ORDINANCE NO. 89-2018

AN ORDINANCE OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT MAKING CERTAIN FINDINGS CONCERNING AND ESTABLISHING A DEVELOPMENT AREA FOR ECONOMIC DEVELOPMENT PURPOSES WITHIN FAYETTE COUNTY TO BE KNOWN AS THE LEXINGTON CENTER DEVELOPMENT AREA; APPROVING A LOCAL PARTICIPATION AGREEMENT BETWEEN LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, THE DEPARTMENT OF FINANCE OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, AND THE LEXINGTON CENTER CORPORATION, AS DEVELOPER, ESTABLISHING AN INCREMENTAL TAX SPECIAL FUND FOR PAYMENT OF ADMINISTRATIVE COSTS, APPROVED PUBLIC INFRASTRUCTURE COSTS, AND REDEVELOPMENT ASSISTANCE; DESIGNATING THE DEPARTMENT OF FINANCE OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT AS THE AGENCY RESPONSIBLE FOR OVERSIGHT, ADMINISTRATION, AND IMPLEMENTATION OF THE DEVELOPMENT AREA; APPROVING A MASTER DEVELOPMENT AGREEMENT BETWEEN THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, THE DEPARTMENT OF FINANCE OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT AND THE LEXINGTON CENTER CORPORATION; 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 DEVELOPMENT AREA.

WHEREAS, the Lexington-Fayette Urban County Government, an Urban County Government organized pursuant to Chapter 67A of the Kentucky Revised Statutes (the "LFUCG") by virtue of the laws of the Commonwealth of Kentucky (the "State"), Kentucky Revised Statutes, specifically Sections 65.7041 to 65.7083, as may be amended, is authorized to, among other things, (1) establish a development area to encourage investment in the development and use of areas of the LFUCG, (2) enter into agreements in connection with the establishment and development of a Development Area, (3) establish a special fund for deposit of incremental revenues resulting from the development of a Development Area, and (4) designate an agency to oversee, administer and implement projects within a Development Area; and

WHEREAS, the LFUCG desires to establish a "Development Area" as defined in the Act (as hereinafter defined) to encourage reinvestment and development within such Development Area and to pledge a portion of the "Incremental Revenues" as defined in the Act generated from the development of such Development Area to the payment of Redevelopment Assistance, approved public infrastructure costs, land preparation, and/or financing costs within such Development Area; and

WHEREAS, the LFUCG has identified a contiguous tract of previously developed land in consisting of not more than three square miles within the LFUCG, specifically described in Exhibit A hereto, that is in need of being redeveloped and which is not reasonably expected to be developed without public assistance; and

WHEREAS, the Lexington Center Corporation, a nonprofit corporation organized and existing under the laws of the Commonwealth of Kentucky (the "Developer") has proposed the development of a project within the Development Area that qualifies for both LFUCG and State participation of incremental tax revenues per KRS 65.7041 to 65.7083 and KRS 154.30-010 to KRS 154.30-090; and

WHEREAS, the LFUCG has determined to establish the Development Area as a Development Area pursuant to the Act to encourage investment and development within the Development Area; and

WHEREAS, the LFUCG has previously committed $30,000,000 in funds to assist with the expansion of Lexington Center within the Development Area (the "Lexington Center Contribution"); and

WHEREAS, the LFUCG has agreed to support and encourage development within the Development Area by pledging certain Incremental Revenues (hereinafter defined) to pay for Redevelopment Assistance (hereinafter defined), under a Local Participation Agreement (hereinafter defined); and

WHEREAS, the LFUCG has prepared and presented a "Development Plan", as defined in the Act, for the consideration and adoption of the LFUCG proposing the development and establishment of the Development Area; and

WHEREAS, the LFUCG pursuant to the Act held a public hearing on August 30, 2018 after giving proper notice concerning the LFUCG's intention to consider the adoption of the Development Plan; and

WHEREAS, the adoption of the Development Plan and the establishment of the Development Area are for a public purpose and that the establishment and creation of the Development Area within the LFUCG is for the benefit and welfare of the LFUCG's citizens; and

WHEREAS, the LFUCG deems it necessary to enact this Ordinance in accordance with the Act and for the purposes set forth and described herein and in the Act.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT AS FOLLOWS:

SECTION 1. Definitions.

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

"Act" means Kentucky Revised Statutes, Sections 65.7041 to 65.7083 and KRS 154.30-010 to KRS 154.30-090.

"Administrative Costs" means those costs set forth in the Master Development Agreement at Section V(A) to be retained by Agency before reimbursing any costs to the Developer for Approved Public Infrastructure Costs, or the payment or reimbursement of Redevelopment Assistance.

"Agency" means the Department of Finance of the LFUCG.

"Approved Public Infrastructure Costs" shall be the Capital Investment as defined in the Act, related to the High Street Parking Structure, within the Development Area that are approved for reimbursement pursuant to the Tax Incentive Agreement by KEDFA, and as further identified in the Tax Incentive Agreement.

"Commonwealth Participation Program" means the State tax increment financing participation program(s) as set forth in KRS 154.30-010 to KRS 154.30-090 of the Act with allow participation of State Incremental Tax Revenues for a respective project(s) within a development area.

"Developer" means the Lexington Center Corporation, a nonprofit corporation organized and existing under the laws of the Commonwealth of Kentucky.

"Development Area" means a contiguous geographic area of previously developed land, located within the geographical boundaries of the LFUCG, which is created for economic development purposes by this Ordinance in which one (1) or more Projects are proposed to be located and consisting of less than 3 square miles, as more specifically described in Exhibit A attached hereto, to be known as the "Lexington Center Development Area".

"Development Plan" means the Tax Increment Financing Development Plan for the Lexington Center Development Area attached hereto as Exhibit C.

"Establishment Date" means the date that the Development Area is established by this Ordinance.

“Footprint” means the area established by KEDFA for the pledge and computation of State Incremental Revenues as set forth in the Tax Incentive Agreement.

“High Street Parking Structure means the public parking structure to be constructed on the High Street surface parking lot within the Development Area as part of the Project.

"Incremental Revenues" means the amount of revenues received by the LFUCG with respect to the Footprint (as defined in the Local Participation Agreement, which may the Development Area, and the State with respect to the Footprint, as designated in the Tax Incentive Agreement by subtracting Old Revenues from New Revenues (Old Revenues and New Revenues are defined in the Local Participation Agreement and/or Tax Incentive Agreement) in a calendar year.

"KEDFA" means the Kentucky Economic Development Finance Authority.

“Lexington Center Contribution” means the $30,000,000 contribution that has been committed by LFUCG to the Lexington Center expansion.

"Local Participation Agreement" shall mean the Local Participation Agreement between the LFUCG, the Agency, and the Developer attached as Exhibit "B" hereto.

“Master Development Agreement” shall mean the Master Development Agreement among LFUCG, the Agency, and the Developer relating to the Project.

“Project” or "Lexington Center Project" means a mixed-use development to be constructed by the Developer, as more specifically described in the Development Plan, and expected to fulfill the criteria for the Commonwealth Participation Program as a "Signature Project" and for a pledge of State Incremental Revenues under the Signature Project Program.

"Pledged Revenues" means that portion of the Incremental Revenues which are pledged by the LFUCG and/or State, pursuant to the Local Participation Agreement and/or the Tax Incentive Agreement, to pay for Administrative Costs and Redevelopment Assistance for the Development Area as set forth in the Local Participation Agreement and Tax Incentive Agreement.

"Redevelopment Assistance" shall have the meaning as provided in the Act, and shall be limited to reimbursement of costs related to the High Street Parking Garage, and the Lexington Center Contribution as more fully set forth in the Local Participation Agreement.

"Signature Project Program" means the Commonwealth Participation Program for Signature Projects as set forth at KRS 154.30-050 of the Act.

"Signature Project" means a project meeting the qualifications of the Signature Projects Program as provided and defined in the Act.

"State" means the Commonwealth of Kentucky.

"Tax Incentive Agreement" shall mean the agreement entered into pursuant to KRS 154.30-010 to KRS 154.30-090 of the Act between the Kentucky Economic Development Finance Authority and the Agency, relating to the Development Area.

“TIF Documents” shall mean the LFUCG Ordinance establishing the Lexington Center Development Area, the Local Participation Agreement, the Master Development Agreement, and the Tax Incentive 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. <u>Findings and Determinations</u>. In accordance with the Act, the LFUCG hereby makes the following findings and determinations with respect to the Development Area:

(a) The Development Area consists of a contiguous tract of land that is no more than three (3) square miles. The actual size of the Development Area is approximately 54 acres;

(b) The Development Area is characterized by the following conditions that make it eligible for tax increment financing under KRS 65.7049(3):

1. A substantial loss of commercial activity has occurred. Commercial activity within the Development Area has been in a state of economic decline for years. Without significant expansion or improvements to the Lexington Center facilities since being constructed over 40 years ago, Lexington Center has faced increased competition from newer and more capable convention centers throughout the region resulting in a loss of activity in the area and an inability to meet its goals and mission. The Lexington Center shops have had significant difficulty generating enough business to stay open for a variety of reasons, including its dated and less than desirable layout and design, and insufficient support from activity at the adjacent convention center. The Lexington Center has been forced to offer highly subsidized venue and store rents in order to keep events in Lexington and storefronts open, and despite these efforts, there have been very few businesses in operation for several years.

2. Public improvements and public infrastructure are inadequate. Currently, there is limited and inadequate public infrastructure within and connecting to the Development Area, including the outdated Convention Center, itself. The necessity of constructing the requisite supportive public infrastructure creates a heavy financial burden for any potential developer of the Development Area.

   The following are non-exclusive examples of public infrastructure needed to enable construction of the Project and to achieve the growth and density to support redevelopment within the Development Area:

   - Parking – There currently exists a significant deficiency in the number of parking spots in and around the Development Area. The Project, including the new and much larger convention center and the development of Town Branch Park, will displace a significant amount of parking available within the Development Area. The Project will require the use of structured parking in order to achieve the necessary amount of parking, which comes at a high and prohibitive cost. A combination of open grade and structured parking is required to accommodate the increase in visitors to the area.

   - Utilities – Relocation of power lines and updates to sanitary sewer lines, storm sewer lines, water service lines, and utility conduits, including, without limitation, electric, gas, telephone and cable, to accommodate the increase in utility usage that the Project will require.

   - Roadways, Pathways and Walkways – The re-routing of existing roads. along with the creation of new pathways and walkways, including the planned Town Branch Park, to accommodate the increased. vehicular, pedestrian and bicycle traffic that the Project will generate.

   - Public Buildings – The new and improved Lexington Convention Center, itself, as a publicly owned building, is considered public infrastructure. As noted in several studies, the current convention center is inadequate and, without improvement, convention business in Lexington will continue to decline, creating a negative ripple effect on the Lexington economy if these visitors that support downtown businesses and hotels are lost to other cities. This Project, when completed, will satisfy the prolonged need for space and elevate Lexington as a nationally recognized convention destination.

