

FUNDING AGREEMENT

THIS FUNDING AGREEMENT (this "Agreement") is entered into as of the 5 day of ~~September~~ ^{October}, 2011 (the "Effective Date"), between the City of Junction City, Kansas, a municipal corporation of the State of Kansas (the "City"), and Nash Finch Company (the "Applicant") (the City and the Applicant are hereby collectively referred to as the "Parties").

RECITALS

A. In 2005, the City granted a 100% five year property tax abatement through the issuance of Industrial Revenue Bonds to GSC Enterprises, Inc, the predecessor in interest to Applicant.

B. The property tax abatement expires December 31, 2011, and Applicant desires to make a formal request to the City to extend all or some portion of the property tax abatement for up to an additional five year period.

C. In connection with the foregoing, the City must retain outside counsel and incur expenses, but is without a source of funds to pay such outside counsel and expenses (collectively "City Expenses").

D. The parties desire to enter into this Funding Agreement in order to provide for the payment of City Expenses.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the City and the Applicant agree as follows:

1. CITY AGREEMENTS.

The City shall retain outside counsel and bond counsel at rates the City normally pays for such services and incur other City Expenses expenses which it, in its reasonable discretion, deems necessary to:

a. Consider a proposal and request of the Applicant to extend some or all of the property tax abatement for up to an additional five year period.

b. If the City Commission approves the request, prepare and negotiate a definitive agreement between the Parties for implementation of the extension of the property tax abatement and such other proceedings as are necessary to extend the property tax abatement.

2. PAYMENT.

a. The Applicant shall pay to the City an IRB extension application fee of \$1,500, and shall reimburse and pay the City for the City Expenses.

b. In order to insure the prompt and timely payment of the City Expenses, the Applicant shall pay to the City the sum of \$5,000, of which \$1,500 shall represent the nonrefundable IRB extension application fee, and \$3,500 shall represent a deposit against the City Expenses (the "Deposit").

c. On a monthly basis, the City shall pay the City Expenses from the Deposit and shall submit to Applicant monthly statements itemizing the City Expenses paid from the Deposit during the preceding month.

d. In the event the City determines that the total of the City Expenses will exceed the balance remaining of the Deposit, the City shall submit an itemized statement therefor to the Applicant.

e. All statements shall be payable within thirty (30) days of receipt thereof. If not so paid, the City shall be relieved of its obligations hereunder until paid, and the unpaid balance shall be subject to a penalty of one and one-half percent (1.5%) per month until paid.

f. In the event the Applicant notifies the City that it withdraws its request, or if the City does not approve the request, and in either case, if the City Expenses are less than the Deposit, the balance shall be promptly refunded to the Applicant.

3. OBLIGATIONS OF THE PARTIES. Nothing contained herein shall (i) obligate the Applicant to pursue an application to extend the property tax abatement, or (b) obligate the City to approve any extension of the property tax abatement.

4. MISCELLANEOUS.

a. Assignability. Neither party shall assign this Agreement without the written consent of the other party.

b. Amendments. This Agreement may be supplemented or amended only by written instrument executed by the parties affected by such supplement or amendment.

c. Applicable Law. This Agreement shall be deemed to be entered into in the state of Kansas, and shall be enforceable under the laws of that state.

d. Binding Effect. This Agreement shall inure to the benefit of, and be binding upon the parties hereto, and the permitted successors and assigns of the parties.

e. Non-liability of City Officials and Employees. No member of the governing body, official or employee of the City shall be personally liable to Applicant, or any successor in interest to Applicant, pursuant to the provisions of this Agreement, nor for any default or breach of the Agreement by the City.

f. No Partnership. The provisions of this Agreement are not intended to create, nor shall they in any way be interpreted or construed to create, a joint venture, partnership, or any other similar relationship between the parties.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement pursuant to all requisite authorizations as of the date first above written.

CITY OF JUNCTION CITY, a Kansas
municipal corporation

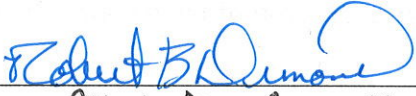
Pat Landes, Mayor

ATTEST:

Tyler Ficken, City Clerk

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NASH FINCH COMPANY

By: 
Name: Robert Diamond, c 10-5-11
Title: CO