

ECONOMIC INCENTIVE AGREEMENT

THIS ECONOMIC INCENTIVE AGREEMENT (hereinafter the “Agreement”) is made and entered into as of the ____ day of _____, 2023 (the “Effective Date”), by and between **LSC HOLDINGS, LLC**, a Kentucky company with its principal office located at Bull Lea Run, Lexington, Kentucky 40511 (hereinafter the “Company”) and the **LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**, an urban county government of the Commonwealth of Kentucky pursuant to Chapter 67A of the Kentucky Revised Statutes, 200 East Main Street, Lexington, Kentucky 40507 (hereinafter “LFUCG”).

RECITALS

WHEREAS, Company was granted a United Soccer League (USL) League One franchise and joined the pre-professional league USL Academy for professional and youth soccer; and

WHEREAS, Company and its subsidiaries has been involved in the merger of two youth soccer clubs in Lexington to form a new club with nearly 1,400 participants and more than 100 teams, including pre-professional USL Academy teams; and

WHEREAS, LSC Facilities Holding Company, LLC, a wholly owned subsidiary of the Company, owns real property located at 5354 Athens Boonesboro Road, Lexington, Fayette County Kentucky (the “Site”), as further described in Exhibit “A”, which is attached hereto and incorporated herein by reference, along the Interstate 75 Corridor; and

WHEREAS, Company or its subsidiaries desire to develop and construct at least seven (7) full size 11 v11 soccer fields (which make up a total of 13 fields), which could also be utilized for other limited sporting purposes, at the Site, (the “Project”); and

WHEREAS, Company or its subsidiaries is in the process of seeking state sales tax incentives under the Kentucky’s Tourism Development Incentive Program as a designated Kentucky Tourism Development Act Project, and the Kentucky Enterprise Initiative Act as a qualifying economic development project which have been supported by LFUCG; and

WHEREAS, Company or its subsidiaries has committed to the hiring and retention of full time and part time employees in Fayette County for at least the period of time provided in this Agreement; and

WHEREAS, LFUCG recognizes that the location of this tourism development Project at the Site will be of significant benefit to Fayette County, both economic and through improvement of infrastructure; and

WHEREAS, LFUCG finds that the provision of economic incentives towards the Project, as further provided herein, is in the public interest; and

WHEREAS, the Company is agreeable to accepting the funding provided pursuant to this Agreement with the understanding that its use is limited to offsetting costs directly related to the Project and as further restricted through the terms of this agreement.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the receipt and sufficiency of which are acknowledged, the parties hereby agree as follows:

1. **Incorporation of Recitals**. The above recitals are incorporated herein as if fully stated.

2. **Term**. This Agreement shall remain in effect from the Effective Date until the earlier of (i) the date as of which Company has fully complied with its obligations or (ii) the tenth anniversary of the Effective Date (the "Term"), unless terminated by LFUCG in writing for nonperformance at an earlier time.

3. **Economic Development Incentive**.

a. **Incentive**. In exchange for Company's agreement to comply with the terms set forth herein, and subject to the funding conditions set forth in Section 3.b. below, LFUCG shall provide Company with an economic development incentive, in the form of infrastructure reimbursement, up to One Million Dollars (\$1,000,000.00) in total (the "Incentive"). Any or all of the obligations or requirements of the Company may be fulfilled by one or more of its subsidiaries.

b. **Incentive Conditions**.

i. **Conditions Precedent**. LFUCG shall be under no obligation to pay Company any funding under this Agreement until such time as Company has done each of the following:

1. Provided LFUCG satisfactory evidence that sufficient financing is in place to complete the Project;
2. Obtained preliminary approval from the Kentucky Tourism Development Finance Authority as a Kentucky Tourism Project that qualifies for a state sales tax incentive under the Kentucky's Tourism Development Incentive Program as a designated Kentucky Tourism Development Project; and
3. Obtained approval from the State under the Kentucky Enterprise Initiative Act as a qualifying economic development project.

