

**AN ORDINANCE OF THE CITY OF VILLA HILLS IN KENTON COUNTY, KENTUCKY ESTABLISHING A LOCAL DEVELOPMENT AREA FOR ECONOMIC DEVELOPMENT PURPOSES WITHIN THE CITY OF VILLA HILLS, KENTUCKY TO BE KNOWN AS THE SANCTUARY VILLAGE LOCAL DEVELOPMENT AREA (THE "LOCAL DEVELOPMENT AREA"); APPROVING A LOCAL DEVELOPMENT AREA AGREEMENT AMONG THE CITY, THE COUNTY OF KENTON, KENTUCKY, PLANNING AND DEVELOPMENT SERVICES OF KENTON COUNTY, AND THE OFFICE OF THE CITY ADMINISTRATOR/CLERK; ESTABLISHING AN INCREMENTAL TAX SPECIAL FUND FOR PAYMENT OF REDEVELOPMENT ASSISTANCE; DESIGNATING THE OFFICE OF THE CITY ADMINISTRATOR/CLERK AS THE AGENCY RESPONSIBLE FOR OVERSIGHT, ADMINISTRATION, AND IMPLEMENTATION OF THE LOCAL DEVELOPMENT AREA;; AND AUTHORIZING THE MAYOR AND OTHER OFFICIALS TO TAKE SUCH OTHER APPROPRIATE ACTIONS AS ARE NECESSARY OR REQUIRED IN CONNECTION WITH THE ESTABLISHMENT OF THE LOCAL DEVELOPMENT AREA.**

**WHEREAS**, the City of Villa Hills, Kentucky (the "City"), pursuant to KRS 65.7041 to 65.7083, as it may be amended (the "Act"), is authorized to, among other things, (1) establish a local development area or development area to encourage investment and development in the City, (2) enter into agreements in connection with the establishment of a development area or local development area, (3) establish a special fund for deposit of incremental revenues resulting from the development of a local development area or development area, and (4) designate an agency to oversee, administer and implement projects within a local development area or development area; and

**WHEREAS**, the City desires to establish a "local development area" as defined in the Act to encourage investment and development within such local development area and to pledge a portion of the "incremental revenues" as defined in the Act, and herein, generated from the development of such local development area to the payment of redevelopment assistance and/or financing costs within such local development area; and

**WHEREAS**, the City has identified a contiguous tract of land of substantially undeveloped land consisting of not more than 1,000 acres within the City, specifically described in Exhibit A hereto; and

**WHEREAS**, the City has determined to establish the Local Development Area as a local development area pursuant to the Act to encourage investment and development within the Local Development Area; and

**WHEREAS**, the City has agreed to support and encourage development within the Local Development Area by pledging certain Incremental Revenues to pay for Redevelopment Assistance [as hereinafter defined] to promote the development of the Local Development Area under the Agreement [hereinafter defined]; and

**WHEREAS**, the City pursuant to the Act held a public hearing on June 13, 2018, 2018 after giving proper notice concerning the City's intention to establish the Local Development Area; and

**WHEREAS**, the establishment of the Local Development Area is for a public purpose and that the establishment and creation of the Local Development Area within the City is for the benefit and welfare of the City's citizens.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF VILLA HILLS, KENTUCKY:**

SECTION 1. Definitions.

1.1 The capitalized terms set forth below when used herein shall have the following meanings.

"Agency" means the Office of the City Administrator/Clerk.

"Agreement" means the Local Development Area Agreement among the City, the County, PDS and the Agency, attached as Exhibit "B" hereto.

"County" means the County of Kenton, Kentucky.

"Local Development Area" means a contiguous geographic area of undeveloped land, located within the geographical boundaries of the City, which is created for economic development purposes by this Ordinance to support the Project proposed to be developed and consisting of less 1,000 acres, as more specifically described in Exhibit A attached hereto, to be known as the "Sanctuary Village Local Development Area".

"Establishment Date" means the date that the Local Development Area is established pursuant to the Act and this Ordinance.

"Incremental Revenues" means the amount of revenues received by the City, the County, and PDS with respect to the Local Development Area by subtracting Old Revenues from New Revenues in a calendar year, as defined in the Agreement.

"PDS" means the Planning and Development Services of Kenton County.

"Project" means the development of the Local Development Area for the construction of Sanctuary Village, a mixed-use commercial and residential project within the Local Development Area being undertaken by Ashley Commercial Group, LLC, a Kentucky limited liability company (the "Developer").

"Pledged Revenues" means that portion of the Incremental Revenues which are pledged by the City, the County, and PDS pursuant to the Agreement, to the pay for Redevelopment Assistance related to the Local Development Area, as set forth in the Agreement.

"Redevelopment Assistance" shall have the meaning as set forth in the Act and in the Agreement.

1.2 All capitalized terms used herein and not defined above or in the recitals to this Ordinance shall have the meaning as set forth in the Act, as of the effective date of this Ordinance.

SECTION 2. Findings and Determinations. In accordance with the Act, the City hereby makes the following findings and determinations with respect to the Local Development Area:

2.1 The Local Development Area consists of a contiguous tract of land that is less than 1,000 acres. The actual size of the Local Development Area is approximately 102 acres;

2.2 The Local Development Area constitutes substantially undeveloped land;

2.3 The establishment of the Local Development Area will not cause the assessed taxable value of real property within the Local Development Area and within all "development areas" and "local development areas" established by the City (as those terms are defined in the Act) to exceed twenty percent (20%) of the total assessed taxable value of real property within the City. The assessed value of taxable real property within the Local Development Area for calendar year 2017 was \$0; and the total assessed value of taxable real property within the City for the calendar year 2017 was \$695,510,250. Therefore, the assessed value of taxable real property within all local development areas or development areas is significantly less than twenty percent (20%) of the assessed value of taxable real property within the City.

SECTION 3. Establishment, Name, Boundaries. All that area described herein by Exhibit A attached hereto and made a part hereof, is located within the City and is hereby established and designated as the "Sanctuary Village Local Development Area". At the time of the enactment of this Ordinance, the Local Development Area is less than 1,000 acres, being approximately 102 acres in size.

