

TAX INCENTIVE AGREEMENT

THIS TAX INCENTIVE AGREEMENT (the “Agreement”) dated as of January 30, 2020, is made by and between (i) the KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY (the “Authority”) on behalf of the COMMONWEALTH OF KENTUCKY (the “Commonwealth”) and (ii) CITY OF ASHLAND, DEPARTMENT OF FINANCE, a department of the City of Ashland that the city has designated to manage the Ashland Plaza Development (the "Agency") (collectively the “Parties”).

RECITALS

WHEREAS, the Authority has been created and established as a public body, corporate and politic, under KRS Section 154.20-010 and has all the powers, duties and responsibilities delegated to it by law and is empowered by KRS 154.30-030 to review and approve applications for the Commonwealth’s participation in Tax Increment Financing programs and to pledge all, or a portion of, the incremental state tax revenues attributable to projects approved pursuant to the Mixed Use Redevelopment in Blighted Urban Areas Tax Increment Financing program established by KRS 154.30-060 (the “TIF Program”); and

WHEREAS, the Ashland City Commission (the “City”) adopted Ordinance No. 45, 2017 on June 8, 2017, and the Fiscal Court of Boyd County (the “County”) adopted Ordinance No. 2017-03 on June 13, 2017, which established the Ashland Plaza Development Area within the City of Ashland pursuant to KRS 65.7049, KRS 65.7051 and KRS 65.7053 (the “Development Area”); and

WHEREAS, the City and the County have designated the Agency as the entity responsible for managing the Development Area on behalf of the City and the County; and

WHEREAS, the Agency has submitted an application to the Authority pursuant to KRS 154.30-030 seeking state participation in the development of the Ashland Plaza Redevelopment Project, a Mixed-Use Redevelopment in Blighted Urban Areas Tax Increment Financing Project (the “Application”), which proposes the development of 36-acres in downtown Ashland, Kentucky along the southern bank of the Ohio River, which will involve the following: i) renovation of the existing Ashland Plaza Hotel into a Marriott brand Delta Hotel with 149 guest rooms, three-star full service accommodations, a restaurant, bar, meeting spaces, etc., ii) construction of a new four-level, 400-space public parking structure with a 12,000 square foot conference center on the top level that is adjacent to the hotel, iii) downtown streetscape and utility improvements, iv) renovation of the old college building located at 1420 Central Avenue into 13 or 14 residential apartment units, and v) renovation of the four-story building located on the corner of 15th Street and Winchester Avenue into 12 residential units (the “Project,” which is more particularly described in Exhibit A to this Agreement); and

WHEREAS, the Authority adopted Resolution No. TIF-I-17-03 on August 31, 2017 granting preliminarily approving the Project and directing an analysis of the Project

to determine its net positive economic impact to the Commonwealth in accordance with KRS 154.30-030 (“Preliminary Approval”), and the parties executed a Memorandum of Agreement dated August 31, 2017 (the “Memorandum of Agreement”) in connection with the preliminary approval of the Project; and

WHEREAS, Hunden Strategic Partners (the “Consultant”), in consultation with the Office of State Budget Director and the Finance & Administration Cabinet, have analyzed the data related to the project and the Development Area and has submitted the report required by KRS 154.30-030 (the “Report”), in which the Consultant has determined that the Project will not occur without the pledge of state tax incremental revenues to support the development of Approved Public Infrastructure Costs (as defined below); and

WHEREAS, based upon the Consultant’s Report, the Office of State Budget Director and the Finance & Administration Cabinet has certified to the Authority that the Project will result in a net positive economic impact to the Commonwealth and that the Project is estimated to generate Nine Million Six Hundred Sixty-Five Thousand Seven Hundred Eighty-Two and 00/100 Dollars (\$9,665,782) of Incremental Revenues (as defined below) over a 20-year span (the “Certification”); and

WHEREAS, the Authority has determined that the Project meets the minimum requirements for a Mixed Use Redevelopment Tax Increment Financing project pursuant to KRS 154.30-060; and

WHEREAS, the Authority has determined the amount of Approved Infrastructure Costs, identified specific state tax revenues pledged for Incremental Revenues (as defined below), set forth the percentage of the pledged Incremental Revenues that will be payable to the Agency (the “Increment”) and identified a particular footprint and discreet assets and improvements within the Footprint of the Project that are eligible for incentives pursuant to the terms of this Agreement; and

WHEREAS, the total Capital Investment in the Project is estimated at Forty-Three Million Four Hundred Fifty Thousand and 00/100 Dollars (\$43,450,000), which includes estimated Public Infrastructure Costs (as defined in KRS 154.30-010) of Twelve Million Seven Hundred Fifty Thousand and 00/100 Dollars (\$12,750,000); and

WHEREAS, the Authority has determined that the Commonwealth’s participation in the Project shall be limited to the pledge of Incremental Revenues to support the Approved Public Infrastructure Costs (as defined below) of the Project, as described in Exhibit A to this Agreement, in an amount not to exceed Six Million Eight Hundred Thousand and 00/100 Dollars (\$6,800,000) that, in addition to the incentives and local tax increments pledged by the City and the County, will encourage increased property values, increased employment opportunities and increased economic activity; and

WHEREAS, the Authority adopted Resolution No. TIF-F-20-01 (the “Resolution”) on January 30, 2020 granting final approval to the Commonwealth’s participation in the Project and authorizing the execution and delivery of this Agreement by and between the

Authority and the Agency, setting for the terms and conditions for the Commonwealth's participation in the Project and the payment of Increments (as defined below) to the Agency; and

NOW, THEREFORE, in consideration of the premises and the terms and conditions hereinafter set forth, the parties to this Agreement hereby agree as follows:

SECTION 1 DEFINITIONS

In addition to the terms defined in the above recitals, the following additional terms used in this Agreement shall have the meanings assigned in this Section 1 unless the context clearly indicates that a contrary meaning is intended.

1.1 "Account Numbers" shall have the meaning set forth in Section 3.1 of this Agreement.

1.2 "Activation Date" means the date on which the time period for the pledge of Incremental Revenues shall commence and shall be set within two years from the Commencement Date (as defined below), unless the Authority approves an extension to the deadline to establish the Activation Date, in which case the Activation Date must be set within four years of the Commencement Date. The Activation Date shall be established in accordance with the terms of Section 4.2 of this Agreement.

1.3 "Approved Public Infrastructure Costs" means the costs described in KRS 154.30-010(3) that were incurred within the Footprint and that were reviewed and approved by the Authority for recovery from the available Increment. The Approved Public Infrastructure Costs are identified with particularity in Exhibit A, which is incorporated into this Agreement by reference, and shall not exceed Twelve Million Seven Hundred Fifty Thousand and 00/100 Dollars (\$12,750,000), as set forth in Section 4.1 of this Agreement.

1.4 "Annual Termination Date" means December 31 of each year, beginning with the year of the Activation Date, and each December 31 thereafter during the term established by Section 6 of this Agreement.

1.5 "Area Business" means (i) a holder of a Kentucky sales tax permit collecting and/or remitting sales tax within the Footprint pursuant to KRS 139.200 or (ii) an employer (as that term is defined in KRS Chapter 141) with a Physical Presence Within the Increment Footprint, or (iii) an Individual, Corporation, Sole Proprietorship or Pass-Through Entity with a Physical Presence Within the Footprint.

1.6 "Cabinet" means the Cabinet for Economic Development.

1.7 "Capital Investment" means:

(a) Obligations incurred for labor and to contractors, subcontractors, builders and materialmen in connection with the acquisition, construction, installation and equipping of the Project;

(b) The cost of acquiring land or rights in land within the development area on the Footprint of the Project, and any cost incident thereto, including recording fees;

(c) The cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of acquisition, construction, installation and equipping of the Project which is not paid by the contractor or contractors or otherwise provided;

(d) All costs of architectural and engineering services, including test borings, surveys, estimates, plans, specifications, preliminary investigations, supervision of construction, and the performance of all the duties required by or consequent upon the acquisition, construction, installation, equipping and rehabilitation of the Project;

(e) All costs that are required to be paid under the terms of any contract(s) for the acquisition, construction, installation, equipping and rehabilitation of the Project; and

(f) All other costs of a nature comparable to those described in paragraphs (a) through (e), above, that are incurred after Preliminary Approval and are relative to improvements within the Footprint.

