Total TIF		\$ 175,000.00
	Estimated Gap (Gaps will be covered by Dev.)		\$ (20,000.00)

Exhibit "C"

PROPOSED EXTERIOR RENOVATIONS FOR 1421 P STREET

1421 P STREET
Exhibit "C"



PROPOSED EXTERIOR RENOVATIONS

1

**Tru-Built
Construction**

Title: Proposed Exterior
Renovations at
1421 P St.

Scale:

Drawn By: Tucker Lange

Date: 1-21-14

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1421 P STREET
Exhibit "C"



PROPOSED EXTERIOR RENOVATIONS

REAR OF 1421 P STREET

Exhibit "C"



REMOVE WIRES

NEW WINDOWS AND DOORS FOR THE ENTIRE BUILDING

NEW GUTTER AND DOWNSPOUT

REMOVE TRASH CHUTE

REPAIR FIRE ESCAPE

REMOVE GRAFFITI

REMOVE ELECTRICAL BOX, WIRES, AND METAL TRACK

FILL IN STAIRWAY TO BASEMENT AND REMOVE METAL RAILING

PROPOSED EXTERIOR RENOVATIONS

3

Exhibit "D-1"
Façade Agreement

FAÇADE AGREEMENT
(_____)

THIS FAÇADE AGREEMENT (the "Agreement") is made this ____ day of _____, 20____, by and between, **TB RENTALS, LLC**, a Nebraska limited liability company, ("Redeveloper"), and the **CITY OF LINCOLN, NEBRASKA**, a municipal corporation in the State of Nebraska ("City").

RECITALS

A. Redeveloper is the owner of the following described property:

The North 65 feet of Lot 6, Little & Alexander's
Subdivision of Lot 63, S.W. Little's Subdivision,
Lincoln, Lancaster County, Nebraska

("Redeveloper Property").

B. Redeveloper entered into a Redevelopment Agreement (the "Redevelopment Agreement") with City for the redevelopment and renovation of the Redeveloper Property.

C. Pursuant to the Redevelopment Agreement, to ameliorate the blighted and substandard conditions of the Redeveloper Property and to enhance the aesthetics of the mixed use housing complex constructed on the Redeveloper Property (the "Private Improvements"), Redeveloper agreed to make certain improvements to the façade of the Private Improvements (the "Façade") for the benefit of the public. Under the Redevelopment Agreement, Redeveloper is receiving tax increment financing from City 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, Redeveloper and City do now hereby agree as follows:

1. Façade. In consideration of the benefits received by Redeveloper under the Redevelopment Agreement, Redeveloper hereby agrees to subject the façade of the Private Improvements located on the Redeveloper Property to the restrictions described herein.

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

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

b. Redeveloper shall not undertake, or allow to be undertaken, any material changes to the Façade without the express written consent of the City. Such restricted changes to the Façade include, but are not limited to:

(i) Any material 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) 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 Redeveloper from implementing any ordinary or necessary maintenance as set forth in Section 3 below.

3. Façade Maintenance. Redeveloper 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 Redeveloper desires to make any material changes to the Façade, Redeveloper shall give the City for its review and approval 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. Casualty Damage. In the event that the Private Improvements or any part thereof shall be damaged by fire or other casualty, then Redeveloper shall use reasonable effort to reconstruct the Façade to the condition required under this Agreement. If the Private Improvements are damaged to such an extent that Redeveloper determines that reconstruction of said Improvements is not feasible and provides City with a statement from an independent engineer to the same effect, then this Agreement shall be void and of no further force or effect with respect to said Private Improvements.

6. Inspection. The City shall be permitted to have reasonable access to the Redeveloper Property to inspect the Façade for the purpose of determining conformance with this Agreement.

Exhibit "D-2"

ENCROACHMENT EASEMENT AGREEMENT

This Encroachment Easement Agreement (this Agreement) is made as of this ___ day of _____, 2014 by and between the **City of Lincoln, Nebraska**, a municipal corporation ("City") and **TB Rentals, LLC**, a Nebraska limited liability company, and its successors and assigns ("Redeveloper").

