SUBDIVISION AGREEMENT

THIS AGREEMENT made this 2nd day of December, 2003 by and between SANITARY AND IMPROVEMENT DISTRICT NO. 246 (hereinafter referred to as “District”) and TITAN SPRINGS, L.L.C. (hereinafter referred to as “Developer”); and the CITY OF PAPILLION, a municipal corporation (hereinafter referred to as “City”).

WITNESSETH:

WHEREAS, Developer is the owner of the parcel of land described in Exhibit “A” attached hereto and hereinafter referred to as the “area to be developed”, which are to be developed is within City’s zoning and platting jurisdiction; and

WHEREAS, Developer has requested City to approve a specific platting of the area to be developed, said area to be developed; and

WHEREAS, Developer has requested City to forbear from annexing the area to be developed until after December 31, 2003, for public improvements through Sanitary and Improvement District No. 246 created by Developer (hereinafter referred to as the “District”).

WHEREAS, Developer wishes to connect the system of sewers and water to be constructed by the District within the area to be developed with the sewer and water system of the City; and

WHEREAS, Developer and City wish to agree upon the manner and the extent to which public funds may be expended in connection with public improvements serving the area to be developed and the extent to which the contemplated public improvements specially benefit property in the area to be developed and adjacent thereto, and to what extent the costs of the same shall be specially assessed.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

I.

Developer and City agree that the credit of the District created by Developer shall be used for the construction of the following public improvements within the area to be developed.

A. Grading of street right-of-way (Exhibit “C”).

B. Construction of concrete paving of all streets dedicated per plat (Exhibit “A”), all of said paving to be twenty-five (25) in width, except those streets with a width greater that twenty-five (25) feet, which streets shall be extra-width paving, if any, as shown on paving plan prepared by Thompson, Dreessen & Dorner, a copy of which is attached hereto as Exhibit “B-1”.

C. All sanitary sewers and water mains constructed on dedicated street right-of-ways or easements (Exhibit “D” pursuant to sanitary sewer plans heretofore prepared by Thompson, Dreessen & Dorner, Inc., consulting engineers and land surveyors).

D. All storm sewers, inlets and appurtenances constructed on dedicated street right-of-ways or easements within the area to be developed (Exhibit “B-2”).

E. Contract with the Omaha Public Power District for street lighting for public streets dedicated per plat (Exhibit “A”), and underground power within the area to be developed.

F. Contracting with a public gas company for a gas distribution system.

G. Capital facilities charge to the City of Papillion.

H. The District will enter into an Interlocal Agreement with Sarpy County, Nebraska to install the improvements required for 60th Street and 66th Street. The interlocal agreement will provide, without limitation, paving, relocation of utilities, storm sewers, other drainage facilities, and related improvements constructed in dedicated right-of-ways.
I. An agreement for the acquisition and maintenance for by the District of the park area, which is located on Outlots A thru F, Titan Springs.

J. All landscaping and monument signs constructed in public right-of-ways or easements (Exhibit "G" thru Exhibit "M").

II.

It is agreed that the credit or funds of the District created by Developer shall not be used for construction of any improvements or facilities within the area to be developed except those specified in Paragraph I hereof. By way of specification and not by way of limitation, the parties agree that the District shall not incur any indebtedness or otherwise involve its credit or expend any of its funds in the construction or other acquisition or improvement of any swimming pool, golf course, park, playground or other recreational facility, without approval by Resolution of the City Council.

III.

Developer and City agree that the cost of all public improvements constructed by the District within the area to be developed (Exhibit "A" thru "D"), as authorized by Paragraph I, supra, shall be defrayed as follows:

A. 100% of the entire cost of grading street right-of-way including intersection shall be paid by special assessment against the property within the District (Exhibit “C”).

B. 100% of the entire cost of all sanitary sewer lines and water mains located within the District will be paid by special assessment against the property specially benefited. No portion of the cost of sanitary sewers and water mains shall be borne by general obligation of the District; provided, however, that for sanitary sewers in excess of 8 inches and water mains in excess of 8 inches the cost in excess of the cost of 8 inch sanitary sewers and/or 8 inch water mains shall be borne by the general obligation of the District (Exhibit “D”) and any outfall sewer lines or water lines outside the District boundaries caused to be constructed by the District shall be borne by the general obligation of the District. Not less than 50% of capital facility charges paid to the City of Papillion shall be specially assessed against properties served.

C. (1) 100% of the entire cost of all paving and street construction will be paid by special assessment against the property benefited, except that the cost of the paving and construction of street intersections shall be borne by the general obligation of the District (Exhibit “E”) and the cost of pavement thickness in excess of 6 inches for reinforced concrete or 7 inches for plain concrete shall be borne by the general obligation of the District (Exhibit “F”) and the cost of pavement width in excess of 25 feet exclusive of curb and gutters shall be borne by the general obligation of the District (Exhibit “E” and Exhibit “F”). The cost for curb and gutters are incidental to paving and shall not be considered separately for purposes of assessment. Street signs shall be purchased from City and installed by District. Cost of street signs and installation may be borne by the general obligation of the District.