3. There is a combination of factors that substantially impairs growth and economic development of the Development Area. The need to expand and update the Convention Center, as well as the adjacent lots surrounding the venue, have been in discussion for many years. The current Convention Center has served the City of Lexington well for the past 42 years, but the need for more exhibit, ballroom, and meeting event space has been in discussion since 1994 and recommended by 3 different studies dating back to 1986. This Project, when completed, will satisfy the prolonged need for space and elevate Lexington as a nationally recognized convention destination. Additionally, in Lexington, available and developable downtown real estate is difficult to find. The current use of such large amounts of acreage for surface parking is detrimental to the development goals of the LFUCG, causing sprawl and lack of density that is inefficient not only from a land use perspective in an urban core, but is undesirable to visitors and residents, alike. The connectivity and walkability that the proposed Project will provide through more dense uses and the addition of Town Branch Park will elevate Lexington in its ability to attract convention business and make the City, on the whole, a more desirable place to visit, live, and work.

(c) The establishment of the Development Area will not cause the assessed taxable value of real property within the Development Area and within all "development areas" and "local development areas" established by the LFUCG (as those terms are defined in the Act) to exceed twenty percent (20%) of the total assessed taxable value of real property within Lexington. The assessed value of taxable real property within the Development Area for calendar year 2018 was $3,478,800. The LFUCG has previously established six other development areas pursuant to the Act, the Phoenix Park/Courthouse Development Area, the Red Mile Development Area, the Turfland Town Center Development Area, the 21C Lexington Development Area, the Summit Lexington Development Area, and the Coldstream Research Campus Development Area. The combined real property assessed valuation for those development areas is approximately $99,605,600 and when combined with the real property assessed value for the proposed Development Area, the total real property assessed value for all development areas established by the LFUCG will be approximately $103,084,400. The total assessed value of taxable real property within Lexington for the calendar year 2018 is approximately $23 billion. Therefore, the assessed value of taxable real property within all development areas is significantly less than twenty percent (20%) of the assessed value of taxable real property within Lexington;

(d) There are inadequate public improvements and infrastructure to support the development of the Development Area. In its current state, the Development Area is not suited for commercial use. The Development Area faces several infrastructure issues that will prevent it from attracting new development and experiencing long term economic growth without the assistance of the LFUCG and State. The Development Area lacks the necessary public parking, utilities, walkways, and sanitary and storm sewer infrastructure to support reasonable development within the Development Area. These public infrastructure needs are significant and are of critical importance to the successful development of the Development Area and to support the sustained economic activity proposed by the Project;

(e) That the Development Area is not reasonably expected to be developed without public assistance. The public infrastructure costs associated with any successful development of the Development Area are too high to occur without the help of the public. Without public funding, including the critical pledge of State incremental revenues under the Commonwealth Participation Program, as provided in the Act, the proposed Project within the Development Area would not be possible;

(f) That the public benefits of developing the Development Area justify the public costs proposed. As detailed in the Commonwealth Economics Report, attached to the Development Plan (the "Report"), over a 30-year period, the project is estimated to support an additional 738 jobs annually and $3.0 billion in total economic impact. The estimates of the economic benefit provided by this Project could even be considered relatively conservative, as they do not attempt to account for the potential loss of economic activity if these improvements to the Convention Center and its supportive amenities are not made. Instead, these projections only estimate the increased benefits realized relative to business activity within the Development Area today.

While the LFUCG may pledge up to eighty percent (80%) of new ad valorem property taxes and occupational taxes to pay for the public projects proposed, it will generate significant new revenues from the twenty (20%) of those new incremental revenues not pledged and one hundred (100%) of the other local taxes generated from the Project. The Project is expected to generate much more tax revenue than current use in the Development Area. According to the Report, over a 30-year period, the Project is estimated to generate $127.4 million of TIF-eligible state and local tax revenues within the Development Area alone.

SECTION 3. Establishment, Name, Boundaries. All that area described herein by Exhibit A attached hereto and made a part hereof, is located within the LFUCG and is hereby established and designated as the "Lexington Center Development Area". At the time of the enactment of this Ordinance the Development Area is less than three (3) square miles.

SECTION 4. Establishment Date, Commencement Date, Termination date. The Establishment Date is the effective date of this Ordinance. The Commencement Date of the Development Area is the date of execution of the Local Participation Agreement and the Termination Date shall be exactly thirty (30) years subsequent to activation of the Development Area; provided, that if the Tax Incentive Agreement for the Project or a Local Participation Agreement relating to the Development Area has a Termination Date that is earlier or later than the Termination Date established in this Ordinance, the Termination Date for the Development Area shall be reduced or extended to the Termination Date of the Tax Incentive Agreement, or the Local Participation Agreement. However, the Termination Date for the Development Area shall in no event be more than forty (40) years from the Establishment Date.

SECTION 5. Adoption of Development Plan. The LFUCG hereby adopts the Development Plan, attached hereto as Exhibit C. The LFUCG Council hereby finds and determines that a public hearing was duly held on August 30, 2018 to solicit public comment on the Development Plan. following publication of notice thereof in accordance with Chapter 424 of the Kentucky Revised Statutes, as amended. It is hereby confirmed that a copy of the Development Plan was filed with the LFUCG Clerk of Council, the Office of the Mayor, and with the Office of the Fayette County Judge/Executive on August 23, 2018.

SECTION 6. Local Participation Agreement. The Mayor of the LFUCG is hereby authorized and directed to execute, acknowledge and deliver on behalf of the LFUCG a Local Participation Agreement, a form of which is attached as Exhibit B and made a part hereof. between the LFUCG, the Agency, and the Developer authorizing the pledge of a portion of the Incremental Revenues of the LFUCG from the Development Area, unless KEDFA in the approval of the Tax Incentive Agreement approves a Footprint that is less than the Development Area, in which case the pledge and computation of LFUCG Incremental Revenues shall be based on the Footprint, to the payment of Administrative Costs and Redevelopment Assistance. The form of Local Participation Agreement to be signed by the Mayor on behalf of the LFUCG and by the Commissioner of the Department of Finance, on behalf of 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 LFUCG. The approval of such changes by said officers, and that such changes are not substantially adverse to the LFUCG, shall be conclusively evidenced by the execution of such Local Participation Agreement by such officials.

SECTION 7. Special Fund. There is hereby established a Special Fund of the LFUCG to be known as The Lexington Center Development Area Tax Increment Fund, into which the LFUCG covenants to deposit, and into which LFUCG officials are hereby authorized and directed to deposit all Pledged Revenues. The LFUCG's Agency shall maintain the Special Fund unencumbered except for the purposes set forth in Section 8 hereof. Funds deposited in the Special Fund shall be disbursed in accordance with the Act, the TIF Documents, the Development Plan and related documents to pay for Administrative Costs, Approved Public Infrastructure Costs, and Redevelopment Assistance within the Development Area, in accordance with the provisions of the Local Participation Agreement and/or Tax Incentive Agreement.

SECTION 8. Use of Pledged Revenues. Subject to the requirements and conditions set forth in the Local Participation Agreement, Pledged Revenues shall be deposited by the LFUCG into the Special Fund created under Section 7 hereof and shall be used solely to: (a) to pay for Administrative Costs, Approved Public Infrastructure Costs, and Redevelopment Assistance, as those terms are defined herein or in the Local Participation Agreement, the Tax Incentive Agreement, and the Master Development Agreement; and (b) for such other purposes as may be determined by the LFUCG and that are appropriate and in compliance with the purposes set forth in the TIF Documents and the Act, as the same may be amended from time to time.

SECTION 9. Review by the LFUCG Council. The governing body of the LFUCG shall review and analyze the progress of the development activity in the Development Area on an annual basis. Such reports shall, at a minimum, include a review of the progress in meeting the stated goals of the Development Area. The Mayor and other officials of the LFUCG shall report to the governing body of the LFUCG 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 Development Area. The review and documentation supporting the review shall be forwarded to KEDFA in accordance with the Tax Incentive Agreement and the Act.

SECTION 10. Designation of Oversight Agency. Pursuant to the Act, the LFUCG hereby designates the Department of Finance of the LFUCG as the agency (the "Agency") of the LFUCG for purposes of oversight, administration and review responsibility of the TIF Documents and the Development Area established hereby. The Agency shall act on behalf of the LFUCG in administering the Development Area, entering into Development Area agreements, and other related agreements, with respect to the development of the Development Area and the financing of Public Infrastructure Costs therein. The Commissioner of the Department of Finance is hereby authorized and directed to execute the Local Participation Agreement and Master Development Agreement on behalf of the Agency and to take other appropriate action to carry-out the terms of this ordinance, the Local Participation Agreement, and the Tax Incentive Agreement.

SECTION 11. Master Development Agreement. That the Mayor and the Commissioner of Finance are hereby authorized to and directed to execute the Master Development Agreement, the form of which is attached as Exhibit D and made a part hereof, between the LFUCG, the Agency, and the Developer relating to the development of the Project. The form of Master Development Agreement to be signed by the Mayor on behalf of the LFUCG and by the Commissioner of the Department of Finance, on behalf of 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 LFUCG. The approval of such changes by said officers, and that such changes are not substantially adverse to the LFUCG, shall be conclusively evidenced by the execution of such Master Development Agreement by such officials.

SECTION 12. Authorization of LFUCG Officials. The Mayor and other appropriate LFUCG officials, officers, employees and agents are hereby authorized to take all necessary actions to submit the necessary application and other documents to KEDFA and any other necessary entities to obtain the necessary approvals and to take all necessary actions as required by the KEDFA and other entities to meet all of the requirements of and qualify to participate in the Commonwealth Participation Program, and to carry out the intent of this Ordinance, including being authorized to execute any Memorandum of Agreement and/or Tax Incentive Agreement between KEDFA and the LFUCG and/or the Agency approving a pledge of State Incremental Revenues for the Project pursuant to the Act.

SECTION 13. 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 14. 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 15. 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.

INTRODUCED, SECONDED AND GIVEN FIRST-READING APPROVAL AT A DULY CONVENED MEETING OF THE LFUCG COUNCIL, held on the 1 day of November, 2018.

GIVEN SECOND READING AND ADOPTED AT A DULY CONVENED MEETING OF THE LFUCG COUNCIL, held on the 15 day of November, 2018 and on the same occasion signed by the Mayor as evidence of his approval, attested by the LFUCG Clerk of Council, published and filed as required by law, and declared to be in full force and effect from and after its adoption and approval according to law.

Approved:

By: ______________________
Mayor

ATTEST:

By: ______________________
Clerk of Council

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PUBLISHED: December11, 2018-1t

CERTIFICATE

I do hereby certify that the title to this enactment contains an accurate synopsis of the contents thereof and may be used to satisfy the reading and publication requirements of Law.

Keating Muething & Klekamp PLL

By: James E. Parsons
James E. Parsons
Attorney At Law

CERTIFICATE

I do hereby certify that the title to this enactment contains an accurate synopsis of the contents thereof and may be used to satisfy the reading and publication requirements of Law.