1.8 “Corporation” is defined in Section 7701(a)(3) of the Internal Revenue Code.

1.9 “Commencement Date” shall mean January 30, 2020.

1.10 “Footprint” means the actual perimeter of the Project and is identified and described in Exhibit B - Development Area and State Footprint Map, which is incorporated into this Agreement by reference.

1.11 “Increment” means forty-five percent (45%) of Incremental Revenues, which is the amount payable to the Agency if all conditions contained in this Agreement have been met.

1.12 “Incremental Revenues” means the amount of revenues received by the Commonwealth as determined by subtracting Old Revenues from New Revenues in a calendar year with respect to the Footprint of the Project.

1.13 “New Revenues” means the amount pledged and received by the Commonwealth with respect to:

(a) Sales Taxes attributed to sales within the Footprint;

(b) Ad Valorem Property Taxes on real property located within the Footprint.

in the first year after the Activation Date or any year thereafter. The projected New Revenues for the Project are attached as Exhibit C – Projected New State Revenues to this Agreement.

1.14 “New Revenues Determination” shall have that meaning as set forth in Section 4.6 of this Agreement.

1.15 “Old Revenues” means the amount of state tax revenues received by the Commonwealth during the calendar year of Preliminary Approval, which is 2017 (the “Base Year”), and shall equal the amount determined in accordance with sections 4.5 and 5.4 of this Agreement. The Old Revenues shall be adjusted each calendar year after the Base Year by adding the Old Revenues calculated for the previous calendar year, multiplied by the Consumer Price Index (“CPI”), to the amount of Old Revenues calculated for the previous calendar year. This adjusted amount is the Old Revenues for the current calendar year.

1.16 “Project” shall mean the Ashland Plaza Redevelopment Project, a Mixed-Use Redevelopment In Blighted Urban Areas Tax Increment Financing project as defined in the above recitals and described in Exhibit A, which is incorporated into this Agreement by reference.

1.17 “Project Completion Percentage” is the quotient determined by dividing the Capital Investment expended for the Project to date (excluding all Financing Costs, as defined by KRS 154.30-010, as reported to the Authority in the most recent Affidavit of Capital Investment pursuant to Section 3.3 of this Agreement) by Forty-Three Million Four Hundred Fifty Thousand and 00/100 Dollars (\$43,450,000). The percentage shall not exceed 100%.

1.18 “Termination Date” shall be determined pursuant to Section 6 of this Agreement, and shall be the earlier of: (i) the Annual Termination Date (as defined above), provided that written notice is provided in accordance with Section 6 of this Agreement, (ii) the 20th anniversary of the date specified on the executed Notice of Activation (Exhibit E) submitted by the Agency, or (iii) June 13, 2057, whichever is earlier.

1.19 “Total Approved Cost” means the maximum amount of Approved Public Infrastructure Costs approved by the Authority for the Project and shall not exceed Six Million Eight Hundred Thousand and 00/100 Dollars (\$6,800,000) as set forth in detail in Section 4 of this Agreement.

SECTION 2 REPRESENTATIONS & WARRANTIES

2.1 Representations and Warranties of the Agency. The Agency hereby represents and warrants to the Commonwealth and the Authority as follows:

(a) Existence. The Agency is a department of the City of Ashland that both the City and the County have designated as the entity responsible for the management of the to manage the Ashland Plaza Development Area.

(b) Authority to Act. The Agency has the requisite power, capacity and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby, and to observe and to perform this Agreement, in accordance with

its terms and conditions. The officers and officials executing and delivering this Agreement on behalf of the Agency have been or are otherwise duly authorized to enter into this Agreement on behalf of the City and the County.

(c) Validity of Agreement; Compliance with Law. This Agreement is the legal, valid and binding obligation of the Agency, the City and the County and is enforceable in accordance with its terms and conditions. The execution and delivery of this Agreement, and the performance or observance by the Agency of the terms and conditions thereof, do not and will not materially violate any provisions of either the City's or the County's Code of Ordinances, their regulations or any laws applicable to the City, the County or the Agency.

(d) Litigation. No litigation or proceeding involving the City or the County is pending or, to the best of the Agency's knowledge, is threatened in any court or administrative proceeding, which, if determined adversely to the City or County, could have a materially adverse impact on the ability of the Agency to perform any of its obligations under this Agreement.

(e) Conflicting Transactions. The consummation of the transactions contemplated hereby and the performance of the obligations of the Agency under and by virtue of this Agreement shall not result in any material breach of, or constitute a default under, any contract, agreement, lease, indenture, bond, note, loan or credit agreement to which the Agency, the City or the County is a party or by which the Agency, City or County is bound.

(f) Disclosure. This Agreement does not contain any false or misleading statement of or omission of any material fact.

(g) Development Area. The Development Area described in the Agency's application for the Commonwealth's participation in the Project meets the requirements of KRS 65.7049, and both City Ordinance No. 45, 2017 and County Ordinance No. 2017-03 presented as part of the Application are consistent with the requirements of KRS 65.7053.

(h) Payment of Fees and Expenses. Pursuant to KRS 154.20-033(1), the Agency shall, within thirty (30) days from the billing date, pay the costs and expenses of all fiscal consultants, attorneys, appraisers, and other agents whom the Authority deems necessary or convenient for the preparation, execution, and delivery of this Agreement and any other documents which may be delivered in connection with this Agreement, including, without limitation, the fees and expenses of counsel employed on behalf of the Authority, and all costs and expenses, if any, in connection with the enforcement of this Agreement. The fees for services provided by persons employed on behalf of the Authority shall be paid by the Agency directly to the person providing such consultation, advisory, legal, or other services. The Agency shall also pay by the date of execution of this Agreement the administrative fees due to the Authority.

2.2 Representations and Warranties of the Authority on behalf of the Commonwealth. The Authority hereby represents and warrants to the Agency as follows:

(a) Authority to Act. The Authority has the requisite power, capacity and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby, and to observe and to perform this Agreement in accordance with its terms and conditions. Each of the officials executing and delivering this Agreement on behalf of the Authority has been and is duly authorized to enter into this Agreement on behalf of the Commonwealth.

(b) Validity of Agreement; Compliance with Law. This Agreement is the legal, valid and binding obligation of the Authority and the Commonwealth enforceable in accordance with its terms and conditions. The execution and delivery of this Agreement, and the performance or observance by the Commonwealth of the terms and conditions thereof, do not and will not violate any provisions of the Commonwealth's Constitution, or any laws applicable to the Commonwealth.

SECTION 3 AGENCY'S COVENANTS

3.1 New Revenues Requirement. The Agency shall use reasonable efforts to have each Area Business maintain separate tax numbers for each business situs in the Footprint (the "Account Numbers") where the Area Business generates State Taxes as defined and identified in Section 4.4 from locations or activities from both within and without the Footprint. The Account Numbers shall be used exclusively to report State Taxes received by the Commonwealth with respect to the Footprint.

3.2 Minimum Capital Investment.

(a) The Parties agree that the Minimum Capital Investment for the Project is Twenty Million Dollars (\$20,000,000) (the "Minimum Capital Investment"). The Minimum Capital Investment shall include all Capital Investment attributable to the Project on or after August 31, 2017.

(b) The Minimum Capital Investment must be made on or before the Activation Date of the Project. The failure to meet the Minimum Capital Investment requirement on or before the Activation Date is an Event of Default that results in the immediate termination of this Agreement and the revocation of the Commonwealth's participation in the Project through the TIF Program, as provided in Section 7 of this Agreement.

(c) The Agency shall certify it has met the Minimum Capital Investment requirement on or before the Activation Date by submitting Exhibit D within 30 days of the Activation Date or as soon as the Minimum Capital Investment has been made, whichever occurs first.

