

## TAX INCENTIVE AGREEMENT

THIS TAX INCENTIVE AGREEMENT (the "Agreement") dated as of May 26, 2022, 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) the CITY OF COVINGTON, a Kentucky municipal corporation (the "City") (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 Signature Project Tax Increment Financing program established by KRS 154.30-050 (the "TIF Program"); and

WHEREAS, the City adopted Ordinance No. O-58-12 on December 20, 2012, as amended by Ordinance No. O-16-19 adopted on June 11, 2019, which established the City Center Covington Development Area pursuant to KRS 65.7049, KRS 65.7051 and KRS 65.7053 (the "Development Area"); and

WHEREAS, the City of Covington has designated its Office of the City Manager as the division responsible for managing the Covington Central Riverfront Signature Tax Increment Financing Project on the City of Covington's behalf (the "Agency"); and

WHEREAS, the City has submitted an application to the Authority pursuant to KRS 154.30-030 seeking state participation in the redevelopment of approximately 31.6 -acres in downtown Covington (including the Internal Revenue Service operations facility that was closed in 2019) and which will include the construction of the following: i) approximately 200,000 square feet of new office space, ii) 177 new hotel rooms, iii) approximately 87,800 square feet of new retail space, iv) 348 new residential units, v) a 111,000 square foot convention center expansion, and vi) other public infrastructure improvements (the "Project," which is more particularly described in Exhibit A to this Agreement); and

WHEREAS, the Authority adopted Resolution No. TIF-I-20-03 on December 10, 2020 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 December 10, 2020 (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 have 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 Approved Public Infrastructure Costs (as defined below) and Approved Financing Costs (as defined below) of the Project; and

WHEREAS, based upon the Consultants' Report, the Office of State Budget Director and the Finance & Administration Cabinet have 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 Forty-Eight Million Five Hundred Thousand and 00/100 Dollars (\$48,500,000) of Incremental Revenues (as defined below) over a 30-year span (the "Certification"); and

WHEREAS, the Authority has determined that the Project meets the minimum requirements for a Signature Tax Increment Financing project pursuant to KRS 154.30-050; and

WHEREAS, the Authority has determined the amount of Approved Public Infrastructure Costs and Approved Financing 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 City (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 Three Hundred Eight Million Three Hundred Thirty-One Thousand Sixty-Three and 00/100 Dollars (\$308,331,063), which includes estimated Approved Public Infrastructure Costs (as defined in KRS 154.30-010) of Eighty Million Nine Hundred Sixty One Thousand Sixty-Three and 00/100 Dollars (\$80,961,063); and

WHEREAS, the estimated Financing Costs of the Project are Eighty-Six Million Forty-Six Thousand Six Hundred Four and 00/100 Dollars (\$86,046,604); 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 and Approved Financing Costs attributable to the Project in an amount not to exceed Forty-Five Million Five Hundred Thousand and 00/100 Dollars (\$45,500,000) that, in addition to the incentives and local tax increments pledged by the City, will encourage increased property values, increased employment opportunities and increased economic activity; and

WHEREAS, the Authority adopted Resolution No. TIF-F-22-02 (the "Resolution") on May 26, 2022 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 City, setting forth the terms and conditions for the Commonwealth's

participation in the Project and the payment of Increments (as defined below) to the City; 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 I  
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 Financing Costs" means the financing costs, as defined in KRS 154.30-010, that are incurred within the Footprint and that were reviewed and approved by the Authority for recovery from the available Increment. The Approved Financing Costs shall not exceed Eighty-Six Million Forty-Six Thousand Six Hundred Four and 00/100 Dollars (\$86,046,604).

1.4 "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 shall not exceed Eighty Million Nine Hundred Sixty One Thousand Sixty-Three and 00/100 Dollars (\$80,961,063).

1.5 "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.

1.6 "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.

1.7 "Cabinet" means the Cabinet for Economic Development.

1.8 “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.

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

1.10 “Commencement Date” shall mean May 26, 2022.

1.11 “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.

1.12 “Increment” means sixty percent (60%) of Incremental Revenues, which is the amount payable to the City if all conditions contained in this Agreement have been met.

1.13 “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.

1.14 “New Revenues” means the amount 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;

(c) Income Taxes that an Area Business is required to withhold from the wages of its employees pursuant to KRS Chapter 141, and attributable to work or services performed within the Footprint, or within and without the Footprint if the services performed without the Footprint is incidental to the Area Employee’s service 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.

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

1.16 “Old Revenues” means the amount of state tax revenues received by the Commonwealth during the calendar year of Preliminary Approval, which is (2020) (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.

1.17 “Project” shall mean the Covington Central Riverfront Signature Program Tax Increment Financing project as defined in the above recitals and described in Exhibit A, which is incorporated into this Agreement by reference.