Preliminary Statements

1. The City is fee owner of certain P Street R-O-W, including the public sidewalk ("Sidewalk Space") abutting the Redeveloper's property located at 1421 P Street and legally described as the North 65 feet of Lot 6, Little & Alexander's Subdivision of Lot 63, S.W. Little's Subdivision, Lincoln, Lancaster County, Nebraska.
2. As part of its improvements to 1421 P Street, Redeveloper intends to construct a doorway which extends outward into the Sidewalk Space together with a front step into the doorway and mailboxes on both sides of the doorway. The doorway, step and mailboxes are collectively herein as the "Encroachments" and shall be constructed as shown on Attachment A.
3. The City desires to grant Redeveloper for the benefit of the Redeveloper, the Redeveloper's property, and Redeveloper's successors and assigns a perpetual non-exclusive easement to construct, maintain, and repair the Encroachments located within the Sidewalk Space.

Agreement

For and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Preliminary Statements. The parties acknowledge and confirm the accuracy of the preliminary statements, which are incorporated into and made part of this Agreement.
2. Grant of City Encroachment Easement. The City grants to Redeveloper a perpetual non-exclusive easement (“Encroachment Easement”) to construct, maintain, and repair the Encroachments located within the Sidewalk Space in substantially the location and manner as shown on Attachment A. Redeveloper shall have reasonable access to the Sidewalk Space as reasonably necessary to construct, maintain and repair the Encroachments.
3. Maintenance and Repair. Redeveloper shall, at its sole cost and expense, repair and maintain the Encroachments in good condition and repair. Redeveloper further agrees that it shall at its sole cost and expense repair any damages to the Sidewalk Space resulting from the construction, maintenance and/or repair of the Encroachments.
4. Indemnification. Redeveloper shall defend, indemnify and hold the City harmless from and against any liability, claims, suits, demands, judgments (including costs, expenses and attorneys fees), arising out of or resulting from Redeveloper’s use of the Sidewalk Space under this Agreement.
5. Insurance. Redeveloper shall maintain in effect throughout the term of this Agreement comprehensive general liability insurance with an A rated insurance carrier or better, qualified to transact business in the State of Nebraska, insuring Redeveloper against all legal liability for injuries or damages suffered as a result of the exercise of Redeveloper’s rights

granted pursuant to this Agreement in an amount not less than \$1,000,000 each occurrence and \$2,000,000 aggregate. The City shall be named as an additional insured on such insurance policy.

Prior to commencement of construction of the Encroachment, Redeveloper shall furnish the City with a certificate of insurance which shall include the provision that the City is named as an additional insured and shall be given 30 days written notification prior to cancellation of such insurance. It is the responsibility of Redeveloper to ensure that a current certificate of insurance is on file with the City at all times.

6. Binding Upon Property. The easements, rights, and obligations created pursuant to this Agreement shall be appurtenant to and run with and be binding upon the Sidewalk Space and the Redeveloper property and shall be binding on all entities having or acquiring any right, title or interest in said such properties and shall inure to the benefit of each owner, tenant, sub-tenant, employee or invitee thereof.