3.3 Verification of Approved Public Infrastructure Costs. Beginning with the Commencement Date, the Agency shall submit a semi-annual Affidavit of Capital Investment, substantially in the form of Exhibit D, certifying to the Authority the Capital

Investment made in the Project, and shall include a cumulative summary of the actual expenditures made with respect to Approved Public Infrastructure Costs since the Preliminary Approval of the Project (August 31, 2017). The documentation shall clearly tie each expenditure made to a particular item of Approved Public Infrastructure Cost and shall include supporting detail, including the zone and specific facility to which the expenditure was related. The Agency shall include documentation of other non-recoverable Capital Investment as well with similar detail. Once the Minimum Capital Investment requirement is achieved, the report required by this section shall then be filed on an annual basis (due July 31st of each year) until the Project is completed and the total expenditures for Capital Investment and Approved Public Infrastructure Costs have been made. The Affidavit of Capital Investment shall be verified by an independent certified public accountant when: (i) the Minimum Capital Investment threshold is achieved, (ii) the investment in Approved Public Infrastructure Costs equals or exceeds Total Approved Costs, and (iii) the development of the Project is completed and the total expenditures for Capital Investment and Approved Public Infrastructure have been made. The reports required by this section shall be made using a form substantially similar to Exhibit D attached to this Agreement.

3.4 Duplication Prohibited. Notwithstanding any other provision in this Agreement, the Agency shall not count any one cost in more than one category or attempt to recover the same cost more than once.

3.5 Net Positive Economic Impact of the Project. The Commonwealth's participation in the Project, and the disbursement of Increments pursuant to this Agreement, are contingent upon the Project resulting in a net positive economic impact to the Commonwealth. In the event that the scope or design of the Project is revised from the description provided in this Agreement, including Exhibit A, or if the completed construction of the Project does not adhere to the description of the Project provided in Exhibit A, the Authority reserves the right to: i) reevaluate the economic impact of the Project and to redetermine the Total Approved Costs and Approved Public Infrastructure Costs available for Increments, or ii) to declare the failure to construct the Project represented in Exhibit A to this Agreement an Event of Default and to pursue any of the remedies enumerated in Section 7.2 of this Agreement.

3.6 Request for Disbursement of Increment. The Agency shall submit all information required by this Section 3 as well as a Request for Disbursement in a form substantially similar to Exhibit E in order to be eligible for Increment disbursement as provided in Section 4.

SECTION 4 ACTIVATION AND INCREMENT DISBURSEMENT

4.1 Total Approved Costs. The Authority has authorized a maximum of Six Million Eight Hundred Thousand and 00/100 Dollars (\$6,800,000) for the support of the Approved Public Infrastructure Costs associated with the development of the Project. The Total Approved Costs shall be equal to the lesser of: (i) Six Million Eight Hundred

Thousand and 00/100 Dollars (\$6,800,000), (ii) the actual amount of Approved Public Infrastructure Costs expended, as verified by the Authority pursuant to Section 3.3 of this Agreement, or (iii) the product of Six Million Eight Hundred Thousand and 00/100 Dollars (\$6,800,000) multiplied by the Project Completion Percentage (as defined in Section 1.17 of this Agreement). The payment of Increments for the support of Approved Public Infrastructure Costs is contingent upon compliance with all terms of this Agreement.

4.2 Activation. The Activation Date is the date on which the time period for the pledge of Incremental Revenues shall commence and must be set within two years from the Commencement Date (as defined in Section 1.2 of this Agreement), which is by January 30, 2022. To establish the Activation Date, the Agency shall notify the Authority by submitting the Notice of Activation attached as Exhibit F to this Agreement. The Authority may, at its sole discretion, approve the extension of the two-year period to establish the Activation Date to no more than four years from the Commencement Date (January 30, 2024) in accordance with KRS 154.30-010(1) upon the submission by the Agency of the Activation Date Extension Request form attached as Exhibit G to this Agreement. The extension of the Activation Date period shall only be valid when the Activation Date Extension Request is approved and executed by any authorized signatory (as set forth in the Authority's Bylaws) for the Office of the Secretary of the Cabinet for Economic Development or any authorized signatory (as set forth in the Authority's Bylaws) for the Department for Financial Services, but formal action of the Authority shall not be required.

4.3 Increment Payment. Provided that the Minimum Capital Investment is confirmed by the Authority as set forth in Section 4.7, and the Project has activated in accordance with Section 4.2, and the Agency has incurred Approved Public Infrastructure Costs that have been verified by the Authority pursuant to Section 3.3, and the Agency has otherwise complied with the terms of this Agreement, the Commonwealth agrees to pay the Increment determined pursuant to Section 4 of this Agreement. The Agency shall be entitled to receive Increments for each calendar year during the Term of this Agreement (as defined in Section 6), beginning with the first calendar year after the calendar year in which the Activation Date occurs, until: (i) the date on which the aggregate Increment(s) paid to the Agency by the Commonwealth on a cumulative basis during the term of the Agreement equals the Total Approved Costs; (ii) the conclusion of the Term of this Agreement pursuant to Section 6; or (iii) there is an Event of Default pursuant to Section 7 of this Agreement. The Commonwealth shall have no obligation to make payments if there is no Increment available for distribution in any given year, or to pay more than the amount available for distribution. The recovery of Approved Costs and payment from the Commonwealth is contingent upon available Increment.

4.4 Increment. The amount of the Increment shall be forty-five percent (45%) of Incremental Revenues (difference between New Revenues and Old Revenues) as defined in Section 1. Incremental Revenues shall include state revenues resulting from the following taxes:

- (a) Ad Valorem Property Taxes levied under KRS 132.020(1)(a) (the “Ad Valorem Property Taxes”);
- (b) Sales taxes levied under KRS 139.200 (“Sales Taxes”).

(the taxes identified in this Section 4.4 shall be collectively referred to as the “State Taxes”) which were identified and approved by the Authority for the Project. The determination of Old Revenues and New Revenues shall be based upon the State Taxes identified in this Section 4.4 for the Project Footprint.

4.5 Old Revenue Determination. Because Incremental Revenues are measured by subtracting Old Revenues from New Revenues, a determination of Old Revenue is necessary prior to a distribution of the Increment. Notwithstanding anything in this Agreement to the contrary, before the Commonwealth shall be required to pay to the Agency any Increment to which the Agency shall be eligible for each year during the term of this Agreement, the Old Revenue Determination described in Section 5.4 of this Agreement must be calculated and set forth as Exhibit H to this Agreement. Exhibit H shall set forth the amounts which are deemed to be Old Revenue for the Base Year and shall set forth the CPI or other adjustments to be made annually.

4.6 New Revenue Determination. The projected New Revenues as set forth in the Application are set forth in Exhibit C and are attached and incorporated herein. The requirements set forth in Section 4 shall be used by the Agency to calculate in each calendar year during the term of this Agreement, with reasonable accuracy, the amount of actual New Revenues for that calendar year (the “New Revenues Determination”). The Agency shall submit the New Revenues Determination in writing to the Authority for review, along with a report which includes (i) the name of each Area Business and (ii) all state tax account numbers used by each Area Business in connection with the Footprint.

4.7 Minimum Capital Investment. Notwithstanding anything in this Agreement to the contrary, the Agency shall not receive any disbursement of the Increment until the Minimum Capital Investment is confirmed. The Minimum Capital Investment shall be reported to the Authority on the form prescribed in Exhibit D of this Agreement. If the Minimum Capital Investment is not certified by the Activation Date (pursuant to Section 3.2 of this Agreement), the Incremental Revenues shall be forfeited to the Commonwealth.

4.8 Project Completion Limitation. Notwithstanding anything in this Agreement to the contrary, the cumulative total of Increment disbursements made to the Agency during the Term of this Agreement shall never exceed the product of Six Million Eight Hundred Thousand and 00/100 Dollars (\$6,800,000) multiplied by the Project Completion Percentage (as defined in Section 1.17 of this Agreement). Undisbursed Incremental Revenues that exceed the Project Completion Limitation at the Termination Date of the Agreement shall be forfeited to the Commonwealth.

4.9 Request for Increment Disbursement. The submission by the Agency of complete and accurate information required under this Section along with a Request for Disbursement (substantially in the form of Exhibit E or other format acceptable to the

Agency and the Authority) shall constitute a formal request for the Increment. The Authority, with assistance from the Department of Revenue, shall review and verify the information submitted and shall certify the verified amount pursuant to KRS 154.30-090.

4.10 Time of Payment. For each calendar year beginning with the calendar year after the calendar year in which the Activation Date occurs, ninety (90) days after the Authority notifies the Agency that the information submitted in connection with a Request for Disbursement of Increment is complete and in order, the Commonwealth agrees to pay to the Agency the Increment, provided that all conditions provided in Section 4 of this Agreement have been met.