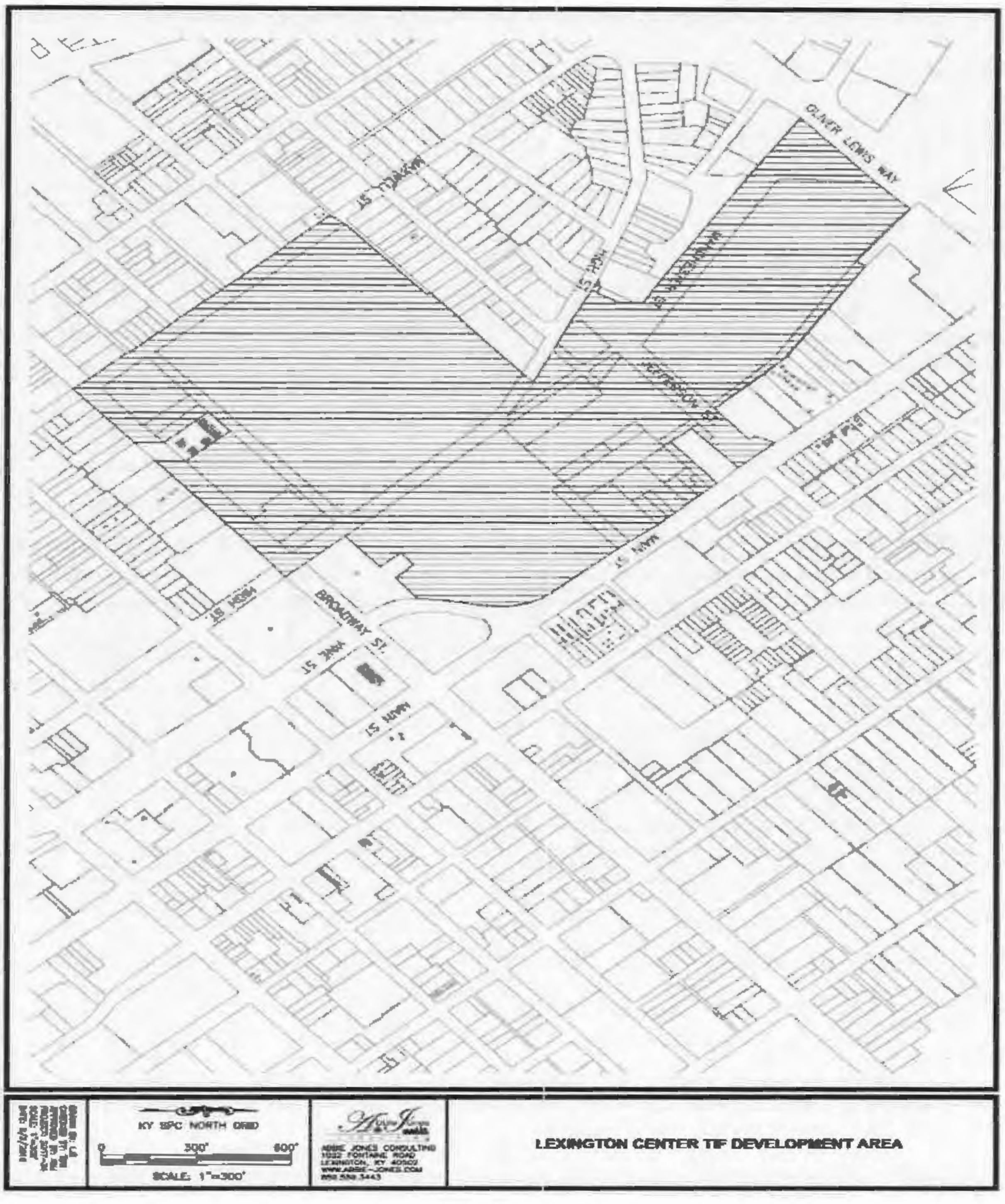
Keating Muething & Klekamp PLL

By: James E. Parsons
James E. Parsons
Attorney At Law

EXHIBIT A

DEVELOPMENT AREA DESCRIPTION
AND MAP

LEXINGTON CENTER TIF DEVELOPMENT AREA (MAP)



LEXINGTON CENTER DEVELOPMENT AREA
(LEGAL DESCRIPTION)

BEGINNING AT AN IRON REBAR IN THE EAST RIGHT-OF-WAY OF OLIVER LEWIS WAY AND BEING A CORNER OF THE LEXINGTON CENTER CORPORATION (LCC) PROPERTY;
THENCE WITH THE LCC PROPERTY LINE 47°57'11" E A DISTANCE OF 38.89' TO A POINT;
THENCE S 47°37'31" E A DISTANCE OF 47.45' TO A POINT;
THENCE S 56°43'48" E A DISTANCE OF 242.10' TO A POINT;
THENCE N 35°12'12" E A DISTANCE OF 39.65' TO A POINT;
THENCE S 54°54'42" E A DISTANCE OF 190.52' TO A POINT;
THENCE S 55°30'35" E A DISTANCE OF 134.93' TO A POINT;
THENCE S 54°43'52" E A DISTANCE OF 168.26' TO A POINT;
THENCE S 44°45'44" E A DISTANCE OF 102.71' TO A POINT;
THENCE S 44°28'19" E A DISTANCE OF 91.27' TO A POINT;
THENCE S 45°35'04" E A DISTANCE OF 57.98' TO THE WEST RIGHT-OF-WAY OF JEFFERSON STREET;
THENCE WITH THE SAID RIGHT-OF-WAY OF JEFFERSON STREET N 49°47'39" E A DISTANCE OF 162.06';
THENCE N 43°07'00" W A DISTANCE OF 31.69';
THENCE N 25°31'59" E A DISTANCE OF 66.82';
THENCE N 26°04'10" E A DISTANCE OF 5.22';
THENCE N 14°43'18" E A DISTANCE OF 10.11' TO A POINT ON THE SOUTH SIDE OF EAST MAIN STREET;
THENCE WITH EAST MAIN STREET S 43°27'19" E A DISTANCE OF 155.14' A POINT;
THENCE S 47°25'46" W A DISTANCE OF 14.20' A POINT IN THE EAST RIGHT-OF-WAY OF JEFFERSON STREET;
THENCE WITH THE EAST RIGHT-OF-WAY OF JEFFERSON STREET S 47°41'47" W A DISTANCE OF 220.79';
THENCE LEAVING SAID RIGHT-OF-WAY WITH THE LEXINGTON CENTER PROPERTY S 47°43'04" E A DISTANCE OF 18.53';
THENCE S 45°38'23" E A DISTANCE OF 79.40' TO WEST SIDE OF TUCKER STREET;
THENCE WITH TUCKER STREET N 48°12'21" E A DISTANCE OF 228.90' TO A POINT IN THE SOUTH SIDE OF EAST MAIN STREET;
THENCE WITH THE EAST MAIN STREET S 42°21'29" E A DISTANCE OF 32.36' TO A POINT;
THENCE S 42°11'19" E A DISTANCE OF 38.57' TO A POINT;
THENCE S 43°46'04" E A DISTANCE OF 61.36' TO A POINT;
THENCE S 42°17'45" E A DISTANCE OF 194.72' TO A POINT;
THENCE S 44°32'50" E A DISTANCE OF 82.95' TO A POINT;
THENCE S 42°01'40" E A DISTANCE OF 232.58' TO A POINT;

THENCE WITH A CURVE TURNING TO THE RIGHT WITH AN ARC LENGTH OF 29.60', WITH A RADIUS OF 218.42', WITH A CHORD BEARING OF S 38°08'44" E, WITH A CHORD LENGTH OF 29.58' TO A POINT;
THENCE S 35°38'25" E A DISTANCE OF 28.54' TO A POINT;
THENCE WITH A CURVE TURNING TO THE RIGHT WITH AN ARC LENGTH OF 116.56', WITH A RADIUS OF 296.52', WITH A CHORD BEARING OF S 23°19'39" E, WITH A CHORD LENGTH OF 115.82' TO A POINT;
THENCE WITH A COMPOUND CURVE TURNING TO THE RIGHT WITH AN ARC LENGTH OF 55.15', WITH A RADIUS OF 420.71', WITH A CHORD BEARING OF S 02°54'08" E, WITH A CHORD LENGTH OF 55.11' TO A POINT;
THENCE S 07°10'09" W A DISTANCE OF 34.39' TO A POINT;
THENCE S 06°19'41" W A DISTANCE OF 115.55' TO A POINT;
THENCE WITH A CURVE TURNING TO THE RIGHT WITH AN ARC LENGTH OF 71.10', WITH A RADIUS OF 4,242.65', WITH A CHORD BEARING OF S 05°14'49" W, WITH A CHORD LENGTH OF 71.10',;
THENCE WITH A REVERSE CURVE TURNING TO THE LEFT WITH AN ARC LENGTH OF 53.95', WITH A RADIUS OF 249.53', WITH A CHORD BEARING OF S 00°28'00" E, WITH A CHORD LENGTH OF 53.84',;
THENCE LEAVING EAST MAIN STREET S 44°09'39" W A DISTANCE OF 7.74' TO A POINT IN THE HYATT (PARTY WALL) PROPERTY LINE;
THENCE S 48°21'57" W A DISTANCE OF 123.30' TO A POINT;
THENCE N 41°57'57" W A DISTANCE OF 83.80';
THENCE S 48°02'03" W A DISTANCE OF 62.46';
THENCE S 41°57'57" E A DISTANCE OF 83.80';
THENCE S 48°02'03" W A DISTANCE OF 158.16' TO A POINT ON THE NORTH SIDE OF WEST HIGH STREET;
THENCE S 41°54'23" E A DISTANCE OF 227.45'WITH WEST HIGH STREET AND CROSSING THE INTERSECTION OF WEST HIGH AND SOUTH BROADWAY STREET TO A POINT ON THE NORTHEAST CORNER OF SAID INTERSECTION;
THENCE CROSSING HIGH STREET S 54°45'08" W A DISTANCE OF 66.34' TO A POINT ON THE EAST SIDE OF SOUTH BROADWAY STREET;
THENCE WITH SOUTH BROADWAY STREET S 47°29'02" W A DISTANCE OF 490.33' TO A POINT;
THENCE CROSSING SOUTH BROADWAY N 42°21'18" W A DISTANCE OF 250.15' TO THE WEST BOUNDARY OF THE CONDOMINIUM;
THENCE WITH THE CONDOMINIUM PROPERTY S 47°40'16" W A DISTANCE OF 94.70';
THENCE S 42°15'18" E A DISTANCE OF 250.82' TO A POINT ON THE EAST SIDE OF SOUTH BROADWAY STREET;
THENCE WITH THE EAST SIDE OF SOUTH BROADWAY STREET S 48°16'46" W A DISTANCE OF 357.02' TO A POINT AT THE SOUTHEAST SIDE OF THE INTERSECTION OF SOUTH BROADWAY AND EAST MAXWELL STREET;
THENCE WITH THE SOUTH SIDE OF EAST MAXWELL STREET N 42°22'28" W A DISTANCE OF 1086.50';
THENCE CROSSING EAST MAXWELL STREET N 47°29'22" E A DISTANCE OF 444.05' TO A POINT AT THE END OF AN ALLEY;