SECTION 4. Establishment Date, Commencement Date, Termination date. The Establishment Date is the effective date of this Ordinance. The Commencement Date of the Local Development Area is the date of the Agreement and the Termination Date shall be exactly (20) years subsequent to such date; provided, that if the Agreement relating to the Local Development Area has a Termination Date that is later than the Termination Date established in this Ordinance, the Termination Date for the Local Development Area shall be extended to the Termination Date of the Agreement. However, the Termination Date for the Local Development Area shall in no event be more than forty (40) years from the Establishment Date.

SECTION 5. Local Development Area Agreement. The Mayor of the City, and City Administrator/Clerk are hereby authorized and directed to execute, acknowledge and deliver on behalf of the City and the Agency, a Local Development Area Agreement (the "Agreement"), a form of which is attached as Exhibit B and made a part hereof, among the City, the County, PDS and the Agency, authorizing the pledge of a portion of the Incremental Revenues of the City from the Local Development Area to the payment of Redevelopment Assistance. The form of the Agreement to be signed by the Mayor on behalf of the City, the County, and the Agency, shall be in substantially the form attached hereto, subject to further negotiations and changes therein that are not inconsistent with this Ordinance and not substantially adverse to the City. The approval of such changes by said officers, and that such changes are not substantially adverse to the City, shall be conclusively evidenced by the execution of such Local Development Area Agreement by such officials.

SECTION 6. Special Fund. There is hereby established a Special Fund of the City to be known as the Sanctuary Village Local Development Area Tax Increment Fund, into which the City covenants to deposit, and into which the City officials are hereby authorized and directed to

deposit all Pledged Revenues. The City and Agency shall maintain the Special Fund unencumbered except for the purposes set forth in Section 7 hereof. Funds deposited in the Special Fund shall be disbursed in accordance with the Act, this Ordinance, and the Agreement and related documents to pay Redevelopment Assistance, within the Local Development Area.

SECTION 7. Use of Pledged Revenues. Pledged Revenues shall be deposited by the City into the Special Fund created under Section 6 hereof and shall be used solely to pay for Redevelopment Assistance in accordance with the Agreement, as the same may be amended from time to time.

SECTION 8. Periodic Accounting/Analysis. Any entity, other than the City that receives financial assistance pursuant to the provisions of this Ordinance, whether in the form of a grant or loan or loan guarantee shall make a periodic accounting to the governing body of the City in accordance with the Act and the documents controlling such grant, loan or loan guarantee. The governing body of the City shall be required to review and analyze the progress of the development activity in the Local Development Area on an annual basis. Such review and analysis shall at a minimum, include a review of the progress in meeting the stated goals of the Local Development Area. The Mayor and other officials of the City shall report to the governing body of the City during such reviews and shall when necessary, invite developers to participate in the review process to report on the progress of their developments within the Local Development Area.

SECTION 9. Designation of Oversight Agency. Pursuant to the Act, the City hereby designates the Office of the City Administrator/Clerk as the Agency for purposes of oversight, administration and review responsibility of this Local Development Area Ordinance, the Agreement and the Local Development Area established hereby; except that if the offices of City Administrator and City Clerk are ever separated by the City, the Agency shall be the Office of the City Clerk. The Agency shall act on behalf of the City in administering the Local Development Area, the Agreement, and other related agreements, with respect to the development of the Local Development Area.

SECTION 10. Severability. The provisions of this Ordinance are hereby declared to be severable, and if any section, phrase or provision shall for any reason be declared invalid, such declaration of invalidity shall not affect the validity of the remainder of this Ordinance.

SECTION 11. Repeal of Conflicting Orders and Ordinances. All prior resolutions, municipal orders or ordinances or parts of any resolution, municipal order or ordinance in conflict herewith are hereby repealed.

SECTION 12. Effective Date. This Ordinance shall be in full force and effect from and after its passage, attestation, recordation and publication of a summary hereof pursuant to KRS Chapter 424.

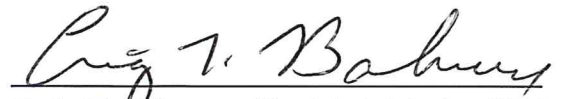
Passed by the City Council this 18th day of July, 2018.

City of Villa Hills, Kentucky

A Municipal Corporation of the Home Rule Class

ATTEST:

  
Irvin T. "Butch" Callery, Mayor

  
Craig T. Bohman, City Administrator/Clerk

Sponsor: Waugaman

First Reading: June 20, 2018

Second Reading: July 18, 2018

Ayes: 5 – Bruns, Koenig, Ringo, Vaden, Waugaman

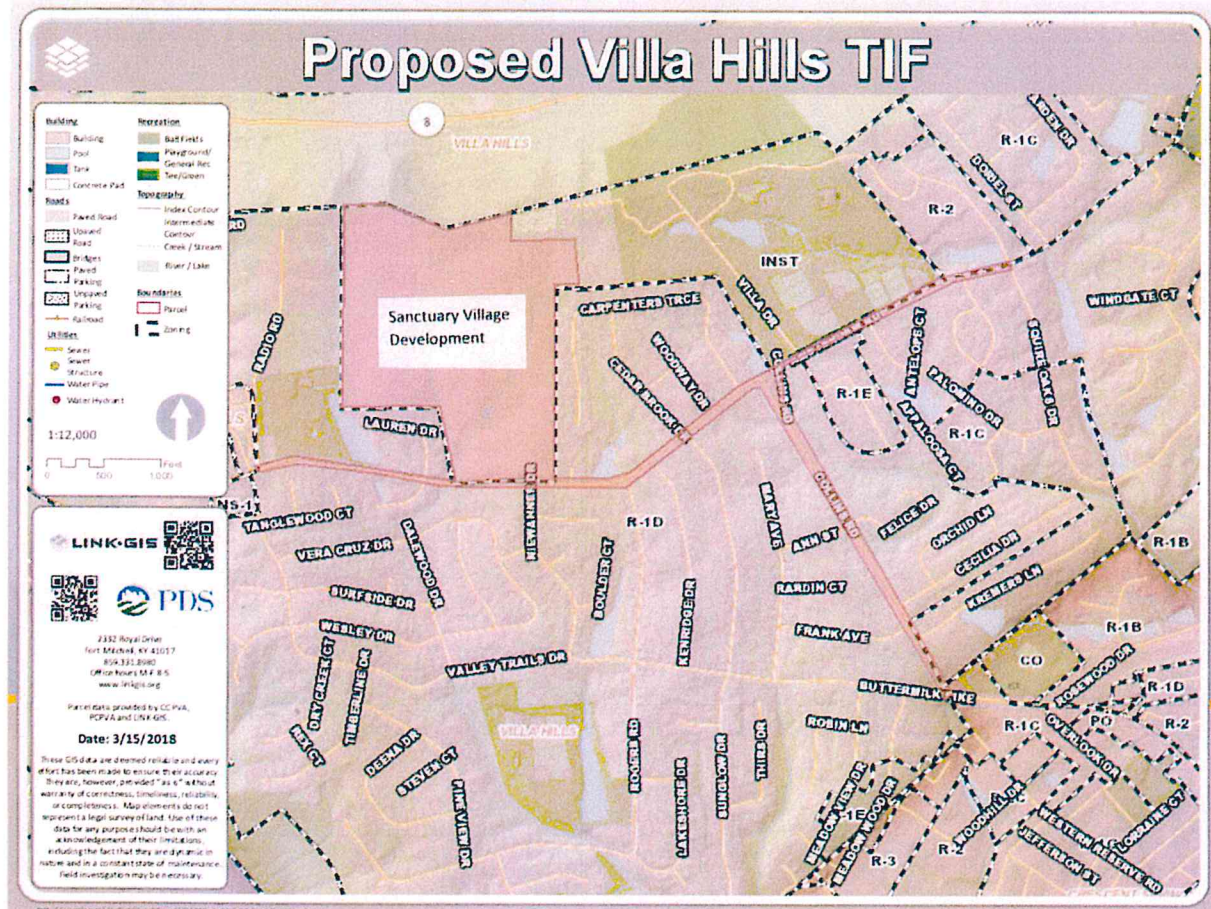
Nays: 0

Abstentions: n/a

Absent: 1 - Kilburn

Published: 8/3/2018

## The Local Development Area



## EXHIBIT B

### LOCAL DEVELOPMENT AREA AGREEMENT

**LOCAL DEVELOPMENT AREA AGREEMENT**  
**FOR**  
**SANCTUARY VILLAGE LOCAL DEVELOPMENT AREA**  
**BY AND AMONG**  
**CITY OF VILLA HILLS, KENTUCKY**  
**AND**  
**COUNTY OF KENTON, KENTUCKY**  
**AND**  
**PLANNING AND DEVELOPMENT SERVICES OF KENTON COUNTY**  
**AND**  
**OFFICE OF CITY ADMINISTRATOR/CLERK OF THE CITY OF VILLA HILL,**  
**KENTUCKY**

**July 1, 2018**

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**Exhibit A – Map of the Local Development Area**  
**Exhibit B – Listing of Parcels Within Local Development Area**  
**Exhibit C – Public Infrastructure Costs**



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TO  
LOCAL DEVELOPMENT AREA AGREEMENT  
DATED  
JULY 1, 2018

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**LOCAL DEVELOPMENT AREA AGREEMENT**  
**Sanctuary Village Local Development Area**

THIS LOCAL DEVELOPMENT AREA AGREEMENT (this "Agreement") is made as of the 1st day of July, 2018 (the "Effective Date") by and among the CITY OF VILLA HILLS, KENTUCKY, a Kentucky municipal corporation of the home rule class organized under the laws of the Commonwealth of Kentucky (the "City"), the COUNTY OF KENTON, KENTUCKY, a county government organized under the laws of the Commonwealth of Kentucky (the "County"), PLANNING AND DEVELOPMENT SERVICES OF KENTON COUNTY, a special purpose governmental entity organized pursuant to the provisions of KRS Chapter 147 ("PDS"), and the OFFICE OF CITY ADMINISTRATOR/CLERK OF THE CITY OF VILLA HILLS, KENTUCKY, a duly established department of the City (the "Agency"); and collectively (the "Parties");

RECITALS

WHEREAS, pursuant to the Act [as hereinafter defined] the City on the 18th day of July, 2018, adopted Ordinance Number 2018-5, (the "Local Development Area Ordinance"), whereby it established the Sanctuary Village Local Development Area (the "Local Development Area") for the purpose of encouraging and assisting the development of a mixed-use commercial and residential development within the City, commonly referred to as Sanctuary Village; and

WHEREAS, the Parties recognize and determine that construction of the Project [as hereinafter defined] and as contemplated by this Agreement will contribute to the public welfare of the citizens of the City, and the County, and will thereby materially enhance the area and be in furtherance of the general health and welfare of the citizens of the City and respective Counties; and

WHEREAS, the Parties recognize that the development of the Local Development Area, will not occur without a public-private partnership and financial assistance provided to the Project by the City, the County, and PDS; and

WHEREAS, the Parties desire to set forth the duties and responsibilities of the Parties with respect to the administration, financing and pledging of Incremental Revenues in support of the development of the Project within the Local Development Area; and

WHEREAS, pursuant to the Local Development Area Ordinance, the City Council of the City has authorized the Mayor and City Administrator/Clerk to execute and enter into this Agreement with the County, PDS, and the Agency, and the City desires to enter into this Agreement; and

WHEREAS, pursuant to Ordinance Number \_\_\_\_\_, adopted the \_\_\_\_ day of \_\_\_\_\_, 2018, the Fiscal Court of the County has authorized its County Judge/Executive to execute and enter into this Agreement with the City, PDS, and the Agency, and the County desires to enter into this Agreement; and

WHEREAS, the pursuant to a Resolution adopted the \_\_\_\_ day of \_\_\_\_\_, 2018 by the PDS Management Board, PDS has authorized its Chairman to execute and enter into this Agreement with the City, the County, and the Agency, and PDS desires to enter into this Agreement; and

WHEREAS, pursuant to the Act, the City, the County, PDS, and the Agency desire to set forth their mutual agreements, understandings and obligations in this Agreement, in order to facilitate development of the Project within the Local Development Area.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties hereto, and in consideration of the premises and the mutual covenants and undertakings contained herein, it is agreed and covenanted by and among the Parties hereto as follows:

## SECTION I Preambles

The Parties hereto agree that the above “preambles” or “preamble clauses” are incorporated herein by reference as if fully restated herein and form a part of the agreement among the Parties hereto.