1.18 “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 Three Hundred Eight Million Three Hundred Thirty-One Thousand Sixty-Three and 00/100 Dollars (\$308,331,063). The percentage shall not exceed 100%.

1.19 “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 30<sup>th</sup> anniversary of the date specified on the executed Notice of Activation (Exhibit E) submitted by the City, or (iii) December 20, 2052, whichever is earlier.

1.20 “Total Approved Cost” means the maximum combined amount of Approved Public Infrastructure Costs and Approved Financing Costs authorized by the Authority for recovery from the Increment and shall not exceed Forty-Five Million Five Hundred Thousand and 00/100 Dollars (\$45,500,000) as set forth in detail in Section 4 of this Agreement.

## SECTION 2 REPRESENTATIONS & WARRANTIES

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

(a) Existence. The City is a Kentucky municipal corporation that has designated the Agency to manage the City Center Covington Development Area.

(b) Authority to Act. The City 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 City have been or are otherwise duly authorized to enter into this Agreement on behalf of the City.

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

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

(e) Conflicting Transactions. The consummation of the transactions contemplated hereby and the performance of the obligations of the City or 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 City or the Agency is a party or by which the City or the Agency 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 City's application for the Commonwealth's participation in the Project meets the requirements of KRS 65.7049, Ordinance No. O-58-12 and Ordinance No. O-16-19 presented as part of the Application is consistent with the requirements of KRS 65.7053.

(h) Payment of Fees and Expenses. Pursuant to KRS 154.20-033(1), the City 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 City directly to the person providing such consultation, advisory, legal, or other

services. The City 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 City 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 CITY'S COVENANTS

3.1 New Revenues Requirement. The City 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 Two Hundred Million Dollars (\$200,000,000) (the "Minimum Capital Investment"). The Minimum Capital Investment shall include all Capital Investment attributable to the Project on or after December 10, 2020.

(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 City 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 City 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 and Approved Financing Costs since the Preliminary Approval of the Project (December 10, 2020). The documentation shall clearly tie each expenditure made to Approved Public Infrastructure Cost and Approved Financing Costs described in Exhibit A to this Agreement. The City 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 January 31 31<sup>st</sup> of each year) until the Project is completed and the total expenditures for Capital Investment and Approved Public Infrastructure Costs and Approved Financing 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 and Approved Financing 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 and Approved Financing Costs 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 City 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, Approved Public Infrastructure Costs and Approved Financing 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 City 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 Forty-Five Million Five Hundred Thousand and 00/100 Dollars (\$45,500,000) to support the Approved Public Infrastructure Costs and Approved Financing Costs for the construction of the Project described in Exhibit A. The Total Approved Costs shall be equal to the lesser of: (i) Forty-Five Million Five Hundred Thousand and 00/100 Dollars (\$45,500,000), (ii) the actual amount of Approved Public Infrastructure Costs and Approved Financing Costs expended, as verified by the Authority pursuant to Section 3.3 of this Agreement, or (iii) the product of Forty-Five Million Five Hundred Thousand and 00/100 Dollars (\$45,500,000) 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 and Approved Financing 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). To establish the Activation Date, the City 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 in accordance with KRS 154.30-010(1) upon the submission by the City 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 City has incurred Approved Public Infrastructure Costs and Approved Financing Costs that have been verified by the Authority pursuant to Section 3.3, and the City 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 City 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 City 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 sixty percent (60%) 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) Individual Income Taxes that an Area Business is required to withhold from the wages of its employees pursuant to KRS Chapter 141, and attributable to work or services performed within the Footprint, or within and without the Footprint if the services performed without the Footprint is incidental to the Area Employee’s service within the Footprint (“Income Taxes”); and
- (c) 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 City any Increment to which the City 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 City 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 City 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 City 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 City during the Term of this Agreement shall never exceed the product of Forty-Five Million Five Hundred Thousand and 00/100 Dollars (\$45,500,000) 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 City 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 City 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 City 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 City 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 City 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 City covenants and agrees that it will use the Increment received pursuant to this Agreement for the support of Approved Public Infrastructure Costs and Approved Financing Costs for the Project described in Exhibit A to this Agreement. If the Increment is used to support notes, bonds or other debt obligations with respect to the Project, the City 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 City 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 and Approved Financing Costs identified in Exhibit D. The City 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 2020, 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 City’s Requirements. The City shall calculate with reasonable accuracy the Old Revenues for the Base Year, and in doing so, the City may make such assumptions as may reasonably be required, so long as those assumptions are properly documented and supported. The City 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 City 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 twenty-nine (29) 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 December 20, 2052.