(2) 100% of the entire cost of all storm sewer and appurtenances shall be borne by general obligation of the District (Exhibit “B-2”): provided, however, that for storm sewers in excess of 48 inches inside diameter the difference in cost between the actual storm sewer constructed and a 48 inch storm sewer shall be specially assessed against the property within the District. Difference in cost shall include a proportionate share of the entire cost as hereinafter described in Paragraph IV. For improved channels, the cost of constructing the channel and appurtenances shall be considered as the cost of storm sewer not exceeding 48 inches. Culvert crossings perpendicular to street centerlines may be generally obligated for a length not exceeding the width of the right-of-way, plus six times the vertical distance between the centerline of the pavement and the invert elevation of the box culvert.

D. The cost of contract charges paid to Omaha Public Power District for lighting of public streets shall be paid out of the general fund of the District.
E. All contract charges for underground power or natural gas authorized to be paid by District to the Omaha Public Power District or to any public gas utility by the provisions of Paragraph I-E and F, supra, including both the basic charges and refundable charge, together with all other charges as fall within the definition of entire cost as defined in Paragraph IV-A, including all penalties and default charges, and are allocable to such contract charges, shall be specially assessed against property within the area to be developed. Any refund of the refundable portion of the underground electrical service charge for a particular lot which shall be made by Omaha Public Power District to District or its successors shall be credited as follows:

1. If refund is prior to the levy of special assessments for underground electrical service, said refund shall be credited as a reduction in the total cost of the underground electrical service to be levied against said lot.

2. If refund is after the date of levy of special assessments for underground electrical service, said refund shall be credited as a payment on the balance owing on the special assessment levied against said lot in connection with the underground electrical service for said lot.

3. If refunds after the date of levy and payment in full of special assessment, said refund shall be repaid to persons paying the special assessment.

F. Pursuant to Chapter 170, Subdivision of Land, Section 170-20 of the Code of the City of Papillion, fire hydrants shall be provided. The type of hydrant and control valves and the location of the hydrant must be approved by the fire chief.

G. There shall be installed in the subdivision, or be available, sufficient civil defense sirens of a number, type and specifications as determined by the City Administrator in conjunction with the Director of the Sarpy County Civil Defense Agency. The siren must be capable of sounding the severe weather and attack warning. The number, type and specifications for the civil defense sirens shall be determined by the Director of the Sarpy County Civil Defense Agency. The cost for said civil defense sirens shall be treated as a general obligation cost. If existing coverage is available, subdivision will pay its pro-rata share of siren cost based on acres of coverage as determined by the City Engineer.

H. 100% of the entire cost of all park improvements, appurtenances and park maintenance shall be borne by general obligation of the District.

I. The District’s acquisition of the park shall constitute the District’s park contribution. The District Park (Outlots A thru F) shall be acquired by the District for $25,000 per acre plus a maximum of twenty percent soft costs, which may be borne by general obligation costs of the District.

J. 100% of the entire cost of all landscaping and monuments signs located within public right-of-ways shall be borne by general obligation of the District (Exhibit “G” thru Exhibit “M”).

IV.

For the purposes of Paragraph III, supra, and Paragraph VIII, infra, the following words and phrases shall have the following meanings:

A. “Entire cost” of all type of improvement shall be deemed to include all construction costs, engineering fees, attorney fees, testing expenses, penalties, forfeitures and default charges, and miscellaneous costs such as interest on warrants to date of levy of special assessments and fiscal agent’s warrant fees and bond fees.

B. “Property benefited” shall mean property benefited from the improvement and situated either (1) within the platted area in which the improvement is situated or (2) outside such platted area in which such improvement is situated but within the corporate limits of the District and within 300 feet of platted area. No special assessments shall be assessed against any outlot nor against any other lot, part of lot, lands and real estate upon which cannot be built a structure compatible with the zoning regulations of said lot except to the extent of the special benefit to said lot, part of lot, lands and real estate by reason of such improvement.
C. "Street intersections" shall be constructed to mean the area of the street between the returns of the various legs of the intersection, but in no case shall said area extend in any direction beyond a straight line drawn perpendicular from the centerline of the street to the adjacent lot corner.

V.

City covenants and agrees:

A. That should City annex the entire area of the District created by the Developer prior to the District's levy of special assessments for the improvements authorized in Paragraph I hereof, supra, and thereby succeed to said District's power to levy special assessments, that City will levy same in accordance with Paragraph III, hereof, supra.