ii. **Conditions Subsequent**. Company agrees that during the Term of this Agreement, it shall perform, observe, and comply with each of the following:

1. **Jobs and Wage Requirements**. Company shall employ at least five (5) new Full Time Jobs or Full Time Equivalent Jobs (the "Jobs"), meaning a job held by a person employed at the Site for a minimum of thirty-five (35) hours per week and subject to the Kentucky Individual Income Tax imposed by KRS 141.020 and the local occupational license fee, as opposed to a part-time employee or independent contractor. Company's Jobs shall have an annual salary of \$35,000 or more, earned from work performed within Lexington-Fayette County, exclusive of all benefits and other forms of compensation, including without limitation bonuses and commissions. In order to remain in compliance with this provision, the annual taxable payroll for Jobs located at the Site must meet or exceed \$175,000 each year. Company shall hire employees

to fill the Jobs at the Site by September 1, 2023, and further agrees to maintain its Jobs for a period of ten (10) years, which shall begin within thirty (30) days of the execution of this Agreement but no later than December 31, 2023.

Should Company fail to maintain the required number of Jobs by the dates established above, or allow any required full-time job to lapse for a period of more than thirty (30) consecutive business days following one year of the date of this Agreement, LFUCG may elect either of the following remedies, which shall be in addition to any other remedies or damages LFUCG may be entitled to under law or equity:

(a) Repayment Penalty. LFUCG **may** require Company to pay a repayment penalty for each year that it fails to create or maintain the required wages, which shall be calculated individually for each job that has not been created or maintained, or which has failed to satisfy the wage requirement provided herein. The penalty shall be calculated as the higher of \$500 a month for each such position or the difference between the required minimum \$35,000 annual salary for the position and the actual salary paid for such position, which shall be pro-rated to account for any period of compliance. Under this calculation the maximum penalty per job for each year would be \$35,000.

All repayment penalty payments shall be made within thirty (30) days of receipt of notice that a monthly repayment penalty is due.

(b) Default. LFUCG may elect to treat Company's failure to create or maintain any of the full-time jobs as required herein for a period of more than ninety (90) consecutive business days as an event of default and may declare the entire remaining amount of the Incentive provided to the Company (pro-rated for any period of compliance) to become immediately due and payable to LFUCG.

2. Training Facility in Lexington-Fayette County. In addition to the "Jobs and Wage Requirements" set forth above, Company shall maintain the primary training facilities for the youth soccer teams for both men (or boys) and women (or girls) at the Site for a period of ten (10) years following the substantial completion of the Project. If the Company fails to do so the Incentive provided (reduced on a pro-rated for any period of compliance) shall be immediately due and payable to LFUCG.
3. In the event the permanent location of the professional soccer stadium is not located in Fayette County, Company agrees to make the constructed soccer fields available free of charge to the Kentucky High School Athletic Association for their boys and girls state championship soccer games for a period of at least ten (10) years. Those parties must agree on the dates for such games.
- c. Incentive Payment. The payment of funds under this Agreement shall be on a reimbursable basis upon Company providing reasonable evidence to LFUCG of eligible expenses incurred. For the purpose of this Agreement, "eligible expenses" shall mean expenses related to the development of infrastructure,

which must serve the public and not be solely utilized by Company, at the Site, including but not limited to sanitary sewer, storm water sewer, parking, sidewalks, multi-use paths, wetland mitigation, and roads. No funds will be awarded for reimbursement of eligible expenses incurred prior to April 1, 2023 to pay fees assessed by LFUCG.

- d. Incentive Repayment. In the event that the Company (i) fails to complete the Project before the tenth anniversary of the Effective Date of this Agreement or (ii) relocates from the Project Site to a site outside Fayette County, ceases to maintain the primary training facilities for the youth clubs as provided in this Agreement, and/or ceases its operations in Fayette County at any time within ten (10) years of the substantial completion of the Project, the entire amount of the Incentive provided to the Company (reduced on a pro-rated for any period of compliance) shall become immediately due and payable to LFUCG.