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 City 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 City files a petition for reorganization under any of the provisions of the Bankruptcy Code or any similar Law, or if the City makes a general assignment for the benefit of creditors, or if the City 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 City in this Agreement shall at any time be false or misleading in any material respect, or the City 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 City 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 or the public infrastructure improvements associated with the Project (as represented by the City 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 City, 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 City'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 40602  
Attn: Chair

If to the City:

City of Covington  
20 West Pike Street  
Covington, Kentucky 41011  
Attn: City Manager

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 City 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 City 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.

“City”

**CITY OF COVINGTON**

By: Joseph U Meyer  
Name: Joseph U. Meyer  
Title: Mayor

“Authority”

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

By: Katie Smith  
Name: Katie Smith  
Title: Deputy Secretary & 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
Exhibit D-1	Certificate of Independent Public Accountants of Capital Investment
Exhibit E	Request For Increment Disbursement
Exhibit F	Notice of Activation
Exhibit G	Activation Deadline Extension Request
Exhibit H	Old Revenues
Exhibit I	Certification of Increment Use

## EXHIBIT A

### COVINGTON CENTRAL RIVERFRONT SIGNATURE PROJECTS TAX INCREMENT FINANCING PROJECT DESCRIPTION

From 1967 to 2019, the project site served as a massive tax processing facility for the IRS. At its peak, the IRS operations facility employed up to 4,000 workers. In September 2019, the Covington IRS processing center closed its doors permanently. Its closure resulted in 23 acres of unused land and an obsolete 17-acre single-story structure along the Ohio River with a disrupted street grid and a loss of approximately \$1.5 million in annual payroll tax to the City of Covington.

The City of Covington has embraced the closure of the IRS facility as a unique opportunity for meaningful and fruitful development in the Covington urban core. Realizing the potential for this site, the City of Covington's project is to transform the unused 23 acres as well as an additional 8 acres into a vibrant mixed-use 31-acre site along the Ohio River, woven seamlessly into the existing urban fabric of Covington. The project will involve an estimated total capital investment of over \$308.3 million and include office space, retail/restaurant, as well as residential, hotel, expansions to the convention center and a new city hall.

The proposed Project site is a 31.60-acre development, with both private improvements and public infrastructure improvements:

- 200,000 square feet of new office space
- 177 new hotel rooms
- 87,800 square feet of new retail
- 348 new residential units
- 111,000 square foot convention center expansion
- Public infrastructure improvements

#### **Description by Zone:**

---

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

Total Capital Investment = Total Other Costs + Total Public Infrastructure Costs

#### **Zone 1**

- Total Estimated Other Costs (excluding financing) - \$69,793,956
- Total Public Infrastructure Costs - \$24,851,972

Total Capital Investment (Total Other Costs + Total Public Infrastructure Costs = \$94,645,928)

## **EXHIBIT A continued**

### **COVINGTON CENTRAL RIVERFRONT SIGNATURE PROJECTS TAX INCREMENT FINANCING PROJECT DESCRIPTION**

#### **Zone 2**

- Total Estimated Other Costs (excluding financing) - \$126,636,455
- Total Public Infrastructure Costs - \$45,092,238

Total Capital Investment (Total Other Costs + Total Public Infrastructure Costs = \$171,728,693)

#### **Zone 3**

- Total Estimated Other Costs (excluding financing) - \$30,939,588
- Total Public Infrastructure Costs - \$11,016,854

Total Capital Investment (Total Other Costs + Total Public Infrastructure Costs = \$41,956,442)

After negotiations between KEDFA staff and the City of Covington KY 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 \$45,500,000 for public infrastructure costs through a 60% recovery on Property, Sales and Withholding Taxes.

Total cumulative investment of \$308,331,063, excluding financing costs, must be achieved to be eligible for the maximum total incentive of \$45,500,000. The actual percentage of completion of the project investment will be applied annually to the total incentive approved of \$45,500,000 to determine the maximum total incentive available/earned for the project during the term of the agreement.

**EXHIBIT B**

**COVINGTON CENTRAL RIVERFRONT  
SIGNATURE TAX INCREMENT FINANCING PROJECT  
DEVELOPMENT AREA AND STATE FOOTPRINT MAP**

Situated in the City of Covington, County of Kenton, Commonwealth of Kentucky and being more particularly described as follows:

Beginning at the intersection point of the north right-of-way of W 3<sup>rd</sup> Street and the East right-of-way of Main Street;

Thence along the north right-of-way line of W 3<sup>rd</sup> Street S 89-32-32E a distance of 338.38 feet to a point;

Thence with a curve to the left with an arc length of 79.59 feet, a radius of 50.00 feet, and a chord bearing N 44-48-19 E a distance of 71.51 feet to a point in the west right-of-way line of Johnson Street;

Thence along the west right-of-way line of Johnson Street, N 00-50-49 W a distance of 285.57 feet to a point in the north right-of-way line of W 2<sup>nd</sup> Street;