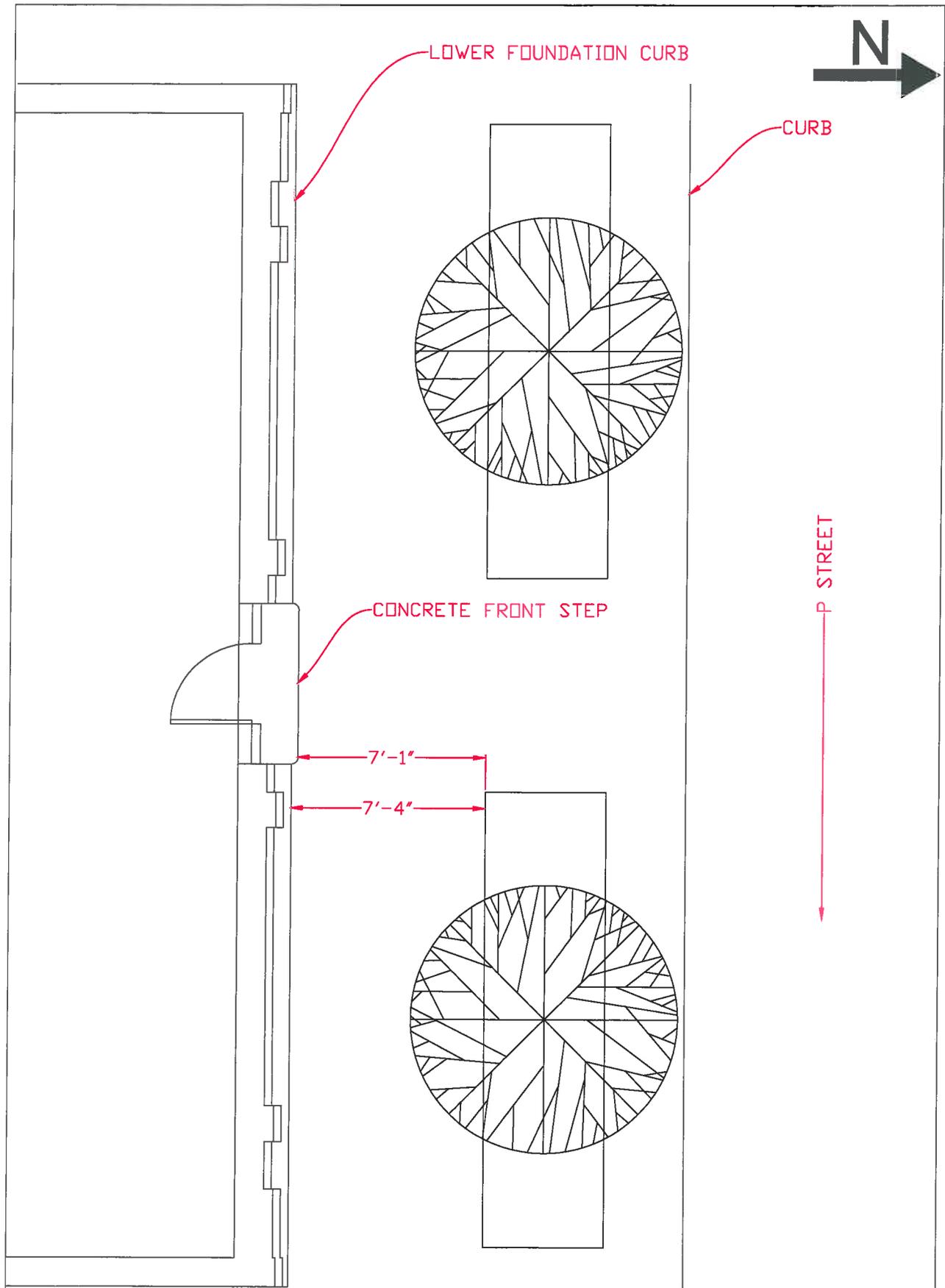
7. No Third Party Rights. Except as herein specifically provided, no rights or privileges of any party hereto shall inure to the benefit of any unintended third party, nor shall any third party be deemed the beneficiary of any of the provisions contained in this Agreement.

8. Title. The City represents that it owns the Sidewalk Space as described herein and that it has the right to grant the easements granted herein.

Executed by City this _____ day of _____, 2014.