4. Company's Obligations.

- a. Project Completion. Pursuant to the terms and conditions of the Agreement, Company shall complete the Project as further described in Exhibit "B", which is attached hereto and incorporated by reference.

- b. Reporting. On or before January 31st of each calendar year during the Term of this Agreement, Company shall provide LFUCG with an annual certification of the following information as of the preceding December 31st: (i) the number of full-time and part-time jobs maintained as of such date; (ii) the aggregate real and personal property improvements made prior to such date; and (iii) a written certification of compliance with the terms and conditions of this Agreement signed by an officer of Company.

5. Company's Representations, Warranties, and Covenants.

- a. Company agrees to provide LFUCG with all of the filings that it is providing the Commonwealth of Kentucky (Tourism and Economic Development Cabinets) within seven (7) days of such filings.

- b. Investment. Any investment of the funds received pursuant to this Agreement must fully comply with any restrictions imposed by law.

- c. Registration; Compliance; Authority to Sign. Company is lawfully registered or authorized to do business in the Commonwealth of Kentucky and Lexington-Fayette County and shall at all times comply with any and all applicable federal, state, and local laws, ordinances, and regulations. LFUCG may request proof that Company has timely filed federal, state, or local tax forms which shall be provided by Company on a timely basis. The person signing this Agreement on behalf of Company is fully authorized to do so.

- d. Records. Company shall keep and make available to LFUCG any records related to this Agreement such as are necessary to support its performance hereunder and shall be made available to LFUCG upon request. Company understands and agrees that this Agreement and any related documents may be subject to disclosure under the Kentucky Open Records Act and will comply with any reasonable request by LFUCG to provide assistance with such a request.

e. Access. Company shall allow LFUCG any necessary reasonable access to monitor its performance under this Agreement.

f. Equal Opportunity; Fairness Ordinance. Company shall provide equal opportunity in employment for all qualified persons, and shall (a) prohibit discrimination in employment because of race, color, creed, national origin, sex, age, sexual orientation, gender identity, or handicap, (b) promote equal employment through a positive, continuing program of equal employment, and (c) cause any subcontractor or agency receiving funds provided pursuant to this Agreement to do so. This program of equal employment opportunity shall apply to every aspect of its employment policies and practices. Company agrees to comply with LFUCG's Fairness Ordinance (Ordinance No. 201-99) and all sources of applicable law, including those specified in any Exhibit attached to this Agreement and incorporated herein by reference.

g. Sexual Harassment. Company must adopt or have adopted a written sexual harassment policy, which shall, at a minimum, contain a statement of current law; a list of prohibited behaviors; a complaint process; and a procedure which provides for a confidential investigation of all complaints. The policy shall be given to all employees and clients and shall be posted at all locations where Company conducts business. The policy shall be made available to LFUCG upon request.

h. Indemnification. Company shall indemnify, defend and hold harmless LFUCG and its elected and appointed officials, employees, agents, volunteers, and successors in interest, from and against any and all liability, damages, and losses, including but not limited to: demands, claims, liens, suits, notices of violation from governmental agencies, obligations, causes of action, judgments, penalties, fines, liens, costs, expenses, interest, defense costs and reasonable attorney's fees that are in any way incidental to or connected with, or that arise or are alleged to have arisen, directly or indirectly, from or by Company's performance of, or breach of this Agreement and/or the provision of goods or services, provided that (a) it is attributable to personal injury, bodily injury, sickness, or death, or to injury to or destruction of property (including the loss of use resulting therefrom), or to or from the negligent acts, errors or omissions or willful misconduct of Company or its officials, employees, or agents; and (b) not caused solely by willful misconduct of LFUCG. Company understands that LFUCG is a political subdivision of the Commonwealth of Kentucky and acknowledges and agrees that LFUCG is unable to provide indemnity or otherwise save, hold harmless, or defend Company in any manner.