## SECTION II Definitions

For the purposes of this Agreement, the following words and phrases shall have the meanings assigned in this Section II, unless the context clearly indicates that a contrary or different meaning is intended.

1. “Act” or “the Act”. Shall mean KRS 70.7041 to KRS 70.7083.
2. “Activation”. Shall be the first day of the calendar year for the computation of Incremental Revenues, and which is provided in Section XIII of this Agreement.
3. “Agency”. Shall mean the Office of City Administrator/Clerk of the City of Villa Hills, Kentucky, or other department of the City as may be designated by the City Council of the City.
4. “Agreement”. Shall mean this Local Development Area Agreement, including all Exhibits attached hereto.

5. "Bonds". Shall mean increment bonds that may be issued by the City or other entity authorized to issue the Bonds to pay for or reimburse Redevelopment Assistance that are supported in-whole or in-part by Incremental Revenues.

6. "City". Shall mean the City of Villa Hills, Kentucky.

7. "County". Shall mean the County of Kenton, Kentucky.

8. "Debt Service". Shall mean interest and principal payments due on the Bonds in the event Bonds are issued.

9. "Developer". Shall mean Ashley Commercial Group, LLC.

10. "Development Agreement". Shall mean the Development Agreement between the City and Developer dated March 26, 2018.

11. "Incentive Review Committee". Shall mean a committee appointed by the Mayor of the City, consisting of representatives from the City, County and PDS, and any other local taxing district that may become a party to this Agreement, to review and recommend to the City and Agency the use of Incremental Revenues, except for those costs specifically set forth in Exhibit D of this Agreement.

12. "Local Development Area". Shall have the meaning given in the Recitals to this Agreement, and more specifically described on Exhibit A attached hereto.

13. "Local Development Area Ordinance." Shall mean the ordinance referred to in the Recitals section of this Agreement.

14. "Effective Date". Shall have the meaning given in the introductory paragraph of this Agreement.

15. "Financing Plan". Shall mean the plan for financing the Project as described in SECTION XI of this Agreement, as it may be amended with the approval of the City and the Agency.

16. "Incremental Revenues". Shall mean the amount of revenues received by the City, the County and PDS with respect to the Local Development Area by subtracting Old Revenues from New Revenues in each calendar year after Activation.

17. "New Revenues". Shall mean for the City, the County and PDS the total tax revenues to the City, the County and PDS from real property *ad valorem* taxes with respect to the Local Development Area in any calendar year beginning with the year in which Activation has occurred, except that New Revenues shall not include tax revenues from the City's special voted Road Tax.

18. "Old Revenues". Shall mean the total tax revenues to the City, the County, and PDS from real property *ad valorem* taxes with respect to the Local Development Area for calendar year 2017, but Old Revenues shall not include revenues from the City's special Road Tax, which are attached and set forth in Exhibit B of this Agreement.

19. "PDS". Shall mean the Planning and Development Services of The County, a local taxing district organized pursuant to the provisions of KRS Chapter 147.

20. "Project". Shall mean the development of the Sanctuary Village as described in the Development Agreement and in SECTION X of this Agreement.

21. "Public Infrastructure Costs". Shall mean the costs identified in Exhibit C of this Agreement and the Development Agreement that may be paid for by Bonds (if Bonds are issued) or reimbursed to the City from Incremental Revenues.

22. "Redevelopment Assistance". Shall mean the definition as set forth in the Act, and shall include the Public Infrastructure Costs, except that Redevelopment Assistance shall not include providing any direct reimbursement for costs incurred by the Developer for development of the Sanctuary Village Project.

23. "Special Fund". Shall mean the Sanctuary Village Local Development Area Special Fund established by the City and maintained by the Agency for the purpose of holding and disbursing City, the County and PDS Incremental Revenues pledged herein in connection with providing Redevelopment Assistance needed for the development of the Project.

24. "Unavoidable Delays". Shall mean delays due to labor disputes, lockouts, acts of God, enemy action, civil commotion, riot, governmental regulations not in effect at the date of execution of this Agreement, conditions that could not have been reasonably foreseen by the claiming party, inability to obtain construction materials or energy, fire, or unavoidable casualty, provided such matters are beyond the reasonable control of the party claiming such delay.

### SECTION III Parties

The parties to this Agreement shall be the City, the County, PDS, and the Agency.

### SECTION IV Duties and Responsibilities of City

The City shall have the following duties and responsibilities in connection with the development of the Local Development Area:

1. Provide for the establishment of the Special Fund to be maintained by the Agency for the collection and disbursement of Incremental Revenues pledged herein from the City, the County, and PDS.

2. Pledge seventy percent (70%) of the City's Incremental Revenues generated within the Local Development Area for a thirty (30) year period to pay Debt Service for Bonds issued to pay for Redevelopment Assistance (if Bonds are issued), and then to pay for Redevelopment Assistance incurred or paid by the City, related to the Project, not paid for by the proceeds of the Bonds, which pledge is made in SECTION VIII herein.

3. Designate the Agency as the entity responsible for the oversight, administration, and implementation of the Local Development Area Ordinance.