CITY OF LINCOLN, NEBRASKA
a municipal corporation

By: _____
Chris Beutler, Mayor of Lincoln



EXISTING CONDITIONS

1

Tru-Built Construction

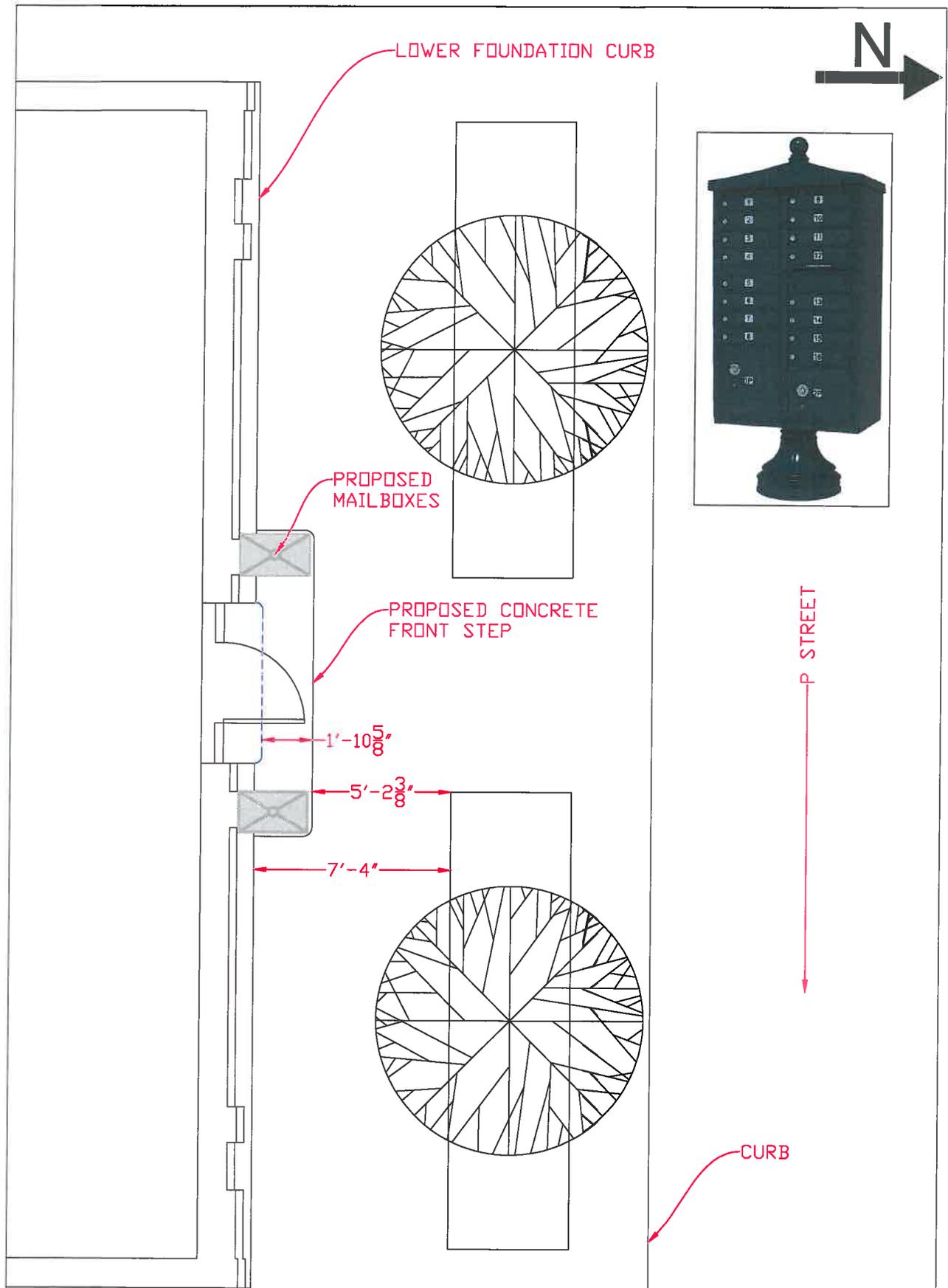
Title: Existing Conditions at 1421 P St.

Scale:

Drawn By: Tucker Lange

Date: 1-22-14

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BIRDS EYE VIEW OF PROPOSED FRONT ENTRANCE

4

Tru-Built Construction

Title: Birds Eye View of Proposed Front Entrance

Scale:

Drawn By: Tucker Lange
Date: 1-22-14

TRU-BUILT CONSTRUCTION
THIS DRAWING IS THE PROPERTY OF TRU-BUILT CONSTRUCTION. ALL RIGHTS RESERVED. NO PART OF THE DRAWING MAY BE REPRODUCED OR TRANSMITTED IN ANY FORM WITHOUT PERMISSION OF THE COPYRIGHT HOLDER.

Exhibit "E"
Certificate of Completion

**CERTIFICATE OF COMPLETION OF
PRIVATE IMPROVEMENTS AND PUBLIC ENHANCEMENTS**

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

The North 65 feet of Lot 6, Little & Alexander's
Subdivision of Lot 63, S.W. Little's Subdivision,
Lincoln, Lancaster County, 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 by and between the **CITY OF LINCOLN, NEBRASKA**, a municipal corporation in the State of Nebraska ("City") and **TB RENTALS, LLC**, a Nebraska limited liability company, and its successors and assigns ("Redeveloper"), said Agreement dated as of _____, 2014 and recorded as Instrument No. _____, in the office of the Register of Deeds for Lancaster County, Nebraska.

The City further makes the conclusive determination that the Private Improvements and Public Enhancements (as defined in the Agreement) to the above-described Redeveloper Property are presently in conformance with the Agreement.

IN WITNESS WHEREOF, the City and Redeveloper have executed this instrument this _____ day of _____, 2014.

“City”

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 _____, 2014, by Chris Beutler, Mayor of the City of Lincoln, Nebraska, a municipal corporation.

Notary Public

“Redeveloper”

TB RENTALS, LLC

a Nebraska limited liability company

By: _____

Title: _____

STATE OF NEBRASKA)
) ss.
COUNTY OF LANCASTER)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by _____, _____ of TB Rentals, LLC, a Nebraska limited liability company on behalf of said limited liability company.