Thence S 89-11-10 E a distance of 6.28 feet to a point;

Thence with a curve to the left with an arc length of 69.03 feet, a radius of 100.00 feet, and a chord bearing N 71-00-56 E a distance of 67.72 feet to a point in the north right-of-way line of W Rivercenter Boulevard;

Thence continuing with the north right-of-way line of W Rivercenter Boulevard and a curve to the right with an arc length of 72.37 feet, a radius of 150.00 feet, and a chord bearing N 65-03-13 E a distance of 71.71 feet to a point;

Thence N 78-53-01 E a distance of 354.33 feet to a point;

Thence with a curve to the left with an arc length of 271.78 feet, a radius of 600.00 feet, and a chord bearing N 65-54-18 E a distance of 269.50 feet to a point;

Thence with a curve to the right with an arc length of 203.16 feet, a radius of 450.00 feet, and a chord bearing N 65-51-48 E a distance of 201.49 feet to a point;

Thence N 78-48-01 E a distance of 368.76 feet to point;

Thence leaving the north right-of-way line of W Rivercenter Boulevard and continuing with the east right-of-way line of Madison Avenue S 11-25-56 E a distance of 752.32 feet to a point;

Thence leaving the east right-of-way line of Madison Avenue and along the north right-of-way line Eva G Farris Way S 78-40-37 W a distance of 266.02 feet;

Thence along the east right-of-way line Eva G Farris Way S 11-16-29 E a distance of 241.70 feet to a point in the south right-of-way line W 4<sup>th</sup> Street;

Thence continuing S 78-55-36 W a distance of 682.59 feet to a point;

Thence S 89-36-11 W a distance of 827.17 feet to a point;

Thence leaving the right-of-way line N 18-34-29W a distance of 301.02 feet to a point;

Thence N 00-31-47 W a distance of 160.18 feet to the point of beginning.

*The purpose of this description is to describe the Covington Central Riverfront TIF Zone and is based on the Kenton County PVA parcel mapping. This description does not represent an actual land survey.*



# Covington Central Riverfront TIF Zones



Covington IRS TIF District Zones

- Zone 1
- Zone 2
- Zone 3

1:2,800



0 55 110 220 Feet



1840 Simon Kenton Way  
Covington, KY 41011  
859.331.8080 | Mon-Fri 8-5  
www.linkgis.org

Parcel data provided by CCPVA,  
PCPVA and LINK-GIS.

Date: 11/10/2020

These GIS data are deemed reliable and every effort has been made to ensure their accuracy. They are, however, provided "as is," without warranty of correctness, timeliness, reliability, or completeness. Map elements do not represent a legal survey of land. Use of these data for any purpose should be with an acknowledgement of their limitations, including the fact that they are dynamic in nature and in a constant state of maintenance. Field investigation may be necessary.