4. Meet as may be required with the Agency for the purpose of reviewing the progress of the development of the Local Development Area and preparing an analysis of such progress for distribution to the respective legislative bodies of the City, the County, and PDS, and providing assistance and information to the Agency as may be needed to compute the Incremental Revenues that are generated from the Local Development Area.

5. The City shall provide a certified record of Redevelopment Costs extended or incurred to the Agency on an annual basis.

6. The Mayor of the City shall appoint the Incentive Review Committee.

#### SECTION V Duties and Responsibilities of the County

The County shall have the following duties and responsibilities in connection with the development of the Local Development Area:



1. Pledge sixty percent (60%) of The County's Incremental Revenues generated within the Local Development Area, and remit such Incremental Revenues to the Agency as required by this Agreement for a thirty (30) year period to pay Debt Service for Bonds issued to pay for Redevelopment Assistance (if Bonds are issued), and then to pay for Redevelopment Assistance incurred or paid by the City, related to the Project, not paid for by the proceeds of the Bonds, which pledge is made in SECTION VIII herein.

2. Provide assistance to the Agency as needed with the annual report required of the Agency as provided in SECTION VII of this Agreement, and in computing the Incremental Revenues that are generated from the Local Development Area.

#### SECTION VI Duties and Responsibilities of PDS

PDS shall have the following duties and responsibilities in connection with the development of the Local Development Area:

1. Pledge fifty percent (50%) of the PDS's Incremental Revenues generated within the Local Development Area, and remit such Incremental Revenues to the Agency as required by this Agreement for a thirty (30) year period to pay Debt Service for Bonds issued to pay for Redevelopment Assistance (if Bonds are issued), and then to pay for Redevelopment Assistance incurred or paid by the City, related to the Project, not paid for by the proceeds of the Bonds, which pledge is made in SECTION VIII herein.

2. Provide assistance to the Agency as needed with the annual report required of the Agency as provided in SECTION VII of this Agreement, and in

computing the Incremental Revenues that are generated from the Local Development Area.

## SECTION VII Duties and Obligations of the Agency

1. The Agency shall have the responsibility for the oversight, administration of the Local Development Area Ordinance, including the obligation to maintain the Special Fund for the deposit and disbursement of Incremental Revenues in accordance with this Agreement and the Act.

2. The Agency shall participate as necessary with the City, and Developer to assist with the overall development of the Project.

3. The Agency shall expend Incremental Revenues for payment of Bonds or to pay for or reimburse costs incurred by the City for Redevelopment Assistance related to the Project.

4. The Agency shall prepare by no later than June 30 of each year during the term of this Agreement an annual report and provide same to the respective legislative bodies of the City, the County, and PDS that shall include, but not be limited to: (a) the total real property *ad valorem* taxes collected within the Local Development Area during the previous calendar year; (b) a determination of New Revenues collected within the Local Development Area during the previous calendar year; (c), the amount, if any, of Incremental Revenues spent from the Special Fund Redevelopment Assistance.

5. On or before April 1 after the end of the first calendar year of Activation, and then each year thereafter by April 1, so long as the pledge of Incremental Revenues as provided in this Agreement is in effect, the Agency shall calculate the New Revenues from the Local Development Area for the previous calendar year from the

City, the County, and PDS, and shall calculate and provide written notice to the City, the County, and PDS of the Incremental Revenues that are due from the City, the County, and PDS by June 30 of that year, and each June 30 thereafter, so long as the pledge of Incremental Revenues as provided in this Agreement is in effect.

6. Annually the Agency shall pay to the City (unless Bonds have been issued) for Redevelopment Assistance that have been expended by the City, and as documented by the City in accordance with this Agreement, any Incremental Revenues collected within thirty (30) days of their receipt from the City, the County, and PDS (but nothing shall require the Agency to withhold payment to the City until all of taxing districts have paid their required Incremental Revenues to the Agency). Provided, however, if Bonds have been issued the Agency shall pay any Incremental Revenues first to Debt Service, and then pay any Incremental Revenues not needed for Debt Service to the City for Redevelopment Assistance related to the Project not paid for by the proceeds of the Bonds. The Agency and the City may assign any Incremental Revenues required to pay Debt Service directly to the trustee appointed related to the issuance of the Bonds.

#### SECTION VIII Identification and Pledge of Incremental Revenues

1. The City hereby pledges seventy percent (70%) of the City's Incremental Revenues generated within the Local Development Area, to pay Debt Service on Bonds issued to pay for Redevelopment Assistance (if Bonds are issued), and then to pay Redevelopment Assistance incurred or paid by the City related to the Project not paid for by the proceeds of the Bonds, within the Local Development Area for a thirty (30) year period starting from the 1<sup>st</sup> day of the calendar year following Activation. The

Incremental Revenues shall be determined by calculating the New Revenues from the City collected from the Local Development Area, and subtracting the Old Revenues collected from the City within the Local Development Area for the base year, which is the calendar year 2017.

2. A listing of the parcels within the Local Development Area and the amount of Old Revenues collected by the City, the County, and PDS from within the Local Development Area is attached hereto as Exhibit B.

3. The County hereby pledges sixty percent (60%) of the County's Incremental Revenues generated within the Local Development Area, to pay Debt Service on Bonds issued to pay for Redevelopment Assistance (if Bonds are issued), and then to pay Redevelopment Assistance incurred or paid by the City related to the Project, not paid for by the proceeds of the Bonds, within the Local Development Area for a thirty (30) year period starting from the 1<sup>st</sup> day of the calendar year following Activation. The Incremental Revenues shall be determined by calculating the New Revenues from the County collected from the Local Development Area, and subtracting the Old Revenues from the County collected from within the Local Development Area for the base year, which is the calendar year 2017.