B. That the District created by Developer may connect its sanitary sewer system and water system to the sanitary system and water system of the City pursuant to the terms and conditions of a sewer and water connection agreement of even date between City and said District.

C. That City will forbear from commencing annexation proceedings immediately upon Developer's filing of a plat of the area to be developed and will defer City's annexation, if any, of the area to be developed until after __________, 20__, Nothing in this agreement shall be construed so as to obligate the City to annex the area to be developed, or any part thereof.

VI.

Developer and Board to Trustees covenant and agree that the District created by Developer will:

A. Abide by and incorporate into all of its construction contracts and provisions required by the regulations of the City pertaining to construction of public improvements in subdivisions and testing procedures therefore.

B. Prior to commencement of construction of improvements, said District will obtain and file of record permanent easements for all sanitary, water and storm sewer lines as determined by City's engineer. Said easements shall be in form satisfactory to the City's attorney and City's engineer.

C. Prior to the District publishing notice to levy special assessments, District agrees to submit to City:

1. A schedule of the proposed special assessments.

2. A plat of the area to be assessed.

3. A full and detailed statement of the entire cost of each type of improvement, which statement or statements shall separately show:

   (a) The amount paid to contractor.

   (b) A separate itemization of all other costs of the project, including but not limited to engineering fees, attorney's fees, testing expenses, publication expenses, estimated interest on all warrants to date and the estimated fiscal agent's levy of special assessments, warrant fees and bond fees. District agrees to obtain written approval of City of proposed assessment schedules prior to advertising for any hearing of District to be held for the purpose of equalizing or levying special assessments against property benefited by any improvements constructed by District.
D. The District shall make its annual tax levy in any amount sufficient to timely pay the indebtedness and interest thereon for public improvements but in no event shall said levy be less than the current tax levy assessed by the City of Papillion on the taxable real estate within the City limits.

E. The parties agree that it is in the best interest of all, that public improvements be installed in phases. Phase I shall consist of Lots 1 and 3 thru 137, Phase II shall consist of Lots 2 and 138 thru 188, Phase III shall consist of 189 thru 222 as platted per Exhibit “A”. The parties agree that Phase II public improvements shall not be installed until at least Sixty-Percent (60%) of Phase I lots are developed. The parties agree that Phase III public improvements shall not be installed until at least Sixty-Percent (60%) of Phase II lots are developed. The developer acknowledges and agrees that the City will not receive or process a building permit application and required supporting information for any phase, including Phase II and Phase III until the public improvements in that respective phase have been constructed, installed, and are functional and operational. For purpose of this provision, “developed” shall mean the construction of a residential building or housing unit. No amendment or change to the final plat on file shall be made without appropriate amendment of this provision. Plans and specifications for the public improvements shall be prepared by the District and shall be approved, in writing, by the City at least thirty (30) days prior to the commencement of construction of the public improvements.

VII.

It is mutually agreed that the District shall pay a fee of one percent (1%) of construction cost to the City to cover engineering, legal and other miscellaneous expenses incurred by the City in connection with any necessary review of plans and specifications in connection with the construction projects performed by Sanitary and Improvement District No. 246. The fee shall be allocated to special assessments and general obligation bonds in the same proportion as the costs of the particular construction project.

VIII.

The parties mutually agree that in the event City shall annex any part of the area to be developed and said annexation shall not include the entire territory of the District created by Developer, then a division of assets and liabilities of said District in connection with such partial annexation of the District shall be made strictly on the basis of assets and liabilities of this District attributable to the area annexed by the City, and City shall not be required to assume in connection with such partial annexation any indebtedness of such District which is attributable to improvements in or expenses incurred in connection with areas other than the area so annexed by the City.

IX.

A. The District created by Developer is shown on Exhibit “A”.

B. Installation of entrance signs or related fixtures and any landscaping and related fixtures shall be paid for by the Developer.

X.

City agrees that where phased construction is contemplated, the City will delay registration on said warrants with the County Treasurer in proportion to the area of the individual phases. In no case shall registration be delayed past the time when final construction plans of any phase are submitted to the City for approval.

Districts shall provide the City with a minimum of thirty (30) days prior written notice of the filing of any petition by the District under Chapter 9 of the United States Bankruptcy Code and the District shall also provide to the City actual prior notice of any hearings held in the United States Bankruptcy Court pursuant to any bankruptcy filings.
CITY OF PAPILLION, A Nebraska Municipal Corporation

Mayor

ATTEST:

J. Ben Petersen
City Clerk

SANITARY AND IMPROVEMENT DISTRICT NO. 246
OF SARPY COUNTY, NEBRASKA

By: Robert W. Mohr
Chairman

ATTEST:

Aime Schmidt
City Clerk

TITAN SPRINGS, L.L.C.

By: Robert W. Mohr
Authorized Corporate Representative

TD² File No. 431-104.37