THENCE N 46°49'23" W A DISTANCE OF 12.72' TO A POINT IN THE LCC PARKING LOT PROPERTY LINE;
THENCE WITH SAID LCC PROPERTY N 47°41'01" E A DISTANCE OF 489.52' TO A POINT ON THE NORTH SIDE OF WEST HIGH STREET;
THENCE WITH THE NORTH SIDE OF WEST HIGH STREET N 66°29'00" W A DISTANCE OF 245.72';
THENCE N 65°13'29" W A DISTANCE OF 241.42';
THENCE N 22°11'18" E A DISTANCE OF 16.59' TO THE RIGHT-OF-WAY LINE OF WEST HIGH STREET;
THENCE WITH SAID HIGH STREET RIGHT-OF-WAY S 65°32'14" E A DISTANCE OF 83.56' TO A POINT IN THE WEST RIGHT-OF-WAY OF JEFFERSON STREET;
THENCE WITH SAID JEFFERSON STREET RIGHT-OF-WAY N 22°34'11" E A DISTANCE OF 82.02' TO A POINT;
THENCE N 06°34'09" E A DISTANCE OF 77.51' TO A POINT;
THENCE N 04°42'21" W A DISTANCE OF 14.35' TO A POINT ON THE SOUTH SIDE OF MANCHESTER STREET;
THENCE WITH THE SOUTH SIDE OF MANCHESTER STREET N 58°14'50" W A DISTANCE OF 351.14';
THENCE N 56°29'13" W A DISTANCE OF 444.42' TO A POINT IN THE OLIVER LEWIS WAY RIGHT-OF-WAY;
THENCE WITH SAID OLIVER LEWIS WAY RIGHT-OF-WAY N 33°44'07" E A DISTANCE OF 25.42' TO A POINT;
THENCE N 34°42'10" E A DISTANCE OF 171.06' TO A POINT;
THENCE N 53°05'04" W A DISTANCE OF 87.18' TO A POINT;
THENCE N 37°05'12" E A DISTANCE OF 144.19' TO A POINT;
THENCE N 46°25'16" E A DISTANCE OF 105.42' TO A POINT;
THENCE N 43°55'40" E A DISTANCE OF 31.82' TO A POINT;
THENCE S 47°46'23" E A DISTANCE OF 8.04' TO THE BEGINNING.
HAVING AN AREA OF 2356657.3 SQUARE FEET, 54.101 ACRES

EXHIBIT B

LOCAL PARTICIPATION AGREEMENT

LOCAL PARTICIPATION AGREEMENT

FOR

LEXINGTON CENTER DEVELOPMENT AREA

BY AND AMONG

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

A Kentucky Urban County Government

AND

DEPARTMENT OF FINANCE FOR

THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

AND

LEXINGTON CENTER CORPORATION

A nonprofit corporation organized and
existing under the laws of the Commonwealth of Kentucky

Exhibit A – The Development Area.
Exhibit B – The Project.
Exhibit C – The Elements of the Project to be supported with Incremental Revenues.
Exhibit D – The Plan for Financing the Project.
Exhibit E – Listing of Old Revenues Collected from Development Area.
Exhibit F – Listing of Anticipated Incremental Revenues for the LFUCG.

INDEX

TO

LOCAL PARTICIPATION AGREEMENT

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

AND

DEPARTMENT OF FINANCE FOR THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

AND

LEXINGTON CENTER CORPORATION

LOCAL PARTICIPATION AGREEMENT
Lexington Center Development Area

THIS LOCAL PARTICIPATION AGREEMENT (this "Agreement") is made as of the date of the Tax Incentive Agreement [as hereinafter defined] (the "Effective Date") by and among the LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, a Kentucky urban county government (the "LFUCG"), the DEPARTMENT OF FINANCE OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT (the "Agency"), and the LEXINGTON CENTER CORPORATION, a nonprofit corporation organized and existing under the laws of the Commonwealth of Kentucky ("Developer"), collectively (the "Parties"):

RECITALS

WHEREAS, pursuant to the Act, as hereinafter defined, the LFUCG has on the __ day of ______________ 2018, adopted Ordinance Number ________, (the "Development Area Ordinance"), whereby it established the Lexington Center Development Area (the "Development Area") for the purpose of promoting the redevelopment of previously developed land; and

WHEREAS, the Council of the LFUCG recognizes and determines individually that the real property that constitutes the Development Area has been and is currently characterized by vacant parcels, deteriorated structures and underutilized land, that continuation of the physical deterioration and inadequate infrastructure within the Development Area will discourage and interfere with LFUCG's growth policies to encourage the sensible development of land within the existing Urban Service Area, and that the acquisition, financing, construction and development of those improvements and buildings, as identified in Exhibit B herein (collectively, the "Project"), will contribute to the public welfare of the citizens of Fayette County, and the Commonwealth of Kentucky (the "State") and will thereby materially enhance the area and be in furtherance of the general health and welfare of the citizens of Fayette County and the State; and

WHEREAS, the Council of the LFUCG recognizes and determines individually that the Project is a mixed-use development which includes significant public infrastructure improvements; and

WHEREAS, LFUCG has previously committed $30,000,000 in funds to the Project to assist the expansion of Lexington Center (the "Lexington Center Contribution"); and

WHEREAS, the Parties recognize that the development of the Development Area, will not likely occur without a public-private partnership and financial assistance provided to the Project by the LFUCG and the State; 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 Development Area; and

WHEREAS, pursuant to the Development Area Ordinance, the Council of the LFUCG has authorized the Mayor to execute and enter into this Agreement with the Agency and Developer, and the LFUCG desires to enter into this Agreement; and

WHEREAS, pursuant to the Development Area Ordinance, the Council of the LFUCG has authorized the Commissioner of Finance to execute and enter into this

Agreement with the LFUCG and Developer, and the Agency desires to enter into this Agreement; and

WHEREAS, pursuant to a resolution approved by the Developer, the Developer has authorized its managing member to execute and enter this Agreement with the LFUCG and the Agency, and the Developer desires to enter into this Agreement; and

WHEREAS, pursuant to the Act (as hereinafter defined), the LFUCG, the Agency and Developer desire to set forth their mutual agreements, understandings and obligations in this Local Participation Agreement, in order to facilitate development of the Project within the Development Area.

STATEMENT OF AGREEMENT

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
Recitals

The Parties hereto agree that the above "recitals" or "recital 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 65.7041 to KRS 65.7083, KRS 154.30-010-154.30-090.

2. "Activation". Shall mean the 1st day of the calendar year for the computation of LFUCG Incremental Revenues, which shall be determined as provided in Section XII of this Agreement, but which shall be no later than four (4) years from the date of this Agreement.

3. "Administrative Costs". Shall mean those costs set forth in the Master Development Agreement at Section V(A) to be retained by Agency before reimbursing any costs to the Developer for Public Infrastructure Costs.

4. "Agreement". Shall mean this Local Participation Agreement, including all Exhibits attached hereto.

5. "Approved Public Infrastructure Costs". Shall be the Capital Investment as defined in the Act, within the Development Area, to the extent approved for reimbursement under the Act by KEDFA, pursuant to and as identified in the Tax Incentive Agreement.

6. "Commonwealth Participation Program". Shall mean the State tax increment financing participation program(s) as set forth in KRS 154.30-010 to KRS 154.30-090 of the Act which allow participation of State Incremental Tax Revenues in respective project(s) within a development area.

7. "Developer" or "Master Developer". Shall mean the Lexington Center Corporation, its successors, affiliates, subsidiaries or related entities.

8. "Development Area". Shall have the meaning given in the Recitals to this Agreement.

9. "Development Area Ordinance". Shall mean Ordinance No. __________, adopted by the LFUCG on ______________, 2018.

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

11. "Financing Plan". Shall mean the plan for financing the Project as described in Section XI of this Agreement and in Exhibit D attached hereto, as it may be amended with the approval of the Parties.

12. "Footprint"". Shall mean the area identified within the Development Area, which may be the entire Development Area, for the computation and pledge of State Incremental Tax Revenues as set forth within the Tax Incentive Agreement.

13. "High Street Parking Structure". Shall mean the public parking structure or structures to be constructed as part of the Project on the High Street surface parking lot located within the Development Area.

14. "Lexington Center Contribution". Shall mean the $30,000,000 that has been committed or expended by LFUCG for the Lexington Center expansion.

15. "LFUCG Incremental Revenues". Shall mean the amount of tax revenues received by LFUCG with respect to the Footprint by subtracting Old Revenues from New Revenues in a calendar year after Activation.

16. "KEDFA". Shall mean the Kentucky Economic Development Finance Authority.

17. "LFUCG". Shall mean the Lexington-Fayette Urban County Government, a Kentucky urban county government organized under the provisions of Chapter 67A of the Kentucky Revised Statutes.

18. "LFUCG Authorizations". Shall mean those necessary governmental authorizations, resolutions, orders, hearings, notices, ordinances, and other acts, required by laws, rules, or regulations to provide the LFUCG and its officers with the proper authority to perform all obligations of the LFUCG resulting from this Agreement and perform all other obligations of the LFUCG made necessary by, or resulting from the establishment of the Development Area.

19. "Master Development Agreement". Shall mean the Master Development Agreement among LFUCG, the Agency, and the Developer relating to the Project, dated the _____ day of ____________, 2018, attached as Exhibit ___ to the Development Area Ordinance.

20. "Mixed-Use Program". Shall mean the Commonwealth Participation Program for Mixed-Use Development in Blighted Urban Areas as set forth at KRS 154.30-060 of the Act.

21. "New Revenues". Shall mean the total taxes received by LFUCG from occupational taxes (net profits taxes and employee payroll taxes) and from real property *ad valorem* taxes, from the general tax rate applicable to Fayette County, and excluding the special tax rates for refuse, street cleaning and street lights, and any portion of the general *ad valorem* tax rate designated for the Lexington Public Library District from the Footprint during a calendar year after Activation.

22. "Old Revenues". Shall mean the total taxes received by LFUCG from occupational taxes (net profits taxes and employee payroll taxes) and from real property *ad valorem* taxes, from the general tax rate applicable to Fayette County, excluding the special rates for refuse, street cleaning and street lights, and any portion of the general

ad valorem tax rate designated for the Lexington Public Library District from the Footprint for base year as set forth in the Tax Incentive Agreement.

23. "Project Financing". Shall mean the financing needed to provide for the development and construction of the Project elements or any financing received by the Developer, not including the pledge of LFUCG Incremental Revenues and/or State Incremental Revenues.

24. "Project" Shall mean the improvements within the Development Area.

25. "Redevelopment Assistance." Shall have the meaning as provided in the Act, and shall be the costs that may be paid or reimbursed from LFUCG Incremental Revenues, and which shall be limited to the actual Capital Investment for the High Street Parking Structure and to reimburse LFUCG for the Lexington Center Contribution.