4. PDS hereby pledges fifty percent (50%) of PDS's Incremental Revenues, from PDS real property *ad valorem* taxes generated within the Local Development Area, to pay Debt Service on Bonds issued to pay for Redevelopment Assistance (if Bonds are issued), and then to pay Redevelopment Assistance incurred or paid by the City related to the Project, not paid for by the proceeds of the Bonds, within the Local Development Area for a thirty (30) year period starting from the 1<sup>st</sup> day of the calendar

year following Activation. The Incremental Revenues shall be determined by calculating the New Revenues from PDS collected from the Local Development Area, and subtracting the Old Revenues from PDS collected from within the Local Development Area for the base year, which is the calendar year 2017.

5. Incremental Revenues pledged by the City, the County, and PDS in this SECTION VIII shall be deposited at annually, no later than each June 30 after the first calendar year of Activation to the Special Fund and used solely to pay Debt Service on Bonds issued to pay for Redevelopment Assistance (if Bonds are issued), and then to pay Redevelopment Assistance incurred or paid by the City related to the Project not paid for by the proceeds of the Bonds, within the Local Development Area, which the City is required to document as being expended as required by this Agreement. Such Special Fund shall be continued and maintained until the Termination Date as provided in Section XIII of this Agreement. Amounts in the Special Fund, together with interest accruing thereon, are hereby irrevocably pledged to pay for Redevelopment Assistance related to the Project.

6. It is understood and agreed by the Parties that any Redevelopment Assistance approved for payment of or reimbursement from the Incremental Revenues pledged in this Agreement, except for Public Infrastructure Costs, shall be first reviewed and recommended for approval by the Incentive Review Committee.

7. At the Termination Date, as defined in the Act and as provided in Section XII of this Agreement, all amounts not needed to reimburse pay for Redevelopment Assistance related to the Project shall be transferred to the General Fund of the City, the County, and PDS in proportion to the respective contributions to the Special Fund

by the City, the County, and PDS.

SECTION IX  
Anticipated Benefits to the City, the County, and PDS

1. The City, the County, and PDS anticipate receiving substantial benefits as a result of the pledge of their Incremental Revenues to support development of the Local Development Area as set forth herein. As set forth in Exhibit B of this Agreement, the taxable assessment for calendar year 2017 within Local Development Area was \$0, and that generated zero in real property *ad valorem* taxes. The construction of the Project and related development will conservatively increase the taxable assessments within the Local Development Area by over \$150,000,000, which will generate significant new tax revenues to the City, the County and PDS, even with deducting the Incremental Revenues pledged by this Agreement to pay for Redevelopment Assistance. Based upon the applicable 2017 real property *ad valorem* tax rates for the City, the County, and PDS the development of the Project and set forth in this Agreement and the Development Agreement will generate new real *ad valorem* taxes annually to the City in the amount of \$333,000, to the County in the amount of \$222,000, and to PDS in the amount of \$43,500. In addition, the Project will generate significant new occupational taxes from the growth in employment and new businesses within the Local Development Area as a result of the Project. The new tax impact will increase over time as assessments and new payroll increase and as additional elements of the Project are constructed. In addition, the new tax impact to the City, the County, and PDS will also increase from tax revenues not subject to the pledge of Incremental Revenues, including tangible taxes, insurance premium taxes, etc.

2. The maximum amount of Incremental Revenues to be paid by the City shall be seventy percent (70%) of the Incremental Revenues from real property *ad valorem* taxes; the maximum amount of Incremental Revenues to be paid by the County shall be sixty percent (60%) of the Incremental Revenues from real property *ad valorem* taxes generated from the Local Development Area, and the maximum amount of Incremental Revenues to be paid by PDS shall be fifty percent (50%) of the Incremental Revenues from real property *ad valorem* taxes generated from the Local Development Area. The maximum number of years the payment of Incremental Revenues to support the payment of Redevelopment Assistance for the development of the Local Development Area is thirty (30) years.

A detailed description of the Local Development Area is set forth in Exhibit A hereto.

#### SECTION X Description of Project; Costs

The Project shall be the comprehensive development of the Local Development Area as the Sanctuary Village Project as described in the Development Agreement.

#### SECTION XI Financing Plan

The Financing Plan for the development of the Project is for the Developer to pay the costs for the development of the Sanctuary Village Project, including the cost of infrastructure and site development costs directly related to the Sanctuary Village Project. The City through the proceeds of Bonds or by paying such costs directly and then being reimbursed over time annually as Incremental Revenues generated shall pay the Public Infrastructure Costs and Redevelopment Assistance as set forth in this

Agreement, provided that Incremental Revenues will be first pledged to pay Debt Service on Bonds issued to pay for Redevelopment Assistance (if Bonds are issued), and then to pay Redevelopment Assistance incurred or paid by the City related to the Project not paid for by the proceeds of the Bonds,

**IT IS UNDERSTOOD THAT ANY UNLESS SPECIFICALLY PROVIDED BY THE CITY, BONDS ISSUED BY THE CITY SUPPORTED BY INCREMENTAL REVENUES SHALL NOT CONSTITUTE A DEBT OF THE CITY AND AGENCY, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY, AND SUCH BONDS SHALL NOT CONSTITUTE A DEBT OF THE COUNTY OR PDS OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COUNTY OR PDS.**

SECTION XII  
Commencement Date; Activation Date; Termination Date

This Agreement shall commence and be effective on July 1, 2018. The Activation for the pledge of Incremental Revenues as set forth in SECTION XII hereof shall be determined by the City, but shall not be more than four (4) years from the date of this Agreement. This Agreement shall terminate thirty (30) years after the Activation. This Agreement shall not terminate upon the execution of any deeds or other agreements required or contemplated by this Agreement, or referred to herein, and the provisions of this Agreement shall not be deemed to be merged into the deeds, or any other such deeds or other agreements, it being the intent of the parties hereto that this Agreement shall survive the execution and delivery of any such agreements.