Notary Public

EXHIBIT "F"

Bond No. _____

PENAL BOND

KNOW ALL MEN BY THESE PRESENTS:

That we, **TB RENTALS, LLC**, a Nebraska limited liability company, as **Principal**, and _____, a corporation organized under the laws of the State of _____ and authorized to transact business in the State of Nebraska, as **Surety**, are held and firmly bound unto the **City of Lincoln, Nebraska**, as **Obligee**, for the use of all persons entitled thereto, under Neb. Rev. Stat. § 18-2151, in the penal sum of _____ **Dollars** (\$ _____), lawful money of the United States of America and to the faithful payment of which, well and truly to be made, we bind ourselves, our heirs, executors, and administrators (or, assigns), firmly by this presents.

THE CONDITION OF THE ABOVE OBLIGATION IS SUCH, That,

WHEREAS, Principal has entered into the City of Lincoln Redevelopment Agreement, dated _____, 2014 (an original of which is on file in the Office of the City Clerk of the City of Lincoln, Nebraska) which provided in part for the building and construction of Public Enhancements as defined in said Redevelopment Agreement to be funded in part by tax increment financing pursuant to the Nebraska Community Development Law, upon condition that Principal at all times promptly make payment of all amounts lawfully due to all persons supplying or furnishing the Principal, its contractor and/or subcontractors with labor or materials used in the prosecution of said Improvements provided for in the Redevelopment Agreement.

NOW, THEREFORE, if Principal shall at all times promptly make payments of all amounts lawfully due to all persons supplying or furnishing the Principal, its contractor and/or subcontractors with labor or materials in the prosecution of the Public Enhancements as require the execution of this Penal Bond, then this obligation shall become void, otherwise to remain in full force and effect. In the event Principal shall be declared by the Obligee to be in default under the above obligation, Surety shall promptly indemnify and save harmless the Obligee to the extent any payment in connection with the carrying out of the prosecution of the Public Enhancements provided for in the Redevelopment Agreement which Obligee may be required to make under the law, provided that the aggregate liability of Surety of any default(s) hereunder by the Principal shall in no event exceed the penal sum of this Bond.

All persons who have supplied or furnished the Principal, its Contractors and/or Subcontractors with labor or materials in the prosecution of the Public Enhancements provided for in the Redevelopment Agreement shall have the direct right of action under this bond subject to the Obligee's priority.

[SIGNATURE PAGE FOLLOWS]

Signed and dated this ____ day of _____, 20__.

TB RENTALS, LLC
a Nebraska limited liability company

By: _____
Title: _____

STATE OF NEBRASKA)
) ss.
COUNTY OF LANCASTER)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by _____, _____ of TB Rentals, LLC, a Nebraska limited liability company on behalf of said limited liability company.

Notary Public

_____, **Surety**

By: _____
Title: _____

Exhibit "G"
Memorandum

MEMORANDUM OF REDEVELOPMENT AGREEMENT & USE RESTRICTIONS

THIS MEMORANDUM OF REDEVELOPMENT AGREEMENT & USE RESTRICTIONS ("**Memorandum**") 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 and its successors and assigns ("**City**") and **TB RENTALS, LLC**, a Nebraska limited liability company, and its successors and assigns ("**Redeveloper**").

1. **Redevelopment Agreement**. The City and Redeveloper entered into that certain Redevelopment Agreement dated as of this even date, describing the public improvements being made on behalf of the City in the Project Area and the Private Improvements being made to real property owned by the Redeveloper and legally as:

The North 65 feet of Little & Alexander's Subdivision
of Lot 63 S. W. Little's Subdivision, Lincoln, Lancaster
County, Nebraska

("Redeveloper Property").

2. **Tax Increment Financing**. The Redevelopment Agreement provides for the capture of the Tax Increment, as defined therein, by the City of the Private Improvements to be made by the Redeveloper for a period not to exceed fifteen (15) years after the Redevelopment Project effective date defined in the Redevelopment Agreement. The Tax Increment so captured by the City shall be used to make the Public Enhancements as described in the Redevelopment Agreement.

3. **Remaining Terms.** The rest and remaining terms of the Redevelopment Agreement, including the term “Vacated Alleys,” 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 office of the City Clerk of Lincoln, Nebraska.