26. "Signature Project Program". Shall mean the Commonwealth Participation Program for Signature Projects as set forth at KRS 154.30-050 of the Act.

27. "Signature Project". Shall mean a project meeting the qualifications of the Signature Projects Program as provided and defined in the Act.

28. "Special Fund". Shall mean The Lexington Center Development Area Special Fund established in the Development Area Ordinance and maintained by the Agency, for the purpose of holding the LFUCG Incremental Revenues and the State Incremental Revenues pledged herein or by the Tax Incentive Agreement in connection with the development of the Project.

29. "State". Shall mean the Commonwealth of Kentucky, including any of its agencies and departments.

30. "State Incremental Revenues". Shall mean the incremental state taxes pledged to reimburse Approved Public Infrastructure Costs as set forth in the Tax Incentive Agreement.

31. "Tax Incentive Agreement". Shall mean the anticipated agreement between KEDFA and the Agency related to the pledge of State Incremental Revenues to pay for Approved Public Infrastructure Costs in connection with the construction of the Project.

32. "TIF Documents". Shall mean the Development Area Ordinance, the Agreement, the Master Development Agreement, and the Tax Incentive Agreement.

33. "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 LFUCG, the Agency, and the Developer.

SECTION IV
Duties and Responsibilities of LFUCG

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

1. Provide for the establishment of the LFUCG Special Fund for the collection of Incremental Revenues pledged herein from LFUCG real property ad

valorem taxes and occupational taxes (consisting of business occupational taxes and employee payroll taxes), within the Development Area from the Project.

2. Pledge eighty percent (80%) of the LFUCG Incremental Revenues to pay for Administrative Costs, and then to reimburse the Developer and/or LFUCG for costs expended for Redevelopment Assistance, for up to a thirty (30) year period if the Project is approved by KEDFA under the Signature Project Program, and up to a twenty (20) year period if the Project is approved by KEDFA under the Mixed-Use Program, which pledge is made in Section VII herein.

3. Make, in participation with the Agency and the Developer, application to the KEDFA requesting State participation under a Commonwealth Participation Program in accordance with applicable provisions of the Act. The application shall request State participation, as provided in the Financing Plan; provided that the Developer shall pay the cost of any application and administrative fees to KEDFA, any consultant fees, and any professional fees incurred by KEDFA related to filing and approval of the application under the Commonwealth Participation Program, and/or related to the approval of the Tax Incentive Agreement; and any out of pocket costs, including professional fees, incurred by LFUCG relating to the establishment of the Development Area and the approval of the Tax Incentive Agreement, and any amendments thereto.

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

5. Meet as may be required with the Developer and the Agency for the purpose of reviewing the progress of the development of the Development Area and

prepare an analysis of such progress for distribution to the Agency and the State in accordance with the TIF Documents and Act.

6. Require its Department of Finance, as the "Agency" for purposes of the Act, to prepare by no later than April 1st, or such other date to meet the reporting schedule of KEDFA and/or the State to receive State Incremental Revenues under the Tax Incentive Agreement, of each year during the term of this Agreement an annual report and provide same to the LFUCG and KEDFA including, but not limited to: (a) the New Revenues collected within the Footprint during the previous calendar year; (b) a determination of LFUCG Incremental Revenues collected within the Footprint during the previous calendar year; and (c) the amount, if any, of LFUCG Incremental Revenues and State Incremental Revenues expended from the Special Fund to pay for or reimburse Administrative Costs, Redevelopment Assistance, and Approved Public Infrastructure Costs in connection with the Project.

7. Upon Developer's request provide, or require the Agency to provide, written confirmation that the Developer is in good standing with its obligations under the terms of this Agreement.

SECTION V
Duties and Responsibilities of the Agency

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

1. Act as the entity responsible for the oversight, administration, and implementation of the Development Area Ordinance.

2. Participate with the LFUCG and Developer in the application to KEDFA, requesting State participation under a Commonwealth Participation Program in accordance with the applicable provisions of the Act. The application shall request State participation, as provided in the Financing Plan.

3. Meet as may be required with the Developer and the LFUCG for the purpose of reviewing the progress of the development of the Development Area and prepare an analysis of such progress for distribution to the Agency and the State in accordance with the Act.

4. Prepare by no later than April 1st, or such other date to meet the reporting schedule of KEDFA, or the State to receive State Incremental Revenues under the Tax Incentive Agreement, of each year during the term of this Agreement an annual report and provide same to the LFUCG, the Developer and KEDFA including, but not limited to: (a) New Revenues collected within the Footprint during the previous calendar year; (b) a determination of LFUCG Incremental Revenues collected within the Footprint during the previous calendar year; and (c) the amount, if any, LFUCG Incremental Revenues and State Incremental Revenues expend from the Special Fund to pay for or reimburse Administrative Costs, Redevelopment Assistance and Approved Public Infrastructure Costs.

5. Comply with any requirements and carry out any duties and responsibilities as the Agency under the terms of the TIF Documents, including expending LFUCG Incremental Revenues and State Incremental Revenues required by the Agency as required by this Agreement the Tax Incentive Agreement.

SECTION VI
Duties and Responsibilities of the Developer

1. The Developer shall be responsible for managing, coordinating, designing, obtaining necessary Project Financing, and constructing the Project, as provided in the Master Development Agreement.

2. The Developer shall meet with the LFUCG and Agency as requested to provide updates regarding the status of the Project. The Developer, for as long as required by the Master Development Agreement and/or Tax Incentive Agreement, shall provide annually to the Agency a certified account of Capital Investment (as defined in the Act) and Approved Public Infrastructure Costs, including those costs related to the High Street Parking Structure, that have been expended on the Project.

3. The Developer shall provide the Agency information related to the Project in order to enable the Agency to timely comply with any reporting requirements related to the Project as set forth in the Tax Incentive Agreement. The Developer shall also require any businesses within the Development Area to obtain separate local and state business licenses as required by the Tax Incentive Agreement, and to assist LFUCG in the tracking and computing of New Revenues related to the computation of the LFUCG Incremental Revenues and State Incremental Revenues.

4. In the event the Developer fails to timely comply with the reporting and other requirements in Section VI(3) of this Agreement, the LFUCG, may at its option, suspend the payments of LFUCG Incremental Revenues or State Incremental Revenues to the Developer as required herein, until such time as the Developer complies with the reporting or other requirements; provided, that after notice the Developer fails to provide the requested information, or repeatedly provides the information late, the

LFUCG and Agency may terminate this Agreement, which termination shall be provided by written notice to the Developer.

SECTION VII
Identification and Pledge of Incremental Revenues

1. The LFUCG hereby pledges eighty percent (80%) of the LFUCG Incremental Revenues, first to pay for Administrative Costs, then to reimburse the Developer for twenty percent (20%) of the portion of Redevelopment Assistance pledged for the High Street Parking Structure, then to reimburse LFUCG for Redevelopment Assistance related to the Lexington Center Contribution, and then to reimburse Developer for any other Redevelopment Assistance related to the High Street Parking Structure, for up to a thirty (30) year period if the Project is approved by KEDFA under the Signature Project Program, and for up to a twenty (20) year period if the Project is approved by KEDFA under the Mixed-Use Program, after Activation of the Development Area; provided, however, that the pledge of LFUCG Incremental Revenues shall be conditioned upon the approval of a Tax Incentive Agreement pledging State Incremental Revenues under a Commonwealth Participation Program; and further the release of LFUCG Incremental Revenues shall not occur until the Minimum Capital Investment in the Tax Incentive Agreement has been achieved and certified. The LFUCG Incremental Revenues shall be determined annually after Activation by calculating the New Revenues and subtracting the Old Revenues. An estimate of the Old Revenues collected by the LFUCG from within the Development Area is attached hereto as Exhibit E.

2. LFUCG Incremental Revenues pledged by the LFUCG in this Section shall be deposited at least annually, no later than each June 1st after the first calendar

year of Activation, to the Special Fund and shall be held by the Agency and used solely for to pay Administrative Costs, and then to reimburse the Developer and/or LFUCG for Redevelopment Assistance, and for no other purpose. Such Special Fund shall be continued and maintained until the Termination Date (as defined in the Development Area Ordinance) of the Development Area. Amounts in the Special Fund, together with interest accruing thereon, are hereby irrevocably pledged for the payment of costs as provided in this Section VII of this Agreement, and for no other purpose.

3. LFUCG Incremental Revenues and State Incremental Revenues that are deposited in the Special Fund and due to the Developer shall be paid to the Developer no later that sixty (60) days from the date they are deposited in the Special Fund, but subject to the conditions on the release of LFUCG Incremental Revenues as set forth in Section VII(1) of this Agreement.

4. At the Termination Date (as defined in the Development Area Ordinance), after all amounts due the Developer as provided herein have been paid, all amounts remaining in the Special Fund shall be transferred to the General Fund of the LFUCG.

SECTION VIII
Anticipated Benefits to the LFUCG

The LFUCG anticipates receiving substantial benefits as a result of the pledge of their Incremental Revenues to support development of the Development Area as set forth herein. Estimates of Old Revenues are attached as Exhibit E and projected New Revenues for the LFUCG on an annual basis during the term of this Agreement are attached as Exhibit F hereto. The maximum amount of LFUCG Incremental Revenues to be paid by the LFUCG shall be eighty percent (80%) of the LFUCG Incremental Revenues generated from the Footprint, but subject to the other conditions of this

Agreement, and the maximum number of years the payment of Incremental Revenues to support the development of the Development Area will be made is thirty (30) years.

SECTION IX
Description of Development Area

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

SECTION X
Description of Project; Costs

A detailed description of the individual projects that collectively constitute the Project is set forth in Exhibit B hereto. Also included in Exhibit B is an estimate of the costs of construction, acquisition and development of such proposed projects. The elements of the Project planned to be supported or paid for with LFUCG Incremental Revenues and State Incremental Revenues are listed on the attached Exhibit C, provided that LFUCG Incremental Revenues shall only reimburse Approved Public Infrastructure Costs that are included within the definition of Redevelopment Assistance, subject to further amendment with approval by the Parties.

SECTION XI
Financing Plan

The financing for the Project shall generally be in accordance with the Financing Plan set forth in Exhibit D attached hereto. It is understood that the Financing Plan for the Project may be modified as development of the Project progresses and that more specific details of the nature of each aspect of financing the Project shall be more particularly contained in any Project Financing and other documents at the time that each aspect of the financing needed for the Project is obtained; provided, however without further approval of the LFUCG, the LFUCG Incremental Revenues and the State Incremental Revenues shall be used to reimburse Approved Public Infrastructure Costs and Redevelopment Assistance expended by the Developer and/or LFUCG, and not to support increment bonds issued or backed by LFUCG. However, the pledge of LFUCG Incremental Revenues herein to support payment of Redevelopment Assistance to support the Project shall not be modified without the specific approval of the LFUCG and the Developer.