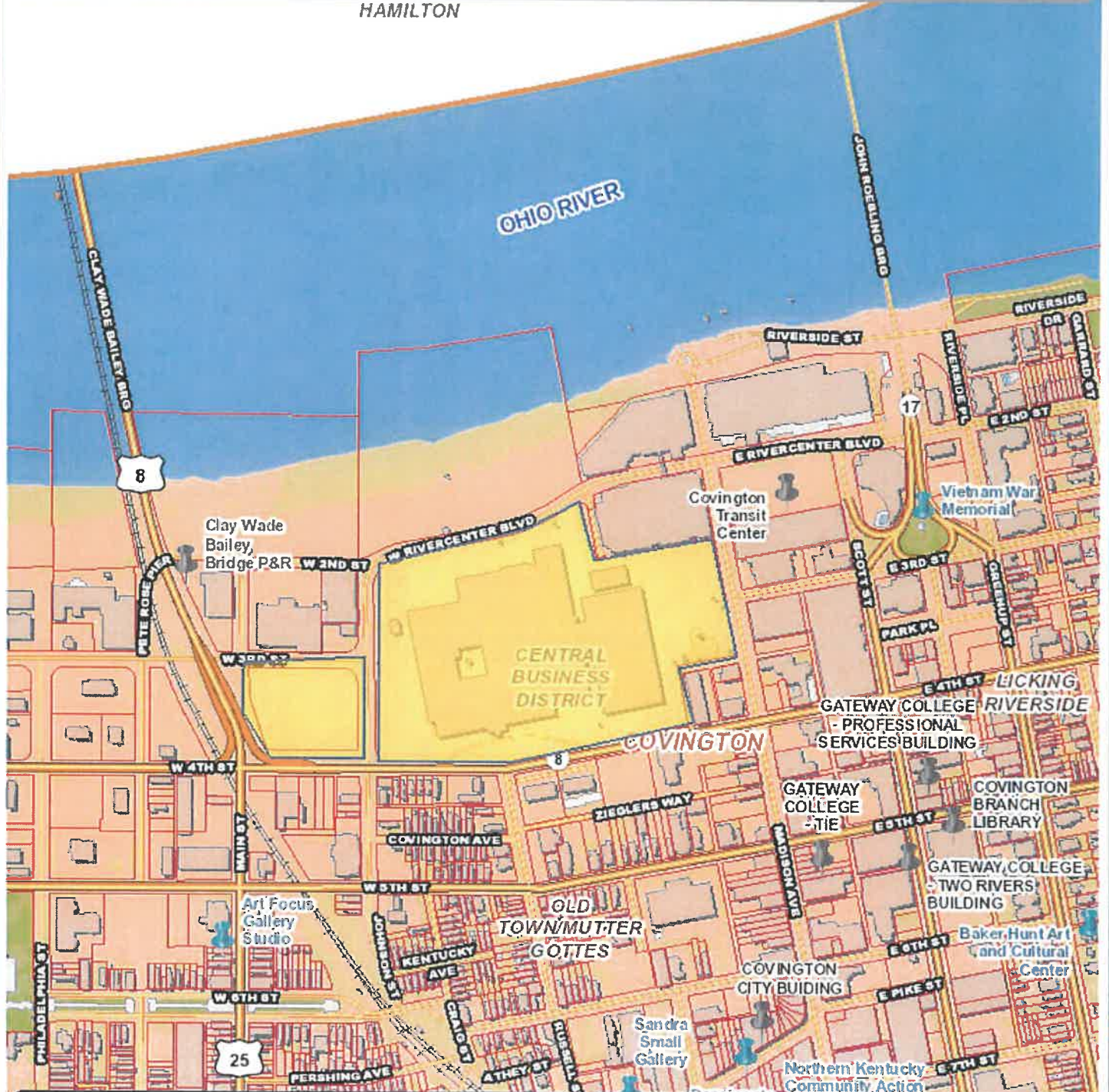






# LINK-GIS Web Map

HAMILTON



Building	Roads	Utilities	Topography
Building	Paved Road	Sewer	Index Contour
Pool	Upaved Road	Sewer Structure	Intermediate Contour
Tank	Bridges	Water Pipe	Creek / Stream
Concrete Pad	Paved Parking	Water Hydrant	River / Lake
<b>Recreation</b>	Unpaved Parking		
Ball Fields	Railroad		
Playground/General Rec			
Tee/Green			
<b>Boundaries</b>			
Parcel			
Zoning			

**1:6,000**

0 250 500 Feet



1840 Simon Kenton Way, Suite 3400  
 Covington, KY 41011-2999  
 859.331.8980  
 Office hours M-F 8-5  
[www.linkgis.org](http://www.linkgis.org)

Parcel data provided by CCPVA,  
 PCPVA and UNK-GIS.

Date: 8/24/2020

This GIS data are deemed reliable and every effort has been made to ensure their accuracy. They are, however, provided "as is" without warranty of correctness, timeliness, reliability, or completeness. Map elements do not represent a legal survey of land. Use of these data for any purpose should be with an acknowledgement of their limitations, including the fact that they are dynamic in nature and in a constant state of maintenance. Field investigation may be necessary.





# Aerial

**Scale:** 1:2,400

**0 100 200 Feet**

**Legend:**

	<b>Building</b>		<b>Recreation</b>
	Roof		Ball fields
	Tank		Playground/General Rec
	Concrete Pad		Tee/Green
<b>Roads</b>		<b>Topography</b>	
	Paved Road		Index Contour
	Unpaved Road		Contour
	Bridges		Creek / Stream
	Paved		River / Lake
	Unpaved Parking		
	Fallroad		
<b>Utilities</b>		<b>Boundaries</b>	
	Sewer		Parcel
	Structure		Zoning
	Water Pipe		
	Water Hydrant		

**North Arrow**



**LINK-GIS**

**PDS**

1840 Simon Kenton Way, Suite 3400  
Covington, KY 41011-2999  
859.331.8980  
Office hours M-F 8-5  
www.lhgis.org

Parcel data provided by C-CPVA,  
PCPV and LINK-GIS.

**Date: 8/31/2020**

These GIS data are deemed reliable and every effort has been made to ensure their accuracy. They are, however, provided "as is" without warranty of correctness, timeliness, reliability, or completeness. Map elements do not represent a legal survey of land. Use of these data for any purpose should be with an acknowledgment of their limitations, including the fact that they are dynamic in nature and in a constant state of maintenance. Field investigation may be necessary.