4.11 Compliance Certification. Notwithstanding anything in this Agreement to the contrary, if the Authority has not notified the Finance and Administration Cabinet pursuant to KRS 154.30-090 that the Agency is in compliance with the terms of this Agreement, the Incremental Revenues shall not be disbursed until such time as the certification has been provided by the Authority.

4.12 Use of Increment. The Agency covenants and agrees that it will use the Increment received pursuant to this Agreement for the support of Approved Public Infrastructure Costs in connection with the Project. If the Increment is used to support notes, bonds or other debt obligations with respect to the Project, the Agency shall utilize the Increment received in a given year to (1) pay the current financing costs, and (2) maintain a fully funded reserve. Any excess beyond that used for the purposes in the preceding sentence shall be used to provide for the retirement or defeasance of all or a portion of the remaining financing costs secured by the Increment. If, as of the Termination Date, the Increment calculated and paid over the term of this Agreement is insufficient to pay off the notes, bonds or other debt obligations, the parties acknowledge and agree that neither the Authority nor the Commonwealth shall have any liability with regard to the remainder of the notes, bonds or other debt obligations. Within 120 days after the close of the preceding calendar year, the Agency shall provide an annual certification, substantially in the form of Exhibit I to this Agreement, verifying that the Increment(s) received pursuant to this Agreement during the preceding year were used for the support of the Approved Public Infrastructure Costs identified in Exhibit D. The Agency acknowledges and agrees that this disclosure shall be matter of public record that may be subject to disclosure to the General Assembly, provided in response to requests for public records pursuant to the Kentucky Open Records Act or published by the Authority at its sole discretion for the purpose of issuing public reports, publications or any other documentation that the Authority deems necessary.

SECTION 5 OLD REVENUE

5.1 Base Year. The Base Year for the Project is 2017, which is the year during which the Project received Preliminary Approval. Upon receipt of the information required in Section 5.3 and 5.4, the Authority shall determine, in consultation with the Department of Revenue, whether the Base Year is a true and accurate depiction of historic revenues for

the Footprint. Pursuant to KRS 154.30-010(23), the Authority may consider the three calendar years prior to the year of Preliminary Approval (the "Three Year Base") as an alternative to a single Base Year.

5.2 Old Revenue Adjustment. The Old Revenues shall be adjusted each year by the percentage increase, if any, of the CPI or a comparable index, or an alternative percentage increase determined appropriate by the Authority as set forth in KRS 154.30-010.

5.3 Agency's Requirements. The Agency shall calculate with reasonable accuracy the Old Revenues for the Base Year, and in doing so, the Agency may make such assumptions as may reasonably be required, so long as those assumptions are properly documented and supported. The Agency shall submit its calculations of the Old Revenues for the Base Year to the Authority for review and approval, along with a report including; (i) the name of each Area Business, and (ii) all state tax account numbers used by each Area Business in connection with the Increment Footprint.

5.4 Determination of Old Revenue. The Authority shall review the information submitted by the Agency with regard to Old Revenues and shall determine, in consultation with the Department of Revenue, the amounts which are deemed to be Old Revenue for the Base Year and indicate any applicable annual adjustments. The determination of Base Year, Old Revenues and annual adjustments shall be set forth in Exhibit H and incorporated into this Agreement. Neither the amount set forth as Old Revenue for the Base Year nor the set adjustment shall be subject to change without a written Amendment to this Agreement executed by the parties hereto.

SECTION 6 TERM

The term of this Agreement shall begin on the Commencement Date (as defined in Section 1 of this Agreement). The Agreement shall then automatically renew for nineteen (19) consecutive years pursuant to KRS 154.30-070 beginning with the first Annual Termination Date, unless either party gives written notice of their desire to discontinue the Project at least sixty (60) days prior to the Annual Termination Date during any year. Notwithstanding the above, in no event shall the term of this Agreement extend beyond June 13, 2057.

SECTION 7 DEFAULT

7.1 Events of Default. Each of the following events or occurrences shall constitute an "Event of Default" under this Agreement:

(a) Bankruptcy. If there is filed by or against the Agency a petition in bankruptcy, or a petition for the appointment of a receiver or trustee, and any such petition is not dismissed within sixty (60) days after the date of filing, or if the Agency files a

petition for reorganization under any of the provisions of the Bankruptcy Code or any similar Law, or if the Agency makes a general assignment for the benefit of creditors, or if the Agency makes any insolvency assignment or is adjudicated insolvent by any court of competent jurisdiction; or

(b) Covenants, Warranties and Representations. If any warranty or representation made by the Agency in this Agreement shall at any time be false or misleading in any material respect, or the Agency shall fail to keep, observe or perform any of the terms, covenants, representations or warranties set forth in this Agreement or is unable or unwilling to meet its obligations thereunder; or

(c) Obligations to the Authority. If the Agency shall fail to observe, perform or comply with the terms, obligations, covenants, agreements, conditions or other provisions of this Agreement or any other agreement, document or instrument related to the Project; or

(d) Failure To Construct the Project. If the Capital Improvements and Approved Public Infrastructure Costs associated with the Project (as represented by the Agency in this Agreement and the attached exhibits in order to obtain the Commonwealth's support for the Project) are not completed, or the design and scope of the Project is changed without the prior approval of the Authority in accordance with Section 8.5 of this Agreement.

(e) Failure To Make The Minimum Capital Investment. The failure to make the required Minimum Capital Investment in the Project on or before the Activation Date (as verified by the Authority in accordance with Section 3.3 of this Agreement) is an Event of Default that requires the immediate termination of this Agreement and the revocation of the Commonwealth's participation in the Project pursuant to Sections 7.2(d) and (f).

7.2 Remedies of the Authority Upon Events of Default. Notwithstanding anything to the contrary set forth herein, upon the occurrence of an Event of Default, the Authority, in its sole discretion and without notice to the Agency, may at any time exercise any one or more of the following rights and remedies:

(a) the right to suspend all or a portion of the Increment payment with the exception of the portion of the Increment necessary for payment of Increment Bonds (as defined in KRS 154.30-010) or securing of Increment Bonds in which case suspension is prohibited by KRS 154.30-070(1)(h); and/or

(b) the right to seek an appropriate legal or equitable action to enforce the Agency's performance of the terms, covenants and conditions of this Agreement; and/or

(c) the right to re-determine the Approved Costs available for Increments; and/or

(d) the right to revoke the Commonwealth's participation in the Project; and/or

(e) in the event of a false or misleading representation or warranty, the right to recover Increments previously paid; and/or

(f) termination of the Agreement; and/or

(g) the right to exercise any other rights or remedies that may be available to Authority pursuant to this Agreement or under applicable laws, including the recovery of previously disbursed Increments.

7.3 Increment Bonds. Notwithstanding Section 7.1 and the default remedies of Section 7.2, KRS 154.30-070(1)(h) prohibits the withholding by any party to this Agreement of any incremental revenues if Increment Bonds (as defined in KRS 154.30-010) are outstanding that are secured by a pledge of those incremental revenues.

SECTION 8 MISCELLANEOUS

8.1 Notices. All notices or other communications hereunder from any party shall be sufficiently given, and shall be deemed given, when delivered or mailed by certified mail, postage prepaid, return receipt requested, to the other parties at their respective addresses as follows:

If to Commonwealth

Or the Authority: Kentucky Economic Development Finance Authority
Old Capitol Annex
300 West Broadway
Frankfort, KY 40601
Attn: Chair

If to the Agency:

City of Ashland Department of Finance
1700 Greenup Avenue
Ashland, Kentucky 41101
Attn: Director

8.2 Binding Effect. This Agreement shall be binding upon the Parties hereto and upon their respective successors and assigns.

8.3 Severability. If any clause, provision, or section of this Agreement be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision, or section shall not affect any of the remaining clauses, provisions or sections hereof.

8.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky and enforceable in courts of competent jurisdiction.

8.5 Entire Agreement; Modifications. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter of this Agreement and shall not be modified, amended, cancelled or terminated except by an agreement in writing signed by the Parties. If the Agency has reason to request an amendment during the Term of the Agreement, it may submit a written request setting forth the need for the amendment and requesting approval of same. Upon submission of a written request, such amendment will be subject to the express, prior written consent of the Authority.