4. **Use Restrictions of the Redeveloper Property and Vacated Alleys.** The Redeveloper agrees that no portion of the Redeveloper Property or Vacated Alleys shall be used for any of the following uses:

A. Any business whose predominant operation is the retail sale of alcoholic beverages for consumption off the premises (predominant shall mean retail gross sales of alcoholic beverages, including mixed drinks, in excess of 50% of gross sales on the premises) or any such business that in the opinion of the City has an unreasonable pattern of liquor law violations;

B. The retail sale of alcoholic beverages for consumption on the premises if such use, in the reasonable 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, or casino games, 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 laundromat 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.

I. Any business providing payday loans, liens, check cashing services, or other similar services, except for banks, savings and loans, insurance company, investment companies, stock brokers, credit unions and automated teller machines.

J. Cell towers, although cellular antennae and transmission equipment may be incorporated into the Private Improvements provided that they are properly screened and otherwise meet design standards that meet the City's approval.

5. **Inquiries.** Further inquiries regarding this Memorandum may be made to the following parties:

If to the City: Mayor
555 South 10th Street
Lincoln, Nebraska 68508

With a copy to: City Attorney
555 South 10th Street
Lincoln, Nebraska 68508

If to Redeveloper: TB Rentals, LLC
2640 West M Court
Lincoln, NE 68522

With a copy to: Thomas C. Huston
Cline, Williams, Wright, Johnson & Oldfather, L.L.P.
233 South 13th Street
1900 U.S. Bank
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.

[SIGNATURE PAGES TO FOLLOW]

Executed by the Redeveloper this ____ day of _____, 2014.

“Redeveloper”

TB RENTALS, LLC

a Nebraska limited liability company,

By: _____

Title: _____

STATE OF NEBRASKA)

) ss.

COUNTY OF LANCASTER)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by _____, _____ of **TB RENTALS, LLC** a Nebraska limited liability company, on behalf of said limited liability company

(Seal)

Notary Public

Exhibit "H"

DISBURSEMENT AGREEMENT

This Agreement is entered into between the City of Lincoln, Nebraska, a municipal corporation (City) and TB Rentals, LLC, a Nebraska limited liability company (Redeveloper).

City and Redeveloper have entered into a Redevelopment Agreement for the Case, Case and Case Redevelopment Project (Project). The Redevelopment Agreement provides for City support for the Project through grants to Redeveloper, funded through the issuance of a TIF Bond, to be repaid with tax increment revenue generated by the Ad Valorem Tax Provision, all in accordance with the terms of the Redevelopment Agreement and the Nebraska Community Development Law.

The Redevelopment Agreement provides for the issuance of a TIF Bond, and grants of up to \$175,000, to the extent of availability of bond proceeds.

The Redevelopment Agreement requires the Redeveloper to construct certain Private Improvements and Public Enhancements and to provide evidence of a performance and payment bond from the Redeveloper.

In consideration of the foregoing recitals which are made a part of this Agreement and the mutual covenants of this Agreement, the parties agree:

1. Terms, definitions. Capitalized terms used in this Agreement shall have the same definitions as contained in the Redevelopment Agreement, unless specifically defined otherwise.
2. Guarantee of Performance and Payment. Redeveloper guarantees payment of all amounts lawfully due to each person, as defined in Neb. Rev. Stat. §49-801 that performed labor or furnished materials, equipment or supplies used in the prosecution of the Private Improvements.
3. Construction Loan. Redeveloper shall, prior to commencement of the Private Improvements, provide evidence that the construction financing or title insurance for the Private Improvements provides for construction draws only upon demonstration of work completed as being in accordance with the approved plans pursuant to the Redevelopment Agreement and that all persons having performed labor or furnished materials, equipment or supplies for such category of improvement have been paid and given lien waivers in exchange for payment.
4. Grant of TIF Funds. Grants for reimbursement of the cost of certain Public Enhancements pursuant to the Redevelopment Agreement shall be made upon a showing satisfactory to the Urban Development Director of the City that the Public Enhancements for which reimbursement is requested is entirely complete and that all persons having performed labor or furnished materials, equipment or supplies for such work have been paid and given lien waivers in exchange for payment. City may, in its discretion withhold up to ten percent of the

reimbursement for each category of improvement until completion of the entire Redevelopment Project and issuance of the Certificate of Completion of Private Improvements.

5. City Discretion. The parties acknowledge that this Agreement is entered into in lieu of City requiring a performance and payment bond by the Redeveloper on the Project. City's decision as to whether a category of improvement has been completed satisfactorily shall be final up to completion of all Private Improvements.

Dated: _____, 2014.

REDEVELOPER:
TB Rentals, LLC

By: _____

CITY OF LINCOLN, NEBRASKA

By: _____