It is understood by the parties that the Project Financing for the Project as provided in this Agreement shall not constitute a debt of the LFUCG, the Agency or the State or a pledge of the full faith and credit of the LFUCG, the Agency or the State and the LFUCG, the Agency and the State shall have no obligation, whatsoever, toward the payment of any Developer's costs for the Project beyond the pledge of LFUCG Incremental Revenues or State Incremental Revenues as provided for in this Agreement, and that any Project Financing needed for the Project shall be the responsibility of the Developer.

Nothing contained herein shall be interpreted to impact or limit in any way any previously authorized commitment by LFUCG to the expansion of the Lexington Center.

SECTION XII
Commencement Date; Activation Date; Termination Date

This Agreement shall commence and be effective as of the date of execution hereof by the LFUCG. The activation date for the pledge of Incremental Revenues as set forth in Section VII hereof shall be determined by the LFUCG and Developer in accordance with the Act. This Agreement shall terminate thirty (30) years after Activation (provided that if the Project is approved under the Mixed-Use Program this Agreement shall terminate twenty (20) 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 LFUCG or the Agency (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), the Developer and/or the indenture trustee or trustees for outstanding financing obligations secured by such Incremental Revenues shall have the power to enforce the provisions of this Agreement against the Defaulting Party. If the LFUCG or the Agency materially breaches or defaults on any of its nonpayment related obligations under this Agreement, he Developer, and/or the indenture trustee or trustees for the outstanding financing obligations 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.

SECTION XIV
Governing Law

The laws of the Commonwealth of Kentucky 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 LFUCG 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 LFUCG:	Mayor Jim Gray 200 East Main Street Lexington, Kentucky 40507
With a Copy to:	Janet M. Graham 200 East Main Street Lexington, Kentucky 40507
With additional Copies to:	Kevin Atkins Chief Development Officer 200 E. Main Street Lexington, Kentucky 40507
If to the Agency:	William O'Mara 200 East Main Street Lexington, Kentucky 40507
With additional Copies to:	Kevin Atkins Chief Development Officer 200 East Main Street Lexington, KY 40507
If to Developer:	Bill Owen President, CEO Lexington Center Corporation 430 West Vine St Lexington, KY 40507
With Copies (which shall not constitute notice) to:	____________________

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 Participation 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 LFUCG 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 either 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 principal 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 LFUCG, the Agency, and the Developer, 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.

SECTION XXIX
Assignment of Rights and Delegation of Duties

No Party to this Agreement may assign this Agreement, or any part hereof, except as provided herein, without the prior written consent of the other Parties, except that the Developer may assign its rights to receive reimbursement for Public Infrastructure Costs to a financial institution that provides Project Financing. Nothing in this Section shall be construed to require prior written consent for the Developer to assign any of its rights or obligations under this Agreement to a subsidiary, affiliate or related entity.

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.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
a Kentucky urban county government

By:________________________
Jim Gray, Mayor
Lexington-Fayette Urban County Government

Approval as to Form:

____
Janet M. Graham
Commissioner of Law for the Lexington-Fayette Urban County Government

DEPARTMENT OF FINANCE

By:________________________
William O'Mara
Commissioner of Finance for the Lexington-Fayette Urban County Government

LEXINGTON CENTER CORPORATION
A nonprofit corporation organized and existing under the laws of the Commonwealth of Kentucky

By: ______________________________
Bill Owen
President, CEO
Lexington Center Corporation

Reviewed by: ______________________
Craig Turner
Chairman of the Board
Lexington Center Corporation

EXHIBITS

Exhibit A: Development Area Map and Description

Exhibit B: The Project

Exhibit C: Elements of Project to be Financed with Incremental Revenues

Exhibit D: Financing Plan

Exhibit E: Estimated Old Revenues from Development Area

Exhibit F: Listing of Anticipated Incremental Revenues for the LFUCG

Exhibit A: Development Area Map and Description

Exhibit B: The Project

Exhibit C: Elements of Project to be Financed with Incremental Revenues

Exhibit D: Financing Plan

Exhibit E: Listing of Old Revenues Collected by the LFUCG from Development Area

Exhibit F: Listing of Anticipated Incremental Revenues for the LFUCG

8688045.4

EXHIBIT C

DEVELOPMENT PLAN

Tax Increment Financing Development Plan

For

The Lexington Center Development Area

1. Introduction.

1.1. Purpose. The Lexington-Fayette Urban County Government ("LFUCG" or "Lexington") intends to establish the Lexington Center Development Area (the "Development Area") pursuant to the provisions of KRS 65.7041 to 65.7083, and KRS 154.30-010 to 154.30-090, as the same may be amended (collectively, the "Act"), and to request funding from the Commonwealth of Kentucky (the "State") to support the Lexington Center Development (the "Project") within the Development Area, being undertaken by the Lexington Center Corporation (the "Developer"). The LFUCG proposes to support the Project and provide redevelopment assistance through a pledge of certain new LFUCG and State incremental tax revenues generated from the Project within the Development Area and to undertake certain public infrastructure improvements needed within the Development Area.

The Project proposed by the Developer and/or its affiliate(s) is expected to include a variety of stand-alone and mixed-use buildings with convention, entertainment, restaurant, retail, and hotel uses. The Project is also expected to include public parking options, right-of-way and roadway improvements, new and improved sidewalks/trails and bike paths, utility improvements, sewage and drainage system improvements, and various green space and/or park improvements. In order to help ensure the success of the Project and encourage private investment in the Development Area, these public improvements and related public financial support through tax increment financing will be critical.

1.2. Size and Location. The Lexington Center Development Area property is located on the western side of downtown Lexington and is generally located within and area bordered by Main Street, Maxwell Street, Oliver Lewis Way, and Broadway Street. The Development Area, as proposed, includes approximately 54 acres and is described more particularly herein and in the site plan and legal description attached as Exhibit "A."

1.3. Current Uses. The Development Area currently includes the Lexington Convention Center, Rupp Arena, and surrounding property predominantly utilized for surface parking since the facility was originally built in 1976. The Lexington Convention Center ("Convention Center") has hosted a wide variety of both local and non-local event activity, including conventions, corporate meetings, consumer shows, food and beverage functions, tradeshows, community, government, and other types of events. However, the need to expand and update the Convention Center, as well as the adjacent lots surrounding the venue, have been in discussion for many years. The current Convention Center has served the City of Lexington well for the past 42 years, but the need for more exhibit, ballroom, and meeting event space has been in discussion since 1994 and recommended by 3 different studies dating back to 1986.

2. **The Development Area**

2.1. Assurances Regarding the Size and Taxable Assessed Value of the Development Area and Other Matters. The LFUCG finds in accordance with the Act that:

(a) The Development Area is a contiguous area consisting of 54 acres, more or less, which is less than three square miles in area;

(b) The establishment of the Development Area will not cause the assessed taxable value of real property within the Development Area and within all "development areas" and "local development areas" established by the LFUCG (as those terms are defined in the Act) to exceed twenty percent (20%) of the total assessed taxable value of real property within Lexington. The assessed value of taxable real property within the Development Area for calendar year 2018 was $3.478.800. The LFUCG has previously established six other development areas pursuant to the Act. the Phoenix Park/Courthouse Development Area, the Red Mile Development Area, the Turfland Town Center Development Area, the 21C Lexington Development Area, the Summit Lexington Development Area, and the Coldstream Research Campus Development Area. The combined real property assessed valuation for those development areas is approximately $99,605,600 and when combined with the real property assessed value for the proposed Development Area. the total real property assessed value for all development areas established by the LFUCG will be approximately $103,084,400. The total assessed value of taxable real property within Lexington for the calendar year 2018 is approximately $23 billion. Therefore, the assessed value of taxable real property within all development areas is significantly less than twenty percent (20%) of the assessed value of taxable real property within Lexington; and

(c) That the Development Area constitutes previously developed land as required by KRS 65.7043.

2.2. Statement of Conditions and Findings Regarding the Development Area. Pursuant to KRS 65.7049(3), a development area shall exhibit at least two (2) of the following conditions to qualify for designation as a "development area" under the Act and to qualify for a pledge of State incremental revenues pursuant to KRS 154-30.050, or three (3) of the following conditions to qualify pursuant to KRS 154-30.060:

(a) Substantial loss of residential, commercial, or industrial activity or use;

(b) Forty percent (40%) or more of the households are low-income households;

(c) More than fifty percent (50%) of residential, commercial, or industrial structures are deteriorating or deteriorated;

(d) Substantial abandonment of residential, commercial, or industrial structures;

(e) Substantial presence of environmentally contaminated land;

(f) Inadequate public improvements or substantial deterioration in public infrastructure; or

(g) Any combination of factors that substantially impairs or arrests the growth and economic development of the city or county; impedes the provision of adequate housing; impedes the development of commercial or industrial property; or adversely affects public health, safety, or general welfare due to the development area's present condition and use.

The LFUCG has reviewed and analyzed the conditions within the Development Area and finds that the Development Area exhibits three of the qualifying characteristics:

(1) A substantial loss of commercial activity has occurred. Commercial activity within the Development Area has been in a state of economic decline for years. The Lexington Center shops have had significant difficulty generating enough business to stay open for a variety of reasons, including its dated and less than desirable layout and design, and insufficient support from activity at the adjacent convention center. The Lexington Center has been forced to offer highly subsidized rents in order to keep storefronts open, and despite these efforts, there have been very few businesses in operation for several years.

(2) Public improvements and public infrastructure are inadequate. Currently, there is limited and inadequate public infrastructure within and connecting to the Development Area, including the outdated Convention Center, itself. The necessity of constructing the requisite supportive public infrastructure creates a heavy financial burden for any potential developer of the Development Area.

The following are non-exclusive examples of public infrastructure needed to enable construction of the Project and to achieve the growth and density in order to support redevelopment within the Development Area:

- Parking – There currently exists a significant deficiency in the number of parking spots in and around the Development Area. The Project, including the new and much larger convention center and the development of Town Branch Park, will displace a significant amount of parking available within the Development Area. The Project will require the use of structured parking in order to achieve the necessary amount of parking, which comes at a high and prohibitive cost. A combination of open grade and structured parking is required to accommodate the increase in visitors to the area.

- Utilities – Relocation of power lines and updates to sanitary sewer lines, storm sewer lines, water service lines, and utility conduits, including, without limitation, electric, gas, telephone and cable, to accommodate the increase in utility usage that the Project will require.

- Roadways, Pathways and Walkways – The re-routing of existing roads, along with the creation of new pathways and walkways, including the planned Town Branch Park, to accommodate the increased, vehicular, pedestrian and bicycle traffic that the Project will generate.

- Public Buildings – The new and improved Lexington Convention Center, itself, as a publicly owned building, is considered public infrastructure. As noted in several studies, the current convention center is inadequate and, without improvement, convention business in Lexington will continue to decline, creating a negative ripple effect on the Lexington economy if these visitors that support downtown businesses and hotels are lost to other cities. This Project, when completed, will satisfy the prolonged need for space and elevate Lexington as a nationally recognized convention destination.