8.6 Counterparts. This Agreement may be executed in any number of counterparts by some or all of the parties hereto, each of which shall be an original and all of which shall together constitute one and the same instrument.

8.7 Further Assurances. Each of the Parties hereto shall use reasonable efforts and cooperate fully with each other in order to promptly and fully carry out the terms and provisions of this Agreement. Each party hereto shall from time to time execute and deliver such other agreements, documents or instruments and take such other actions as may be reasonably necessary or desirable to effectuate the terms of this Agreement.

8.8 Mutual Termination. In addition to any other provisions relating to termination of this Agreement contained herein, this Agreement shall terminate upon the written agreement of all the parties hereto.

8.9 Sections. References to “Sections” shall be to sections of this Agreement, unless otherwise expressly designated.

8.10 Section Headings. Section headings are for reference only and shall have no interpretative weight or value.

8.11 Plural. The plural and singular form of words shall import either or both a plural and/or singular meaning, as the case may be.

8.12 Jurisdiction and Venue. The Parties hereto agree that any suit, action or proceeding with respect to this Agreement may only be brought in or entered by, as the case may be, (a) the courts of the Commonwealth of Kentucky situated in Frankfort, Franklin County, Kentucky, or (b) the United States District Court for the Eastern District of Kentucky, Frankfort Division, and the parties hereby submit to the jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment and waive any other preferential jurisdiction by reason of domicile. The parties hereby irrevocably waive any objection that they may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or related to this Agreement brought in the courts of the Commonwealth of Kentucky situated in Frankfort, Franklin County, Kentucky, or the United States District Court for the Eastern District of Kentucky, Frankfort Division, and also hereby irrevocably waive any claim that any such suit, action or proceeding brought in any one of the above-described courts has been brought in an inconvenient forum.

8.13 Disclosure of Information and Reports. The Agency by execution of this Agreement hereby authorizes and agrees that any information reported to the Authority in any Exhibit to this Agreement may be disclosed in any public forum, report or documentation deemed beneficial to public interest, with the exception of information that is not a public record or is confidential under Kentucky law.

[SIGNATURE PAGE AND EXHIBITS FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their officers and officials thereunto duly authorized as of the date first written above.

"Agency"

**CITY OF ASHLAND, DEPARTMENT OF
FINANCE**

By: Steve Gilmore

Name: Stephen E. Gilmore

Title: Mayor

"Authority"

**KENTUCKY ECONOMIC DEVELOPMENT
FINANCE AUTHORITY FOR THE
COMMONWEALTH OF KENTUCKY**

By: Katie Smith

Name: Katie Smith

Title: Commissioner

INDEX OF EXHIBITS

Exhibit A	Project Description
Exhibit B	Development Area and State Footprint Map
Exhibit C	Projected State New Revenues
Exhibit D	Affidavit of Capital Investment and Approved Public Infrastructure Costs
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EXHIBIT A

ASHLAND PLAZA REDEVELOPMENT PROJECT MIXED-USE REDEVELOPMENT IN BLIGHTED URBAN AREAS TAX INCREMENT FINANCING PROJECT DESCRIPTION

EXHIBIT A

ASHLAND PLAZA REDEVELOPMENT PROJECT MIXED-USE REDEVELOPMENT IN A BLIGHTED URBAN AREA TAX INCREMENT FINANCING PROJECT DESCRIPTION

Development is expected to include renovation of the existing hotel, construction of a new public parking structure and conference center, as well as some residential and restaurant uses. The 36-acre project is located in downtown Ashland, Boyd County, upon the southern bank of the Ohio River and across from West Virginia.

The project and its related improvements when fully developed will involve a new capital investment of \$43,450,000. The project contains:

- Renovation of the current Ashland Plaza Hotel into a Marriott brand Delta Hotel (149 room, 3-star full service accommodations, including restaurant, lobby bar, meetings spaces, etc.)
- Construction of new public parking structure and conference center next to the hotel (4-level, 400 space above ground parking structure with 12,000 square feet of conference space on top level)
- Downtown streetscape and utility improvements
- Renovation of old college building at 1420 Central Avenue to residential units (13 or 14 apartment units)
- Renovation of 4-story building at 15th and Winchester (12 residential units targeted to young professionals)

Description by Zones:

Only public infrastructure costs that occur within the state TIF Footprint are eligible for recovery.

Project Zone F1

- Retail – 500 square feet
- Restaurant – 7,000 square feet
- Hospitality – 79,900 square feet
- Total Estimated Investment (excluding financing) - \$15,000,000
- Eligible Approved Public Infrastructure Costs include –
 - Curbs, sidewalks, promenades & pedways - \$1,225,000;
 - Provision of utilities - \$1,225,000; and
 - Parking - \$8,000,000.
- Public Infrastructure Estimated Cost - \$10,450,000

Project Zone F2

- Restaurant – 9,300 square feet
- Residential – 16,200 square feet
- Total Estimated Investment (excluding financing) - \$4,700,000

EXHIBIT A continued

NORTHERN KENTUCKY UNIVERSITY CAMPUS GATEWAY MIXED-USE REDEVELOPMENT IN A BLIGHTED URBAN AREA TAX INCREMENT FINANCING PROJECT DESCRIPTION

- Eligible Approved Public Infrastructure Costs include –
 - Sewers/storm drainage - \$250,000;
 - Curbs, sidewalks, promenades & pedways - \$975,000; and
 - Provision of utilities - \$725,000.
- Public Infrastructure Estimated Cost - \$1,950,000

Project Zone F3

- Residential – 20,500 square feet
- Total Estimated Investment (excluding financing) - \$5,000,000
- Eligible Approved Public Infrastructure Costs include –
 - Land preparation costs for public infrastructure (excludes land acquisition costs) - \$250,000;
 - Curbs, sidewalks, promenades & pedways - \$50,000; and
 - Provision of utilities - \$50,000.
- Public Infrastructure Estimated Cost - \$350,000

After negotiations between KEDFA staff and the City of Ashland Department of Finance representatives, the costs available for recovery through TIF may include only approved public infrastructure costs incurred after the date of preliminary approval, within the state TIF footprint and described by the Zones above.

Maximum amount of Incremental Revenue to be released for TIF recovery shall not exceed \$6,800,000 for public infrastructure costs through a 45% recovery on Property and Sales Taxes.

Total cumulative investment of \$43,450,000, excluding financing costs, must be achieved to be eligible for the maximum total incentive of \$6,800,000. The actual percentage of completion of the project investment will be applied annually to the total incentive approved of \$6,800,000 to determine the maximum total incentive available/earned for the project during the term of the agreement.