SECTION XIII  
Default

If the City, the County, or PDS (a "Defaulting Party") shall default in its obligation



to make payments of Incremental Revenues set forth herein, the Agency (unless it is the Defaulting Party) shall have the power to enforce the provisions of this Agreement against the Defaulting Party. If the City, the County, or PDS materially breaches or defaults on any of its obligations under this Agreement, the Agency or any other Party may give notice that remedial action must be taken within thirty (30) days. The Defaulting Party shall correct such breach or default within thirty (30) days after such notice, provided however that if (i) the default is one which cannot with due diligence be remedied by the Defaulting Party within thirty (30) days and (ii) the Defaulting Party proceeds as promptly as reasonably possible after such notice and with all due diligence to remedy such default, the period after such notice within which to remedy the default shall be extended for such period of time as may be necessary to remedy the same with all due diligence.

However, notwithstanding any other provision of this Agreement in the event of a default no remedy shall permit the withholding by the City, the County, or PDS of the payment of any Incremental Revenues pledged in this Agreement if Bonds or other financing obtained by the City are outstanding that are secured by a pledge of those Incremental Revenues.

#### SECTION XIV Governing Law

The laws of the State shall govern as to the interpretation, validity and effect of this Agreement.

#### SECTION XV Severability

If any provision of this Agreement or the application thereof to any person or

circumstance shall to any extent be held in any proceeding to be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it was held to be invalid or unenforceable, shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law, but only if and to the extent such enforcement would not materially and adversely frustrate the parties essential objectives as expressed herein.

#### SECTION XVI Force Majeure

The City, the County, PDS or Agency shall not be deemed to be in default in the performance of any obligation on such parties' part to be performed under this Agreement, other than an obligation requiring the payment of a sum of money, if and so long as the non performance of such obligation shall be directly caused by Unavoidable Delays; provided, that within fifteen (15) days after the commencement of such Unavoidable Delay, the non performing party shall notify the other party in writing of the existence and nature of any such Unavoidable Delay and the steps, if any, which the non-performing party shall have taken or planned to take to eliminate such Unavoidable Delay. Thereafter, the non-performing party shall, from time to time, on written request of the other party, keep the other party fully informed, in writing, of further developments concerning such Unavoidable Delay and the effort being made by the non-performing party to perform such obligation as to which it is in default. All provisions of any construction schedule shall be adjusted in accordance with such Unavoidable Delay.

#### SECTION XVII Notices

Any notice to be given under this Agreement shall be in writing, shall be

addressed to the party to be notified at the address set forth below or at such other address as each party may designate for itself from time to time by notice hereunder, and shall be deemed to have been given upon the earliest of (i) three (3) days following deposit in the U.S. Mail with proper postage prepaid, Certified or Registered, (ii) the next business day after delivery to a regularly scheduled overnight delivery carrier with delivery fees either prepaid or an arrangement, satisfactory with such carrier, made for the payment of such fees, or (iii) receipt of notice given by telecopy or personal delivery:

If to the City:	Office of the Mayor 720 Rogers Road Villa Hills, Kentucky 41017
If to the County:	County Judge/Executive 303 Court Street Covington, Kentucky 41011
If to PDS	Executive Director of PDS 2332 Royal Drive Fort Mitchell, Kentucky 41017
If to the Agency	Office of City Administrator/Clerk 720 Rogers Road Villa Hills, Kentucky 41017

#### SECTION XVIII Approvals

Whenever a party to this Agreement is required to consent to, or approve, an action by the other party, or to approve any such action to be taken by another party, unless the context clearly specifies a contrary intention, or a specific time limitation, such approval or consent shall be given within thirty (30) business days and shall not be unreasonably withheld or delayed by the party from whom such approval or consent is required.

SECTION XIX  
Entirety of Agreement

As used herein, the term "Agreement" shall mean this Local Development Area Agreement and the Exhibits attached hereto. This Agreement embodies the entire agreement and understanding of the Parties hereto with respect to the subject matter herein contained, and supersedes all prior agreements, correspondence, arrangements, and understandings relating to the subject matter hereof. No representation, promise, inducement, or statement of intention has been made by any party which has not been embodied in this Agreement, and no party shall be bound by or be liable for any alleged representation, promise, inducement, or statement of intention not so set forth. This Agreement may be amended, modified, superseded, or cancelled only by a written instrument signed by all of the parties hereto, and any of the terms, provisions, and conditions hereof may be waived only by a written instrument signed by the waiving party. Failure of any party at any time or times to require performance of any provision hereof shall not be considered to be a waiver of any succeeding breach of any such provision by any part.

SECTION XX  
Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

SECTION XXI  
Headings and Index

The headings in this Agreement and the Index are included for purposes of convenience only and shall not be considered a part of this Agreement in construing or interpreting any provision hereof.

## SECTION XXII

### Exhibits

All exhibits to this Agreement shall be deemed to be incorporated herein by reference and made a part hereof, above the signatures of the parties hereto, as if set out in full herein.

## SECTION XXIII

### No Waiver

No waiver of any condition or covenant of this Agreement to be satisfied or performed by the City, the County, PDS or Agency shall be deemed to imply or constitute a further waiver of the same, or any like condition or covenant, and nothing contained in this Agreement nor any act of any party, except a written waiver signed by such party, shall be construed to be a waiver of any condition or covenant to be performed by the other party.

## SECTION XXIV

### Construction

No provisions of this Agreement shall be construed against a party by reason of such party having drafted such provisions.

## SECTION XXV

### Multiple Counterparts

This Agreement may be executed in multiple counterparts, each of which shall constitute an original document.

## SECTION XXVI

### Relationship of the Parties

Except as expressly stated and provided for herein, neither anything contained in this Agreement nor any acts of the Parties hereto shall be deemed or construed by the Parties hereto, or any of them, or by any third person, to create the relationship of prin-

cipal and agent, or of partnership, or of joint venture, or of association among any of the Parties of this Agreement.

SECTION XXVII  
No Third Party Beneficiary

Except as otherwise specified herein, the provisions of this Agreement are for the exclusive benefit of the Parties, and their successors and permitted assigns, and not for the benefit of any other person or entity, nor shall this Agreement be deemed to have conferred any rights, express or implied, upon any other person or entity.