**EXHIBIT C**

**COVINGTON CENTRAL RIVERFRONT  
SIGNATURE TAX INCREMENT FINANCING PROJECT**

**PROJECTED NEW STATE REVENUES**

**Covington Central Riverfront**

Source: HSP report

Year	Real Estate Property Tax	Withholding Tax	Sales Tax	Annual Total	Cumulative Total
1	\$0	\$283,829	\$565,410	\$849,239	\$ 849,239
2	\$0	\$284,067	\$566,634	\$850,701	\$ 1,699,940
3	\$0	\$285,278	\$567,889	\$853,167	\$ 2,553,107
4	\$0	\$286,519	\$569,175	\$855,694	\$ 3,408,801
5	\$0	\$287,791	\$570,493	\$858,284	\$ 4,267,085
6	\$9,455	\$301,009	\$594,869	\$905,333	\$ 5,172,418
7	\$78,650	\$413,939	\$697,706	\$1,190,295	\$ 6,362,713
8	\$128,794	\$547,230	\$2,299,138	\$2,975,162	\$ 9,337,875
9	\$187,490	\$498,816	\$1,945,599	\$2,631,905	\$ 11,969,780
10	\$189,833	\$682,547	\$2,083,668	\$2,956,048	\$ 14,925,828
11	\$192,206	\$797,959	\$2,199,063	\$3,189,228	\$ 18,115,056
12	\$194,609	\$813,517	\$2,246,891	\$3,255,017	\$ 21,370,073
13	\$197,041	\$830,174	\$2,300,061	\$3,327,276	\$ 24,697,349
14	\$199,504	\$847,173	\$2,354,499	\$3,401,176	\$ 28,098,525
15	\$201,998	\$864,522	\$2,410,236	\$3,476,756	\$ 31,575,281
16	\$204,523	\$882,228	\$2,467,302	\$3,554,053	\$ 35,129,334
17	\$207,080	\$900,298	\$2,525,729	\$3,633,107	\$ 38,762,441
18	\$209,668	\$917,224	\$2,577,409	\$3,704,301	\$ 42,466,742
19	\$212,289	\$936,910	\$2,643,694	\$3,792,893	\$ 46,259,635
20	\$214,943	\$957,008	\$2,711,582	\$3,883,533	\$ 50,143,168
21	\$217,629	\$977,526	\$2,781,112	\$3,976,267	\$ 54,119,435
22	\$220,350	\$998,473	\$2,852,324	\$4,071,147	\$ 58,190,582
23	\$223,104	\$1,019,859	\$2,925,259	\$4,168,222	\$ 62,358,804
24	\$225,893	\$1,041,691	\$2,999,959	\$4,267,543	\$ 66,626,347
25	\$228,717	\$1,063,981	\$3,076,467	\$4,369,165	\$ 70,995,512
26	\$231,576	\$1,086,738	\$3,154,827	\$4,473,141	\$ 75,468,653
27	\$234,470	\$1,109,970	\$3,235,083	\$4,579,523	\$ 80,048,176
28	\$237,401	\$1,133,689	\$3,317,283	\$4,688,373	\$ 84,736,549
29	\$240,369	\$1,157,905	\$3,401,474	\$4,799,748	\$ 89,536,297
30	\$243,373	\$1,181,865	\$3,483,272	\$4,908,510	\$ 94,444,807
<b>Total</b>	<b>\$4,930,965</b>	<b>\$23,389,735</b>	<b>\$66,124,107</b>	<b>\$94,444,807</b>	

## EXHIBIT D

### COVINGTON CENTRAL RIVERFRONT SIGNATURE TAX INCREMENT FINANCING PROJECT

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

The City of Covington (the “City,” as defined in the Agreement) shall submit this Affidavit of Capital Investment Exhibit for the Covington Central Riverfront Signature Tax Increment Financing Project semi-annually by January 31<sup>st</sup> and July 31<sup>st</sup> each year throughout the Term of the Agreement until the Minimum Capital Investment is made, pursuant to the Tax Incentive Agreement (the “Agreement”) dated May 26, 2022. Once the Minimum Capital Investment is achieved, this report shall continue to be filed annually by January 31<sup>st</sup> 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 \$200,000,000 Minimum Capital Investment Threshold has been reached, (ii) the investment in Approved Public Infrastructure Costs and Approved Financing Costs equals or exceeds Total Approved Costs, or total expenditures for Approved Public Infrastructure Costs and Approved Financing Costs are completed, whichever occurs first, and (iii) the development of the Project is completed and the total expenditures for Capital Investment, Approved Public Infrastructure Costs and Approved Financing Costs have been made.