EXHIBIT B

ASHLAND PLAZA REDEVELOPMENT PROJECT MIXED-USE REDEVELOPMENT IN BLIGHTED URBAN AREAS TAX INCREMENT FINANCING PROJECT

DEVELOPMENT AREA AND STATE FOOTPRINT MAP

Additional Project Scope Information

Development Area Map by Zone

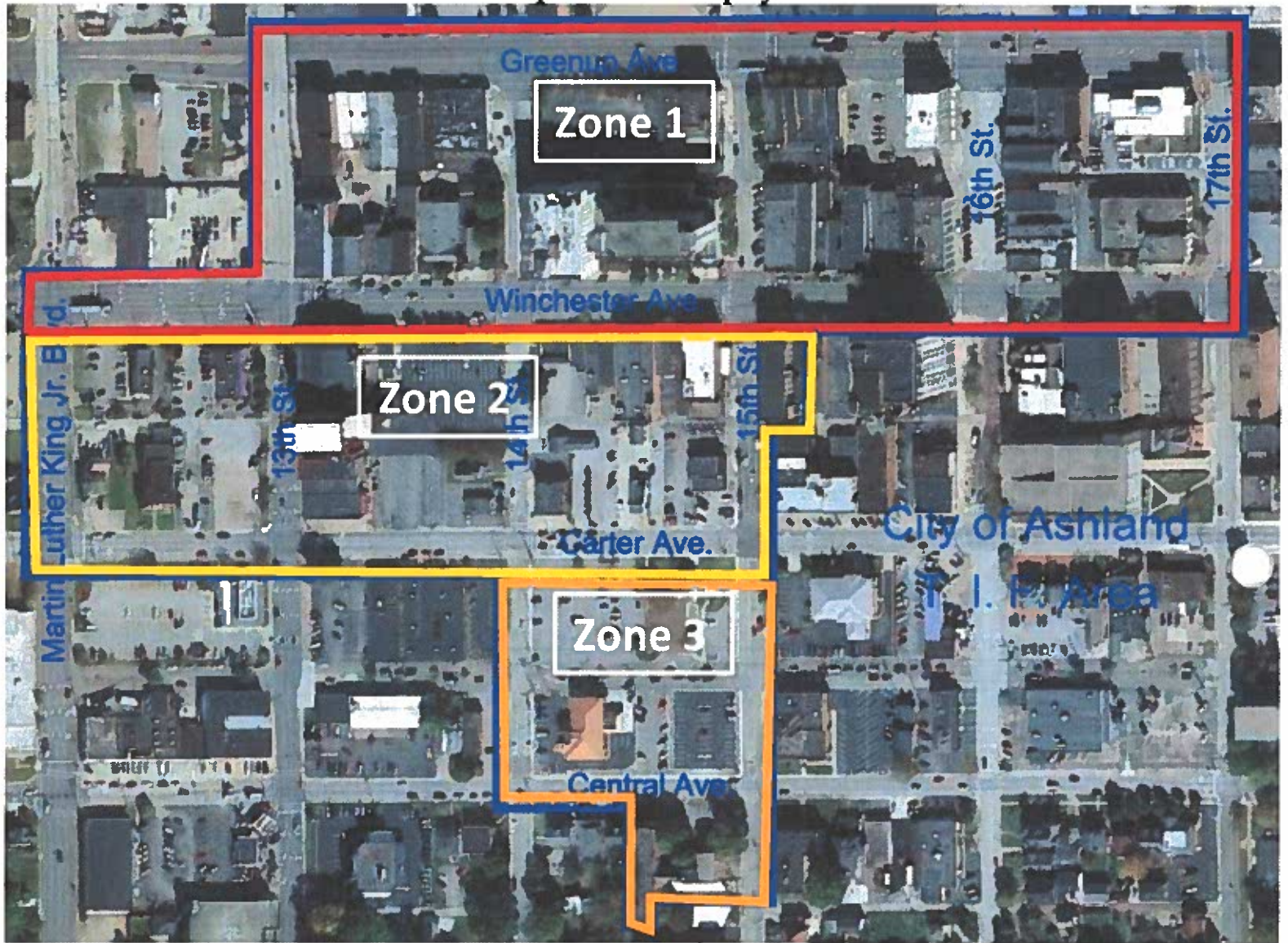


Exhibit A: Development Area Map and Description



Beginning at a point, point being the northwest corner of the intersection of the rights-of-way of Greenup Avenue and 13th Street;

Thence with the western right-of-way line of 13th Street southerly, to a point at the northwesterly intersection of the rights-of-way of 13th Street and Winchester Avenue;

Thence with the northern right-of-way line of Winchester Avenue westerly, to a point at the northwesterly intersection of the rights-of-way of Winchester Avenue and Martin Luther King Jr. Boulevard;

Thence with the western right-of-way line of Martin Luther King Jr. Boulevard southerly, to a point at the southwesterly intersection of the rights-of-way of Martin Luther King Jr. Boulevard and Carter Avenue;

Thence with the southern right-of-way line of Carter Avenue easterly, to a point at the southwesterly intersection of the rights-of-way of Carter Avenue and 14th Street;

Thence with the western right-of-way line of 14th Street southerly, to a point at the southwesterly intersection of the rights of way of 14th Street and Central Avenue;

Thence with the southern right of way line of Central Avenue easterly to a point at the intersection of the Central Avenue Development, LLC. Property line as recorded in deed book 776, page 173, point being 150 feet more or less westerly from the southwesterly intersection of the rights-of-way of Central Avenue and 15th Street;

Thence with the western property line of Central Avenue Development, LLC southerly, four calls being

- 1) Southerly and parallel with 15th Street 151 feet more or less to a point.
- 2) Thence easterly and parallel with Central Avenue 50 feet more or less to a point.
- 3) Thence northerly and parallel with 15th Street 51 feet more or less to a point.
- 4) Thence easterly and parallel with Central Avenue 100 feet more or less to a point in the western right-of-way line of 15th Street, point being 100 feet more or less southerly from the southwesterly rights-of-way intersection of Carter Avenue and 15th Street;

Thence projecting said property line easterly to the eastern right-of-way line of 15th Street;

Thence with the eastern right-of-way line northerly to a point at the southeasterly intersection of the rights-of-way of 15th Street and the unnamed alley between 15th Street and 16th Street, parallel and between Winchester Ave and Carter Avenue;

Thence with the southern right-of-way line of the unnamed alley easterly 50 feet more or less to a point, point being the projected easterly property line of the MD Winchester, LLC as recorded in deed book 748 page 264;

Thence with the projected property line northerly crossing the alley and with the eastern property line of MD Winchester, LLC to a point in the southern right-of-way line of Winchester Avenue;

Thence with the southern right-of-way line of Winchester Avenue easterly to the southeasterly intersection of the rights-of-way of Winchester Avenue and 17th Street;

Thence with the eastern right-of-way line of 17th Street northerly to the northeastern intersection of the rights-of-way of 17th Street and Greenup Avenue;

Thence with the northern right-of-way line of Greenup Avenue westerly to the point of beginning.

Total area being approximately 36 acres.

EXHIBIT C

ASHLAND PLAZA REDEVELOPMENT PROJECT MIXED-USE REDEVELOPMENT IN BLIGHTED URBAN AREAS TAX INCREMENT FINANCING PROJECT

PROJECTED NEW STATE REVENUES

Ashland Plaza Redevelopment Project

Source: Hunden Report

Year	Real Estate Property Tax	Sales Tax	Annual Total	Cumulative Total
1	\$31,050	\$1,765,705	\$1,796,755	\$ 1,796,755
2	\$42,100	\$1,531,349	\$1,573,449	\$ 3,370,204
3	\$53,956	\$1,303,437	\$1,357,393	\$ 4,727,597
4	\$54,630	\$1,369,374	\$1,424,004	\$ 6,151,601
5	\$55,313	\$1,424,115	\$1,479,428	\$ 7,631,029
6	\$56,005	\$1,470,039	\$1,526,044	\$ 9,157,073
7	\$56,705	\$1,507,264	\$1,563,969	\$ 10,721,042
8	\$57,413	\$1,544,389	\$1,601,802	\$ 12,322,844
9	\$58,131	\$1,582,317	\$1,640,448	\$ 13,963,292
10	\$58,858	\$1,621,051	\$1,679,909	\$ 15,643,201
11	\$59,593	\$1,660,742	\$1,720,335	\$ 17,363,536
12	\$60,338	\$1,701,867	\$1,762,205	\$ 19,125,741
13	\$61,093	\$1,744,015	\$1,805,108	\$ 20,930,849
14	\$61,856	\$1,787,212	\$1,849,068	\$ 22,779,917
15	\$62,629	\$1,831,484	\$1,894,113	\$ 24,674,030
16	\$63,412	\$1,876,859	\$1,940,271	\$ 26,614,301
17	\$64,205	\$1,923,363	\$1,987,568	\$ 28,601,869
18	\$65,008	\$1,971,025	\$2,036,033	\$ 30,637,902
19	\$65,820	\$2,019,874	\$2,085,694	\$ 32,723,596
<u>20</u>	<u>\$66,643</u>	<u>\$1,882,225</u>	<u>\$1,948,868</u>	\$ 34,672,464
<i>Total</i>	<i>\$1,154,758</i>	<i>\$33,517,706</i>	<i>\$34,672,464</i>	

EXHIBIT D
ASHLAND PLAZA REDEVELOPMENT PROJECT
MIXED-USE REDEVELOPMENT IN BLIGHTED URBAN AREAS
TAX INCREMENT FINANCING PROJECT

**Affidavit of Capital Investment and
Approved Public Infrastructure Costs**

The City of Ashland, Department of Finance (the “Agency,” as defined in the Agreement) shall submit this Affidavit of Capital Investment Exhibit for the Ashland Plaza Redevelopment Project Mixed-Use Redevelopment In Blighted Urban Areas Tax Increment Financing Project semi-annually by January 30th and July 31st each year throughout the Term of the Agreement until the Minimum Capital Investment is made, pursuant to the Tax Incentive Agreement (the “Agreement”) dated January 30, 2020. Once the Minimum Capital Investment is achieved, this report shall continue to be filed annually by July 31st of each year. The Affidavit of Capital Investment shall be accompanied by the attached Exhibit D-1 – Certificate of Independent Public Accountants of Capital Investment when: (i) the \$20,000,000 Minimum Capital Investment Threshold has been reached, (ii) the investment in Approved Public Infrastructure Costs equals or exceeds Total Approved Costs, or total expenditures for Approved Public Infrastructure Costs are completed, whichever occurs first, and (iii) the development of the Project is completed and the total expenditures for Capital Investment and Approved Public Infrastructure Costs have been made.