SECTION XXVIII  
Diligent Performance

With respect to any duty or obligation imposed on a party to this Agreement, unless a time limit is specified for the performance of such duty or obligation, it shall be the duty or obligation of such party to commence and perform the same in a diligent and workmanlike manner and to complete the performance of such duty or obligation as soon as reasonably practicable after commencement of the performance thereof. Notwithstanding the above, time is of the essence with respect to any time limit specified herein.

End of Page

Signature Page on Next Page

**IN WITNESS WHEREOF**, the Parties hereto have hereunto set their hands on the date and year first above set forth herein, to be effective as of the Effective Date.

CITY OF VILLA HILLS, KENTUCKY

By: \_\_\_\_\_  
Irvin T. ("Butch") Callery  
Mayor

COUNTY OF KENTON, KENTUCKY

By: \_\_\_\_\_  
Kris Knochelmann  
County Judge/Executive

PLANNING DEVELOPMENT SERVICES OF  
THE COUNTY

By: \_\_\_\_\_  
Thomas H. Litzler  
Chair

OFFICE OF CITY ADMINISTRATOR/CLERK OF  
THE CITY OF VILLA HILLS, KENTUCKY

By: \_\_\_\_\_  
Craig Bohman  
City Administrator Clerk

## **EXHIBITS**

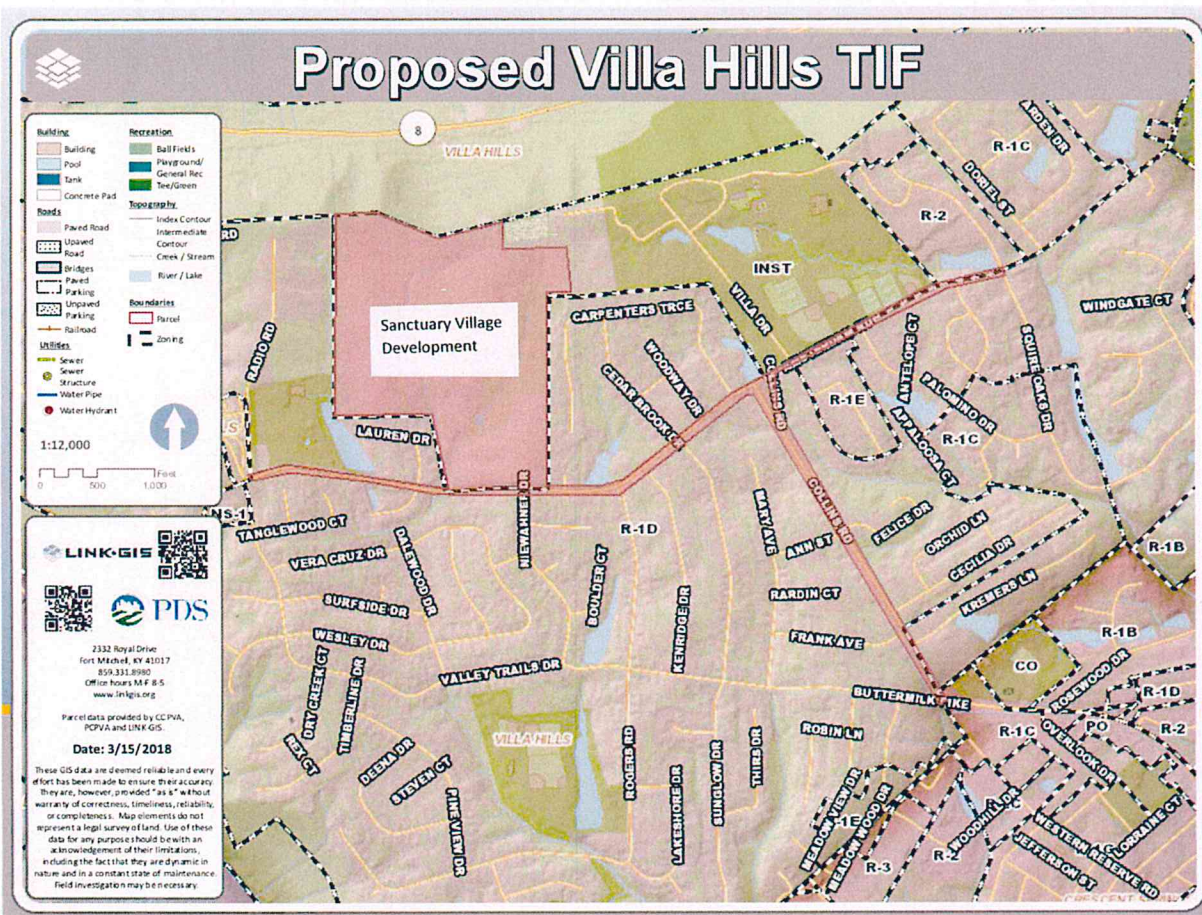
**Exhibit A: The Local Development Area**

**Exhibit B: Listing of Parcels Within Local Development Area**

**Exhibit C: Public Infrastructure Costs**



## The Local Development Area



## **EXHIBIT B**

### **Listing of Parcels Within Local Development Area**

The Local Development Area is approximately 102 acres, and includes

- 1 An approximately 85.5 acre parcel to be acquired from PIDN 001-00-00-029.10 by Ashley Commercial Group, LLC. The parcel number will be updated after the closing.
- 2 The City owned property located at 2469-A Amsterdam Road PIDN 013-20-11-013.00
- 3 The Public Rights-of-Way of:
  - a. Collins Road from Buttermilk Pike to Amsterdam Road, and
  - b. Amsterdam Road from Squire Oaks Drive to Valley Trails Drive

The Local Development Area has a ZERO taxable assessment value and currently generates ZERO is real property *ad valorem* taxes.

## **EXHIBIT C**

### **Public Infrastructure Costs**

**A.** Support for Four-Way Stop at Niewahner and Amsterdam Road.

**B.** Buttermilk Pike and Collins Road Resignalization \$ 100,000

**C.** Amsterdam Road and Collins Road Roundabout \$1,150,000

**D.** Sidewalks along Amsterdam Road \$ 100,000

The above costs are estimates only.