(3) There is a combination of factors that substantially impairs growth and economic development of the Development Area. The need to expand and update the Convention Center, as well as the adjacent lots surrounding the venue, have been in discussion for many years. The current Convention Center has served the City of Lexington well for the past 42 years, but the need for more exhibit, ballroom, and meeting event space has been in discussion since 1994 and recommended by 3 different studies dating back to 1986. This Project, when completed, will satisfy the prolonged need for space and elevate Lexington as a nationally recognized convention destination. Additionally, in Lexington, available and developable downtown real estate is difficult to find. The current use of such large amounts of acreage for surface parking is detrimental to the development goals of the LFUCG, causing sprawl and lack of density that is inefficient not only from a land use perspective in an urban core, but is undesirable to visitors and residents, alike. The connectivity and walkability that the proposed Project will provide through more dense uses and the addition of Town Branch Park will elevate Lexington in its ability to attract convention business and make the City, on the whole, a more desirable place to live and work.

2.3. Assurances the Development Area Is Not Reasonably Expected to Develop Without Public Assistance. The LFUCG finds that the Development Area is not reasonably expected to be developed without public assistance. Despite its appealing location in downtown Lexington, the infrastructure required to redevelop the site is cost prohibitive. The cost to provide necessary parking and sufficient utility improvements, alone, has proven to be an insurmountable burden for the private sector to handle alone. The Lexington Center worked diligently with several different development teams in an attempt to find a solution to this funding gap and proceed with the Project as proposed, but none could generate a feasible plan of finance without the use of City and State tax incentives. Without public funding, including the critical pledge of State incremental revenues under the Commonwealth Participation Tax Increment Financing Programs, as provided in the Act, the proposed Project within the Development Area would not be possible.

2.4. Assurances the Public Benefits of Redeveloping the Development Area as Proposed Justify the Public Costs Proposed. The LFUCG finds that the public benefits of redeveloping the Development Area justify the public costs proposed. As detailed in the Commonwealth Economics Report, attached hereto as Exhibit "B", (the "Report"), over a 30-year period, the project is estimated to support an additional 738 jobs annually and $3.0 billion in total economic impact. The estimates of the economic benefit provided by this Project could even be considered relatively conservative, as they do not attempt to account for the potential loss of economic activity if these improvements to the Convention Center and its supportive amenities are not made. Instead, these projections only estimate the increased benefits realized relative to business activity within the Development Area today.

While the LFUCG may pledge up to eighty percent (80%) of new ad valorem property taxes and occupational taxes to pay for the public projects proposed, it will generate significant new revenues from the twenty (20%) of those new incremental revenues not pledged and one hundred (100%) of the other local taxes generated from the Project. The Project is expected to generate much more tax revenue than current use in the Development Area. According to the Report, over a 30-year period, the Project is estimated to generate $127.4 million of TIF-eligible state and local tax revenues.

As a result, the Project represents an enormous benefit to the LFUCG and the State and the proposed use of TIF participation is justified.

2.5. Assurances Regarding the Area Immediately Surrounding the Development Area. Pursuant to the Act, the establishment of a development area requires a finding that the area immediately surrounding the Development Area has not been subject to growth and development through investment by private enterprise, or, if the area immediately surrounding the Development Area has been subject to growth and development through investment by private enterprise, that there are certain special circumstances within the Development Area that would prevent its development without public assistance. The LFUCG finds that the area immediately surrounding the Development Area has not been subject to significant growth and development through investment by private enterprise in recent years, and, perhaps more importantly, that certain special circumstances within the Development Area, as listed in section 2.2, would prevent its development without additional public assistance.

2.6. Development Area Description. The Development Area includes the real property within the boundaries described on the site plan and legal description attached hereto, and incorporated herein, as Exhibit "A".

2.7. Changes in the Zoning Ordinance, Zoning Map, Comprehensive Plan or Other Codes or Plans Necessary to Implement the Development Plan. There are no changes to the LFUCG Zoning Ordinance, Zoning Map, Comprehensive Plan, or other codes or plans necessary to implement the Development Plan.

2.9. Certification of Compliance with the Comprehensive Land-Use Plan. The Lexington Center Development Plan has been created through a collaborative process involving the Developer and its board, its working group of consultants, and LFUCG representatives. The collaborative effort created transparency in the process by allowing stakeholders to voice their opinions and offer input regarding the development concepts presented to them. Although no changes in zoning are expected, the Development Plan has been submitted to the LFUCG Planning Commission for certification of compliance with the duly adopted Comprehensive Plan, prior to the LFUCG adoption of the Development Plan.

3. The Development Program.

The Project proposed for the Development Area includes the following approved public infrastructure and public improvement elements, in addition to the private portions of the Project, as described more particularly in the Commonwealth Economics report attached hereto as Exhibit "B".

3.1 Private Development. It is currently estimated that the private development within the Development Area will require an investment of at least $58.5 million. The private development projects are currently expected to include a variety of uses, including an estimated 70,000 square feet of retail and restaurant uses, approximately 160 hotel rooms, and a 10-screen movie theatre and bowling alley.

3.2 Public Infrastructure and Improvements. Qualifying public infrastructure improvement expenditures are expected to reach an estimated $337 million including, but not limited to, the following components:

- Parking – There currently exists a significant deficiency in the number of parking spots in and around the Development Area. The Project, including the new and much larger convention center and the development of Town Branch Park, will displace a significant amount of parking available within the Development Area. The removal of surface parking will require the use of structured parking in order to achieve the necessary amount of parking, which comes at a high and prohibitive cost. A combination of open grade and structure parking is required to replace lost parking spaces and to accommodate the increase in visitors to the area.

- Utilities – Relocation of power lines and updates to sanitary sewer lines, storm sewer lines, water service lines, and utility conduits, including, without limitation, electric, gas, telephone and cable, to accommodate the increase in utility usage that the Project will require.

- Roadways, Pathways and Walkways – The re-routing of existing roads, along with the creation of new pathways and walkways, including the planned Town Branch Park, to accommodate the increased, vehicular, pedestrian and bicycle traffic that the Project will generate.

- Public Buildings – The new and improved Lexington Convention Center and related building improvements, as a publicly-owned building, is considered public infrastructure, and accounts for over $200 million of the public infrastructure cost estimate.

4. Development assistance and Finance Plan.

The Proposed "development assistance", as defined in the Act through the use of TIF revenues, to be provided in the Development Area is estimated to reach up to approximately $101.9 million, if the Commonwealth and LFUCG were to participate eighty percent (80%) of their incrementally-generate revenues for a 30-year period. The LFUCG will pledge incremental tax revenues from real property taxes and occupational taxes from the Project during the applicable 30-year period and, in accordance with the Act, will create a special fund for the deposit of pledged incremental revenues. In addition, the LFUCG and/or the Agency will submit an application to the Kentucky Economic Development Finance Administration ("KEDFA") to request State participation in the form of a pledge of eighty (80%) of incremental State tax revenues generated from the Project during up to a 30-year period.

The LFUCG will establish a special fund for the deposit of pledged incremental revenues. Pledged incremental revenues deposited into this special fund will be used first to reimburse LFUCG for administration expenses related to administering the TIF program, then to reimburse the additional financing and/or upfront expenditure by other parties on approved public infrastructure costs or to pay directly for such redevelopment assistance and approved public infrastructure costs, and any other purposes in compliance with this Development Plan, the Act, and all agreements and documents entered into in connection therewith. It is anticipated that the Developer shall pay for certain public improvements within the Development Area and seek reimbursement in conformity with the TIF statutes and agreements between the Developer and the government. The LFUCG will enact an ordinance establishing the Development Area and adopting this Development Plan. The development ordinance will designate the Department of Finance and Administration (the "Agency"), organized by the LFUCG, to oversee, administer, and implement the development ordinance.

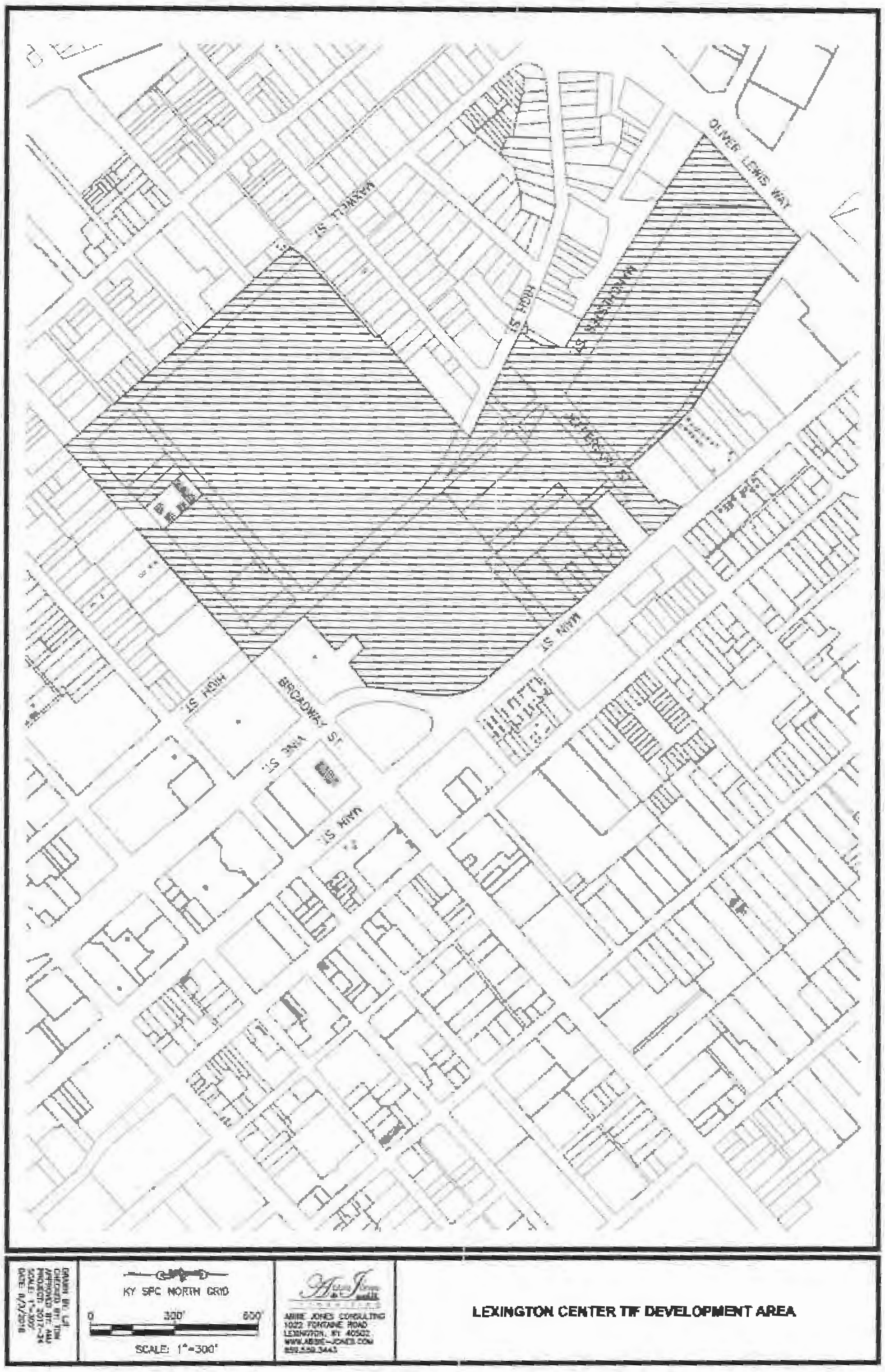
As set forth in more detail in the attached Report, the Project is estimated to directly generate approximately $127.4 million in incremental tax revenues over a 30-year period. Approximately $101.9 million of this total could be available for debt service ($90.3 million for state participation and $11.6 million for local participation).