The undersigned, _____, after having first being duly sworn, deposes and states as follows:

As _____ (Title) of the Agency, I am authorized to submit this Affidavit to the Kentucky Economic Development Finance Authority (“Authority”) on behalf of the Agency with respect to the Tax Incentive Agreement by and between the Authority and the Agency (“Agreement”). All capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to them in the Agreement.

As of _____, 20__, the _____ is reporting the following:

Summary of the Total Capital Investment Made To-Date Within the Development Area (Table 1)

The aggregate amount of capital investment costs paid in the Development Area since the Preliminary Approval of the Project (August 31, 2017) is:

Zone	Public Infrastructure Costs	Other Costs	TOTAL
1	\$	\$	\$
2			
3			
TOTAL	\$	\$	\$

***Applicant shall maintain detailed records of all investment costs as outlined in Section 3.3
This table excludes financing costs.***

Identify the Zones from above that are included in the Footprint: _____

Has the Minimum Capital Investment Threshold of \$20,000,000 been achieved? ____ YES ____ NO

If yes, it was achieved on: _____, 20__

Has there been any changes or modifications to the proposed project as described in Exhibit A to the Tax Incentive Agreement? ☐ YES ☐ NO If yes, please list the changes below by block:

Table 2

Zone	New Description

Please Note: Failure to build out the project as described in the application and reflected in Exhibit A to the Agreement may result in a default or a reduction in the Commonwealth's participation in the Project and the amount of any Increment(s) payable.

Table 3

Total Approved Costs:

TOTAL APPROVED COSTS (Table 3)		
i. Maximum Amount Approved		<u>\$ 6,800,000</u>
ii. Actual Amount of Approved Public Infrastructure Costs (<i>total from Table 1</i>)		\$ _____
iii. Percentage of Completion		
A. Total Capital Investment	\$ _____	
B. Projected Investment	<u>\$43,450,000</u>	
C. Project Completion Percentage (<i>Divide A by B = A / B</i>) [shall not exceed 100%]	_____ %	
D. Multiplied by Maximum Amount Approved	<u>\$6,800,000</u>	
E. Approved Costs calculated based on Percentage of Completion		\$ _____
MAXIMUM TOTAL APPROVED COSTS TO DATE (<i>lesser of i, ii, and iii</i>)		\$ _____

The amounts reported in this affidavit are true and accurate to the best of my knowledge. Evidence of the amounts reported is kept by the Agency and is available for review by a representative of the Authority at any time pursuant to the Agreement.

CITY OF ASHLAND, DEPARTMENT OF
FINANCE

[Signature of Individual]

[Printed Name]

[Date]

STATE OF: _____)
COUNTY OF: _____)

The foregoing instrument was subscribed, sworn to and acknowledged before me this ____ day
of _____, 20____, by _____ as _____ [Title] of the City of
Ashland, Department of Finance, on behalf of said entity.

My commission expires: _____

NOTARY PUBLIC

(SEAL)

Please submit this report to the following address:

Cabinet for Economic Development
Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601

**Exhibit D-1 – Certificate of Independent Public Accountants
of Capital Investment
ASHLAND PLAZA REDEVELOPMENT PROJECT
MIXED-USE REDEVELOPMENT IN BLIGHTED URBAN AREAS
TAX INCREMENT FINANCING PROJECT**

The City of Ashland, Department of Finance’s Affidavit of Capital Investment Exhibit for the Ashland Plaza Redevelopment Project Mixed-Use Redevelopment In Blighted Urban Areas Tax Increment Financing Project must be certified by an independent CPA at the following dates when: (i) the \$20,000,000 Minimum Capital Investment Threshold has been reached, (ii) the investment in Approved Public Infrastructure Costs equals or exceeds Total Approved Costs, and (iii) the development of the Project is completed and the total expenditures for Capital Investment and Approved Public Infrastructure Costs have been made.

The undersigned, being the independent certified public accounts for the City of Ashland, Department of Finance hereby certify as of this ____ day of _____, 20__, to the Kentucky Economic Development Finance Authority (the “Authority”) that after reasonable due diligence they have determined as follows:

- 1) The aggregate amount of capital investment costs paid in the Development Area since the preliminary approval of the Project through _____, 20__, is:

Public Infrastructure Costs	Other Costs	TOTAL
\$ _____	\$ _____	\$ _____

- 2) The Minimum Capital Investment Threshold of \$20,000,000 was achieved on _____, 20__. The final capital investment for the Project was incurred on _____, 20__.
- 3) The aggregate amount of capital investment costs incurred since the preliminary approval of the Project were for the Project as described in Exhibit A to the Tax Incentive Agreement.
- 4) The aggregate amount of capital investment costs paid in the Footprint, which includes Zones _____, since the preliminary approval of the Project through _____, 20__, is:

Public Infrastructure Costs	Other Costs	TOTAL
\$ _____	\$ _____	\$ _____

By: _____

Title: _____

Please submit this report to the following address:

Cabinet for Economic Development
Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601

EXHIBIT E
Request for Disbursement
Ashland Plaza Redevelopment Project
Mixed-Use Redevelopment In Blighted Urban Areas
Tax Increment Financing Project

This Exhibit must be submitted by April 30th of each year to make a Request for Disbursement of the Increment for the preceding calendar year. Provided that the Minimum Capital Investment is confirmed by the Authority as set forth in Section 4.7 of the Agreement, and the Project has activated in accordance with Section 4.2 of the Agreement, and the Agency has incurred Approved Public Infrastructure Costs that have been verified by the Authority pursuant to Section 3.3 of the Agreement, and the Agency has otherwise complied with the terms of the Agreement, the Cabinet for Economic Development will forward this request for disbursement to the Department of Revenue for further processing. Please note any available increments will be held in escrow pending certification that the \$20,000,000 Minimal Capital Investment threshold has been reached. The failure to achieve the Minimal Capital Investment threshold by the Activation Date will result in the forfeiture of all accrued Increment(s) to the Commonwealth.

For Business Taxpayers: This exhibit must be accompanied by the Tax Increment Financing Business Questionnaire for any business that operates within the footprint during the calendar year. Failure to provide the questionnaire for any businesses operating within the footprint will cause the Increment to be calculated without regard to the tax receipts from the noncompliant business.

	Property	Sales	Grand Total
New Revenues received for calendar year			
Less Old Revenues			
Equals Tax receipts available for Increment			
Multiplied by [45] %	[45]%	[45]%	[45]%
Requested increment disbursement	\$	\$	\$

Grand Total Increment Disbursement Request: _____

By signing this exhibit, the undersigned agrees that he or she has the proper authority to act on behalf of the City of Ashland, Department of Finance with regard to the Tax Incentive Agreement for the Ashland Plaza Redevelopment Project Mixed-Use Redevelopment In Blighted Urban Areas Tax Increment Financing Project.

CITY OF ASHLAND, DEPARTMENT OF
FINANCE

[Signature of Individual]

[Printed Name]

[Date]

Please submit this report to the following address:

Cabinet for Economic Development
Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601

EXHIBIT F
Ashland Plaza Redevelopment Project
Mixed-use Redevelopment In Blighted Urban Areas
Tax Increment Financing Project
NOTICE OF ACTIVATION

The undersigned, _____, after having first being duly sworn, deposes and states as follows:

As _____ (Title) of the City of Ashland, Department of Finance (the “Agency”), I am authorized to submit this Notice of Activation to the Kentucky Economic Development Finance Authority (the “Authority”) on behalf of the Agency, as required by the Tax Incentive Agreement between the Authority and the Agency dated January 30, 2020 (“Agreement”).