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

As \_\_\_\_\_ (Title) of the City, I am authorized to submit this Affidavit to the Kentucky Economic Development Finance Authority (“Authority”) on behalf of the City with respect to the Tax Incentive Agreement by and between the Authority and the City (“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 (December 10, 2020) is:

Zone	Approved Public Infrastructure Costs	Approved Financing Costs	Other Costs	TOTAL
1	\$		\$	\$
2				
3				
4				
5				
6				
7				
8				
9				
10				
<b>TOTAL</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>

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

Identify the Zones from above that are included in the Footprint: \_\_\_\_\_

Has the Minimum Capital Investment Threshold of \$200,000,000 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:**

<b>TOTAL APPROVED COSTS (Table 3)</b>
---------------------------------------

i. Maximum Amount Approved		<u>\$45,500,000</u>
ii. Actual Amount of Approved Public Infrastructure Costs and Approved Financing Costs (total from Table 1)		\$ _____
iii. Percentage of Completion		
A. Total Capital Investment	\$ _____	
B. Projected Investment	\$308,331,063	
C. Project Completion Percentage (Divide A by B = A / B) [shall not exceed 100%]	_____ %	
D. Multiplied by Maximum Amount Approved	<u>\$45,500,000</u>	
E. Approved Costs calculated based on Percentage of Completion		\$ _____





## Exhibit D-1 – Certificate of Independent Public Accountants of Capital Investment

### COVINGTON CENTRAL RIVERFRONT SIGNATURE TAX INCREMENT FINANCING PROJECT

The City of Covington’s Affidavit of Capital Investment Exhibit for the Covington Central Riverfront Signature Tax Increment Financing Project must be certified by an independent CPA at the following dates when: (i) the \$200,000,000 Minimum Capital Investment Threshold has been reached, (ii) the investment in Approved Public Infrastructure Costs and Approved Financing Costs equals or exceeds Total Approved Costs, and (iii) the development of the Project is completed and the total expenditures for Capital Investment, Approved Public Infrastructure Costs and Approved Financing Costs have been made. This certification applies to the following dates (please check all boxes that apply):

- The Minimum Capital Investment Threshold of \$200,000,000 was achieved on \_\_\_\_\_, 20\_\_.
- The investment in Approved Public Infrastructure Costs and Approved Financing Costs for the Project exceeded the Total Approved Costs of \$45,500,000 on \_\_\_\_\_, 20\_\_.
- The development of the Project was completed and the total expenditures for Capital Investment, Approved Public Infrastructure Costs and Approved Financing Costs were completed on \_\_\_\_\_, 20\_\_.

The undersigned, being the independent certified public accounts for the City of Covington 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:

Approved Public Infrastructure Costs	Approved Financing Costs	Other Costs	TOTAL
\$		\$	\$

2. 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.
3. The aggregate amount of capital investment costs paid in the Footprint, which includes Zones \_\_\_\_\_, since the Preliminary Approval of the Project through \_\_\_\_\_, 20\_\_, is:

Approved Public Infrastructure Costs	Approved Financing 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

### COVINGTON CENTRAL RIVERFRONT SIGNATURE TAX INCREMENT FINANCING PROJECT

#### Request for Disbursement

This Exhibit must be submitted by April 30<sup>th</sup> 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 City has incurred Approved Public Infrastructure Costs and Approved Financing Costs that have been verified by the Authority pursuant to Section 3.3 of the Agreement, and the City 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 \$200,000,000 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.

Calendar Year \_\_\_\_\_

	Withholding	Property	Sales	Grand Total
<b>New Revenues received for calendar year 20__</b>				
<b>Less Old Revenues</b>				
<b>Equals Tax receipts available for Increment</b>				
<b>Multiplied by 60%</b>	60%	60%	60%	60%
<b>Requested increment disbursement</b>	\$	\$	\$	\$

**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 Covington for the Covington Central Riverfront Signature Tax Increment Financing Project.

CITY OF COVINGTON

---

[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



**FOR KENTUKY CORPORATE INCOME TAX PURPOSES**

KY Corporation Tax Number

Is all income earned at the site of the business location?  Yes  No

If no, are separate accounting records kept for activity at this location versus other locations?  Separate  Combined

What type of return is filed?  Separate  Consolidated

If Consolidated, please provide the name of the Company that return is filed under.

**FOR KENTUKY WITHHOLDING TAX PURPOSES**

KY Withholding Tax Number   check box if multiple locations or affiliates file using this Tax ID

Do you have a payroll provider that you use?  Yes  No

If yes, please provide the payroll provider's name and FEIN.

Name: \_\_\_\_\_ FEIN:

Is the payroll provider  an affiliate,  a parent company payroll office, or  a third-party payroll company?

**FOR KENTUKY SALES TAX PURPOSES**

KY Sales Tax Number   check box if multiple locations or affiliates file using this Tax ID

*If the company has affilifates or multiple companies operating at the location identified above, this form should be completed for each company operating at the location.*

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

**EXHIBIT F**

**COVINGTON CENTRAL RIVERFRONT  
SIGNATURE 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 Covington (the "City"), I am authorized to submit this Notice of Activation to the Kentucky Economic Development Finance Authority (the "Authority") on behalf of the City, as required by the Tax Incentive Agreement between the Authority and the City dated May 26, 2022 ("Agreement").