i. Insurance. Company shall maintain its real property, buildings, and other fixed assets located at the Site in good condition, subject only to normal wear and tear, and make all necessary and proper repairs, renewals, and replacements, and shall comply with all material provisions of its agreements in order to prevent loss or forfeiture. During the Term of this Agreement, Company shall purchase and maintain in full force and effect the following insurance policies: General Liability (\$1 million per occurrence, \$2 million aggregate or \$2 million combined single limit); Commercial Automobile Liability (combined single, \$1 million per occurrence); (if applicable) Professional Liability (\$1 million per occurrence, \$2 million aggregate); Worker's Compensation (Statutory); and Employer's Liability (\$1 million).

6. Miscellaneous Provisions.

a. Contractual Relationship Only. In no event shall the parties be construed, held or become in any way for any purpose the employee of the other party, or partners, associates or joint ventures in the conduct of their respective endeavors or otherwise.

b. No Assignment. Neither party may assign any of its rights and duties under this Agreement without the prior written consent of the other party.

c. No Third Party Rights. This Agreement does not create a contractual relationship with or right of action in favor of a third party against either the Company or LFUCG.

d. Severability. If any term or provision of this Agreement shall be found to be illegal or unenforceable, this Agreement shall remain in full force and such term or provision shall be deemed stricken.

e. Amendments. By mutual agreement, the Parties may, from time to time, make written changes to any provision hereof. Company acknowledges that LFUCG may make any such material changes only upon approval of its legislative authority, the Lexington-Fayette Urban County Council, and the signature of its Mayor.

f. Entire Agreement. This Agreement shall constitute the entire agreement between the parties and no representations, inducements, promises or agreements, oral or otherwise, which are not embodied herein shall be effective for any purpose. This Agreement shall replace any previous agreement between the parties on the same subject matter.

g. Waiver. The waiver by either party of any breach of any provision of this Agreement shall not constitute a continuing waiver or waiver of any subsequent breach by either party of either the same or another provision of this Agreement.

h. Kentucky Law and Venue. This Agreement shall be governed in all respects by the laws of the Commonwealth of Kentucky and venue for all actions shall lie in Fayette County, Kentucky.

i. Notice. Any written notice required by the Agreement shall be delivered by certified mail, return receipt requested, to the following:

For Company:

LSC HOLDINGS, LLC
1301 Dixiana Domino Road
Lexington, Kentucky 40511
Attn: Vince Gabbert

For LFUCG:

Lexington-Fayette Urban County Government
200 East Main Street
Lexington, Kentucky 40507
Attn: Kevin Atkins, Chief Development Officer

IN WITNESS WHEREOF, the parties certify that they have been duly authorized to execute, deliver and perform this Agreement, and have executed it as of the date first herein written.

**LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT**

BY: _____
LINDA GORTON, MAYOR

ATTEST:

URBAN COUNTY COUNCIL CLERK

LSC HOLDINGS, LLC

BY: _____
William J. Shively, its Manager

COMMONWEALTH OF KENTUCKY)
COUNTY OF FAYETTE)

The foregoing Agreement was subscribed, sworn to and acknowledged before me by William J. Shively, as Manager of LSC HOLDINGS, LLC, on this the ____ day of _____, 2023.