Pursuant to Section 4.2 of the Agreement, the Activation Date must be set on or before January 30, 2022, or, with the prior written approval of the Authority pursuant to an executed Activation Deadline Extension Request (Exhibit G), on or before January 30, 2024.

The Agency hereby designates _____, 20__ as the Activation Date pursuant to Section 4.2 of the Agreement, which is within two years of the Commencement Date, or is within four years of the Commencement Date and the Agency has submitted an Activation Deadline Extension Request (Exhibit G to the Agreement) that was previously authorized by the Authority.

CITY OF ASHLAND, DEPARTMENT OF
FINANCE

By: _____

Title: _____

STATE OF _____)

)

COUNTY OF _____)

)

Subscribed and sworn to before me by _____, the _____ of
the City of Ashland, Department of Finance, this ____ day of _____, 20__.

My commission expires: _____.

NOTARY PUBLIC
(SEAL)

Please submit this report to the following address:

Cabinet for Economic Development
Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601

EXHIBIT G
Ashland Plaza Redevelopment Project
Mixed-use Redevelopment In Blighted Urban Areas
TAX INCREMENT FINANCING PROJECT
ACTIVATION DEADLINE EXTENSION REQUEST

The undersigned, _____, as _____ (Title) of the City of Ashland, Department of Finance (the "Agency"), I am authorized by the Agency to submit this request to the Kentucky Economic Development Finance Authority (the "Authority") on behalf of the Agency with respect to the Tax Incentive Agreement between the Authority and the Agency ("Agreement").

The Activation Date must be established within two years of January 30, 2020 pursuant to Section 4.2 of the Agreement. Section 4.2 allows the Agency to request a two-year extension of the deadline to establish the Activation Date by the submission of this Activation Deadline Extension Request, subject to the approval and execution of the request by the Authority. The Agency respectfully requests that the deadline for establishing the Activation Date of the Project (as defined in the Agreement) and for submitting the Notice of Activation (Exhibit F) be extended to _____, 20__.

CITY OF ASHLAND, DEPARTMENT OF
FINANCE

[Signature of Individual]

[Printed Name]

[Date]

STATE OF _____)

COUNTY OF _____)

Subscribed and sworn to before me by _____, the _____ of
the City of Ashland, Department of Finance, this ____ day of _____, 20__.

My commission expires: _____.

NOTARY PUBLIC
(SEAL)

Please submit this report to the following address:

Cabinet for Economic Development
Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601

AUTHORITY ACKNOWLEDGEMENT

Pursuant to Section 4.2 of the Agreement, the Authority hereby consents to the extension of the deadline to establish the Activation Date to _____, 20__.

Kentucky Economic Development Finance Authority

[Signature of Commissioner]

[Title]

[Date]

Exhibit H
Old Revenues (Base Year=2017)

Ashland Plaza Redevelopment Project
Mixed-Use Redevelopment In Blighted Urban Areas
Tax Increment Financing Project

This Exhibit must be submitted by July 31, 2020. The Cabinet for Economic Development will forward the exhibit to the Department of Revenue for further processing. Upon completion of the review, the Department of Revenue will issue a certification detailing the base year amount for the State Taxes (as defined in the Agreement).

For Business Taxpayers: This exhibit must be accompanied by the Tax Increment Financing Business Questionnaires for any business that operates within the footprint during the calendar year. In addition to the required Questionnaires, the Agency must submit the Old Revenues (Base Year) Spreadsheet. Failure to provide the questionnaire for any businesses operating within the footprint will result in the potential increment available to be calculated without regards to the tax receipts from the noncompliant business.

By signing this exhibit, the undersigned agrees that he or she has the proper authority to act on behalf of the City of Ashland, Department of Finance with regard to the Tax Incentive Agreement for the Ashland Plaza Redevelopment Project Mixed-Use Redevelopment In Blighted Urban Areas Tax Increment Financing project. I certify that this exhibit has been calculated using sound accounting principles and is subject to review and audit by the Commonwealth or assigned agent.

CITY OF ASHLAND, DEPARTMENT OF
FINANCE

[Signature of Individual]

[Printed Name]

[Date]

STATE OF: _____)
)
COUNTY OF _____)

The foregoing instrument was subscribed, sworn to and acknowledged before me this _____ day of _____, 20____, by _____ as _____ [Title] of the City of Ashland, department of Finance.

My commission expires: _____

NOTARY PUBLIC
(SEAL)

Please submit this report to the following address:

Cabinet for Economic Development
Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601

Exhibit H - Estimated Old Revenues (Base Year=2017)
Ashland Plaza Redevelopment Project
Mixed-use Redevelopment In Blighted Urban Areas
Tax Increment Financing Project

Real Estate Property Tax \$ _____

Assumptions: _____

Sales Tax \$ _____

Assumptions: _____

Tax Increment Financing (TIF) Business Questionnaire

For Official Use Only

Zone Number _____

Local Agent Initials _____

TIF Development Authority

Agency Name

Contact Person

Title

Address

City

State

Zip Code

Telephone Number

() -

E-mail Address

This form is distributed by the local TIF development authority for use in determining amounts eligible for TIF. The form must be completed by all businesses operating within the state footprint of an approved TIF project and returned to local TIF development authority as noted above. If you have any questions, please contact the local TIF development authority.

Business Information

Business Name

DBA (if applicable)

Contact Person

Location Address

City

State

Zip Code

Telephone Number

() -

E-mail Address

Date operations began at this location

Tax Identification Numbers (if applicable): (if not applicable input "N/A")

Commonwealth Business Identifier Number (CBI)

--	--	--	--	--	--	--	--	--	--

FEIN or SSN

--	--	--	--	--	--	--	--	--	--

KY Corporation Tax Number

--	--	--	--	--	--

☐ check box if multiple locations file using this Tax ID

Are you registered with the Secretary of State?

☐ Yes ☐ No

If yes, please provide the registered name, if it is not the Business Name or DBA listed above.

FOR CORPORATION INCOME TAX PURPOSES

Is all income earned at the site of the business location?

☐ Yes ☐ No

What type of return is filed?

☐ Separate ☐ Consolidated

KY Withholding Tax Number

--	--	--	--	--	--

☐ check box if multiple locations file using this Tax ID

KY Sales Tax Number

--	--	--	--	--	--

☐ check box if multiple locations file using this Tax ID

If a box was checked for multiple locations, please list the addresses of other business locations:

For multiple locations only—Are separate accounting records kept for activity within and outside the footprint?

☐ Yes

☐ No

Provide a brief description of business activity, property sold and services provided at location address:

Was the business previously operated under a different owner or name? ☐ Yes ☐ No

Former BusinessName: _____

Name of Previous Owner: _____ Date of Acquisition _____

I understand that the information provided will be confidential and will be shared only with the Commonwealth of Kentucky's Department of Revenue and the Cabinet for Economic Development.

Printed Name

Title

1

EXHIBIT I

Certification of Increment Use

Ashland Plaza Redevelopment Project
Mixed-Use Redevelopment In Blighted Urban Areas
Tax Increment Financing Project

This Exhibit must be submitted annually by April 30 to certify the use of State Tax Increments for the preceding calendar year. Failure to submit this annual exhibit by the due date will result in a delay in processing of outstanding Request for Disbursements.

Tax Year Associated with Increment: _____

Amount of Increment Received: \$ _____

Increment was spent for the following:

Public Infrastructure Costs \$ _____

Amount of Increment Unspent \$ _____

By signing this exhibit, I agree that I have proper authority to act on behalf of the City of Ashland (the “Agency”) with regard to the Tax Incentive Agreement for the Ashland Plaza Redevelopment Project Mixed-Use Redevelopment In Blighted Urban Areas Tax Increment Financing Project and certify on behalf of the Agency that the amounts reported above have been expended within the Footprint of the Project as required by KRS 154.30-080.

CITY OF ASHLAND, DEPARTMENT OF
FINANCE

[Signature of Individual]

[Printed Name]

[Date]

STATE OF _____)
COUNTY OF _____)

The foregoing instrument was subscribed, sworn to and acknowledged before me this _____ day of _____, 20____, by _____ as _____ [Title] of the City of Ashland, Department of Finance.

My commission expires: _____

NOTARY PUBLIC
(SEAL)

Please submit this report to the following address:

Cabinet for Economic Development
Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601