Pursuant to Section 4.2 of the Agreement, the Activation Date must be set on or before May 26, 2024, or, with the prior written approval of the Authority pursuant to an executed Activation Deadline Extension Request (Exhibit G), on or before May 26, 2026.

The City 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 City has submitted an Activation Deadline Extension Request (Exhibit G to the Agreement) that was previously authorized by the Authority.

CITY OF COVINGTON

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

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

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 Covington, on behalf of the City.

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**

**COVINGTON CENTRAL RIVERFRONT  
SIGNATURE TAX INCREMENT FINANCING PROJECT**

**ACTIVATION DEADLINE EXTENSION REQUEST**

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

The Activation Date must be established within two years of May 26, 2022 pursuant to Section 4.2 of the Agreement. Section 4.2 allows the City 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 City 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 May 26, 2026.

CITY OF COVINGTON

\_\_\_\_\_  
[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 Covington, on behalf of the City.

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 = 2020)**

COVINGTON CENTRAL RIVERFRONT  
SIGNATURE TAX INCREMENT FINANCING PROJECT

This Exhibit must be submitted by November 30, 2022. 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 City 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.

	Withholding	Property	Sales	Grand Total
<b>Old Revenues for calendar year December 31, 2020</b>	\$	\$	\$	\$

Please explain any assumptions used in the calculation of Old Revenues below and attach any supporting calculation/information:

Assumptions:

By signing this exhibit, the undersigned agrees that he or she has the proper authority to act on behalf of the City of Covington with regard to the Tax Incentive Agreement for the Covington Central Riverfront Signature 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 COVINGTON

\_\_\_\_\_  
[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 Covington, on behalf of the City.

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

## Tax Increment Financing (TIF) Business Questionnaire (for Base Establishment & Updates)

<b>For Official Use Only</b>
Zone Number _____
Local Agent Initials _____

TIF Development Authority – Agency should complete this section prior to distributing to all businesses operating within the State Footprint.

Agency Name		
Contact Person	Title	
Address		
City	State	Zip Code
Telephone Number (    )    -	E-mail Address	
TIF Project Name		

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. Only report the taxes generated from within the TIF footprint business location. 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 KY	Zip Code
Telephone Number (    )    -	E-mail Address	
Are you registered with the Secretary of State? <input type="checkbox"/> Yes <input type="checkbox"/> No		
If yes, please provide the registered name, if it is not the Business Name or DBA listed above. _____		
Date operations began at this location _____		
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? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Former Business Name: _____		
Name of Previous Owner: _____ Date of Acquisition: _____		

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

Commonwealth Business Identifier Number (CBI)

FEIN or SSN

**FOR KENTUCKY CORPORATE INCOME TAX PURPOSES**

KY Corporation Tax Number

Is all income earned at the site of the business location?  Yes  No

If no, are separate accounting records kept for activity at this location versus other locations?  Separate  Combined

What type of return is filed?  Separate  Consolidated

If Consolidated, please provide the name of the Company that return is filed under.  
\_\_\_\_\_

**FOR KENTUCKY WITHHOLDING TAX PURPOSES**

KY Withholding Tax Number   check box if multiple locations or affiliates file using this Tax ID

Do you have a payroll provider that you use?  Yes  No

If yes, please provide the payroll provider's name and FEIN.

Name: \_\_\_\_\_

FEIN:

Is the payroll provider  an affiliate,  a parent company payroll office, or  a third-party payroll company?

**FOR KENTUCKY SALES TAX PURPOSES**

KY Sales Tax Number   check box if multiple locations or affiliates file using this Tax ID

*If the company has affiliates or multiple companies operating at the location identified above, this form should be completed for each company operating at the location.*

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



**EXHIBIT I**  
**Certification of Increment Use**

COVINGTON CENTRAL RIVERFRONT  
SIGNATURE TAX INCREMENT FINANCING PROJECT

This Exhibit must be submitted annually by April 30<sup>th</sup> 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:

Approved Public Infrastructure Costs           \$ \_\_\_\_\_

Approved Financing Costs                       \$ \_\_\_\_\_

Amount of Increment Unspent                   \$ \_\_\_\_\_

By signing this exhibit, I agree that I have proper authority to act on behalf of the City of Covington (the "City") with regard to the Tax Incentive Agreement for the Covington Central Riverfront Signature Tax Increment Financing Project and certify on behalf of the City that the amounts reported above have been expended within the Footprint of the Project as required by KRS 154.30-080.

CITY OF COVINGTON

\_\_\_\_\_  
[Signature of Individual]

\_\_\_\_\_  
[Printed Name]

\_\_\_\_\_  
[Date]