My commission expires: _____

NOTARY PUBLIC, STATE AT LARGE, KY

EXHIBIT A
The Site

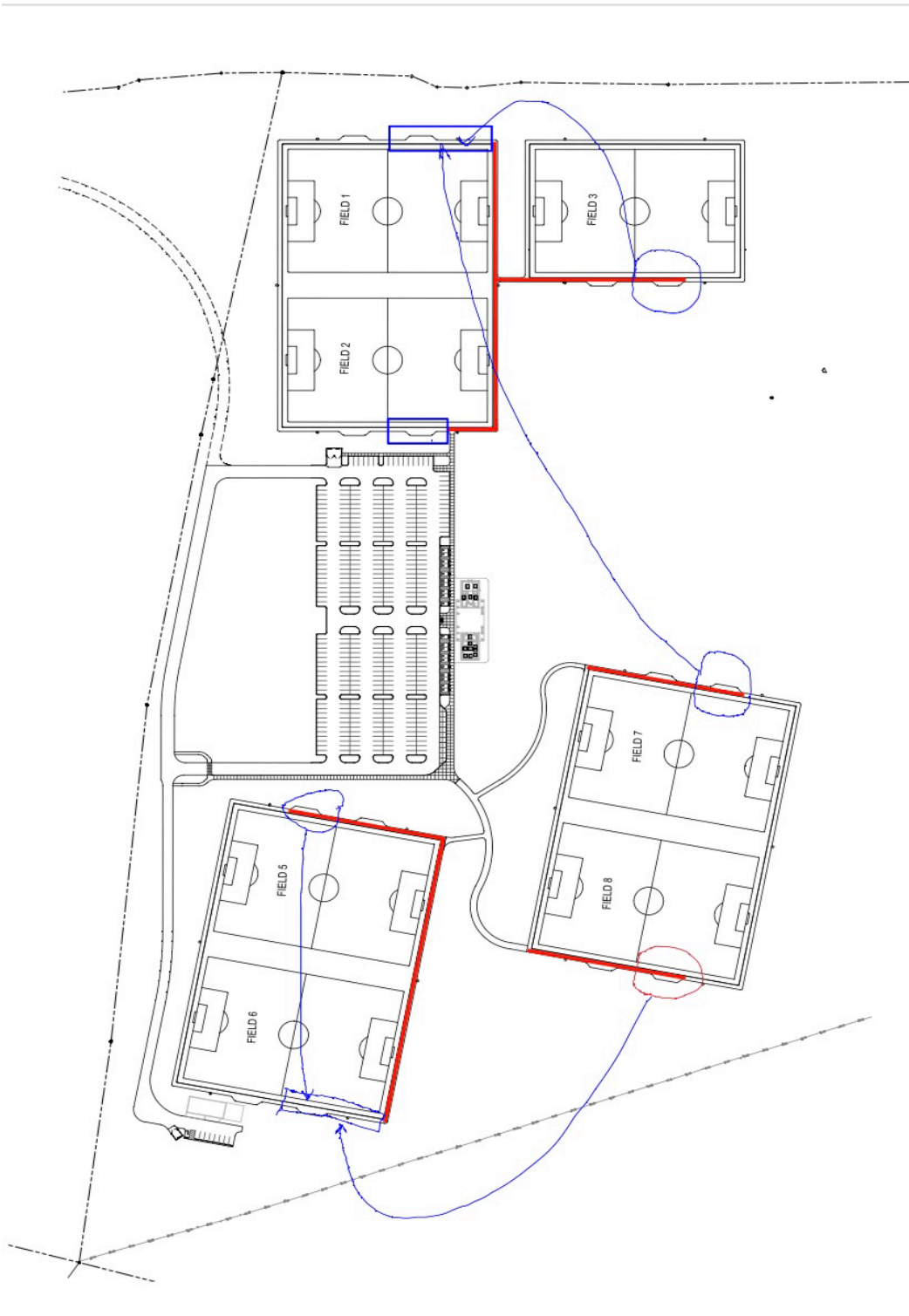


EXHIBIT B
The Project

Lexington Sporting Club, a men's and women's professional USL soccer franchise and affiliated youth club, is constructing a minimum of seven artificial surface soccer fields in the Athens-Boonesboro corridor. These fields will serve as the training grounds for the professional, academy and youth teams of the Club. The complex will be in operation on a year-round basis and when fully completed will host local, state and regional tournaments for soccer and other related professional and youth sports.

This project represents a major investment in the central Kentucky community and one that is sorely needed to provide the recreational infrastructure and demands of youth sports in the region. Already in operation with the youth club, professional men's team and academy teams, the project will allow a centralized location for training and development of the area's amateur and professional athletes.