5. Conclusions.

The proposed assistance is critical to the successful redevelopment of the Development Area, the securing of additional private investment within the Development Area, and the significant economic benefit generated by this Project. The Development Area's mix of private investment and public improvements will create a vibrant, thriving environment that is welcoming to, and enjoyed by, both visitors and residents as Lexington continues to improve its economic competitiveness.

EXHIBIT A

THE DEVELOPMENT AREA AND LEGAL DESCRIPTION



BEGINNING AT AN IRON REBAR IN THE EAST RIGHT-OF-WAY OF OLIVER LEWIS WAY AND BEING A CORNER OF THE LEXINGTON CENTER CORPORATION (LCC) PROPERTY;
THENCE WITH THE LCC PROPERTY LINE 47°57'11" E A DISTANCE OF 38.89' TO A POINT;
THENCE S 47°37'31" E A DISTANCE OF 47.45' TO A POINT;
THENCE S 56°43'48" E A DISTANCE OF 242.10' TO A POINT;
THENCE N 35°12'12" E A DISTANCE OF 39.65' TO A POINT;
THENCE S 54°54'42" E A DISTANCE OF 190.52' TO A POINT;
THENCE S 55°30'35" E A DISTANCE OF 134.93' TO A POINT;
THENCE S 54°43'52" E A DISTANCE OF 168.26' TO A POINT;
THENCE S 44°45'44" E A DISTANCE OF 102.71' TO A POINT;
THENCE S 44°28'19" E A DISTANCE OF 91.27' TO A POINT;
THENCE S 45°35'04" E A DISTANCE OF 57.98' TO THE WEST RIGHT-OF-WAY OF JEFFERSON STREET;
THENCE WITH THE SAID RIGHT-OF-WAY OF JEFFERSON STREET N 49°47'39" E A DISTANCE OF 162.06';
THENCE N 43°07'00" W A DISTANCE OF 31.69';
THENCE N 25°31'59" E A DISTANCE OF 66.82';
THENCE N 26°04'10" E A DISTANCE OF 5.22';
THENCE N 14°43'18" E A DISTANCE OF 10.11' TO A POINT ON THE SOUTH SIDE OF EAST MAIN STREET;
THENCE WITH EAST MAIN STREET S 43°27'19" E A DISTANCE OF 155.14' A POINT;
THENCE S 47°25'46" W A DISTANCE OF 14.20' A POINT IN THE EAST RIGHT-OF-WAY OF JEFFERSON STREET;
THENCE WITH THE EAST RIGHT-OF-WAY OF JEFFERSON STREET S 47°41'47" W A DISTANCE OF 220.79';
THENCE LEAVING SAID RIGHT-OF-WAY WITH THE LEXINGTON CENTER PROPERTY S 47°43'04" E A DISTANCE OF 18.53';
THENCE S 45°38'23" E A DISTANCE OF 79.40' TO WEST SIDE OF TUCKER STREET;
THENCE WITH TUCKER STREET N 48°12'21" E A DISTANCE OF 228.90' TO A POINT IN THE SOUTH SIDE OF EAST MAIN STREET;
THENCE WITH THE EAST MAIN STREET S 42°21'29" E A DISTANCE OF 32.36' TO A POINT;
THENCE S 42°11'19" E A DISTANCE OF 38.57' TO A POINT;
THENCE S 43°46'04" E A DISTANCE OF 61.36' TO A POINT;
THENCE S 42°17'45" E A DISTANCE OF 194.72' TO A POINT;
THENCE S 44°32'50" E A DISTANCE OF 82.95' TO A POINT;
THENCE S 42°01'40" E A DISTANCE OF 232.58' TO A POINT;
THENCE WITH A CURVE TURNING TO THE RIGHT WITH AN ARC LENGTH OF 29.60', WITH A RADIUS OF 218.42', WITH A CHORD BEARING OF S 38°08'44" E, WITH A CHORD LENGTH OF 29.58' TO A POINT;
THENCE S 35°38'25" E A DISTANCE OF 28.54' TO A POINT;
THENCE WITH A CURVE TURNING TO THE RIGHT WITH AN ARC LENGTH OF 116.56', WITH A RADIUS OF 296.52', WITH A CHORD BEARING OF S 23°19'39" E, WITH A CHORD LENGTH OF 115.82' TO A POINT;
THENCE WITH A COMPOUND CURVE TURNING TO THE RIGHT WITH AN ARC LENGTH OF 55.15', WITH A RADIUS OF 420.71', WITH A CHORD BEARING OF S 02°54'08" E, WITH A CHORD LENGTH OF 55.11' TO A POINT;
THENCE S 07°10'09" W A DISTANCE OF 34.39' TO A POINT;

THENCE S 06°19'41" W A DISTANCE OF 115.55' TO A POINT;
THENCE WITH A CURVE TURNING TO THE RIGHT WITH AN ARC LENGTH OF 71.10', WITH A RADIUS OF 4,242.65', WITH A CHORD BEARING OF S 05°14'49" W, WITH A CHORD LENGTH OF 71.10',;
THENCE WITH A REVERSE CURVE TURNING TO THE LEFT WITH AN ARC LENGTH OF 53.95', WITH A RADIUS OF 249.53', WITH A CHORD BEARING OF S 00°28'00" E, WITH A CHORD LENGTH OF 53.84',;
THENCE LEAVING EAST MAIN STREET S 44°09'39" W A DISTANCE OF 7.74' TO A POINT IN THE HYATT (PARTY WALL) PROPERTY LINE;
THENCE S 48°21'57" W A DISTANCE OF 123.30' TO A POINT;
THENCE N 41°57'57" W A DISTANCE OF 83.80';
THENCE S 48°02'03" W A DISTANCE OF 62.46';
THENCE S 41°57'57" E A DISTANCE OF 83.80';
THENCE S 48°02'03" W A DISTANCE OF 158.16' TO A POINT ON THE NORTH SIDE OF WEST HIGH STREET;
THENCE S 41°54'23" E A DISTANCE OF 227.45'WITH WEST HIGH STREET AND CROSSING THE INTERSECTION OF WEST HIGH AND SOUTH BROADWAY STREET TO A POINT ON THE NORTHEAST CORNER OF SAID INTERSECTION;
THENCE CROSSING HIGH STREET S 54°45'08" W A DISTANCE OF 66.34' TO A POINT ON THE EAST SIDE OF SOUTH BROADWAY STREET;
THENCE WITH SOUTH BROADWAY STREET S 47°29'02" W A DISTANCE OF 490.33' TO A POINT;
THENCE CROSSING SOUTH BROADWAY N 42°21'18" W A DISTANCE OF 250.15' TO THE WEST BOUNDARY OF THE CONDOMINIUM;
THENCE WITH THE CONDOMINIUM PROPERTY S 47°40'16" W A DISTANCE OF 94.70';
THENCE S 42°15'18" E A DISTANCE OF 250.82' TO A POINT ON THE EAST SIDE OF SOUTH BROADWAY STREET;
THENCE WITH THE EAST SIDE OF SOUTH BROADWAY STREET S 48°16'46" W A DISTANCE OF 357.02' TO A POINT AT THE SOUTHEAST SIDE OF THE INTERSECTION OF SOUTH BROADWAY AND EAST MAXWELL STREET;
THENCE WITH THE SOUTH SIDE OF EAST MAXWELL STREET N 42°22'28" W A DISTANCE OF 1086.50';
THENCE CROSSING EAST MAXWELL STREET N 47°29'22" E A DISTANCE OF 444.05' TO A POINT AT THE END OF AN ALLEY;
THENCE N 46°49'23" W A DISTANCE OF 12.72' TO A POINT IN THE LCC PARKING LOT PROPERTY LINE;
THENCE WITH SAID LCC PROPERTY N 47°41'01" E A DISTANCE OF 489.52' TO A POINT ON THE NORTH SIDE OF WEST HIGH STREET;
THENCE WITH THE NORTH SIDE OF WEST HIGH STREET N 66°29'00" W A DISTANCE OF 245.72';
THENCE N 65°13'29" W A DISTANCE OF 241.42';
THENCE N 22°11'18" E A DISTANCE OF 16.59' TO THE RIGHT-OF-WAY LINE OF WEST HIGH STREET;
THENCE WITH SAID HIGH STREET RIGHT-OF-WAY S 65°32'14" E A DISTANCE OF 83.56' TO A POINT IN THE WEST RIGHT-OF-WAY OF JEFFERSON STREET;
THENCE WITH SAID JEFFERSON STREET RIGHT-OF-WAY N 22°34'11" E A DISTANCE OF 82.02' TO A POINT;
THENCE N 06°34'09" E A DISTANCE OF 77.51' TO A POINT;
THENCE N 04°42'21" W A DISTANCE OF 14.35' TO A POINT ON THE SOUTH SIDE OF MANCHESTER STREET;
THENCE WITH THE SOUTH SIDE OF MANCHESTER STREET N 58°14'50" W A DISTANCE OF 351.14';
THENCE N 56°29'13" W A DISTANCE OF 444.42' TO A POINT IN THE OLIVER LEWIS WAY RIGHT-OF-WAY;
THENCE WITH SAID OLIVER LEWIS WAY RIGHT-OF-WAY N 33°44'07" E A DISTANCE OF 25.42' TO A

POINT;
THENCE N 34°42'10" E A DISTANCE OF 171.06' TO A POINT;
THENCE N 53°05'04" W A DISTANCE OF 87.18' TO A POINT;
THENCE N 37°05'12" E A DISTANCE OF 144.19' TO A POINT;
THENCE N 46°25'16" E A DISTANCE OF 105.42' TO A POINT;
THENCE N 43°55'40" E A DISTANCE OF 31.82' TO A POINT;
THENCE S 47°46'23" E A DISTANCE OF 8.04' TO THE BEGINNING.
HAVING AN AREA OF 2356657.3 SQUARE FEET, 54.101 ACRES

EXHIBIT B

TIF IMPACT REPORT

Commonwealth
Economics

Lexington Center Project

Tax Increment Financing Feasibility Analysis

Submitted to:
Lexington Center Corporation

Submitted by:
Commonwealth Economics Partners

August 2018

TABLE OF CONTENTS

I. INTRODUCTION AND EXECUTIVE SUMMARY

Introduction

Commonwealth Economics, LLC was retained by the Lexington Center Corporation ("LCC") to conduct a Tax Increment Financing ("TIF") analysis[1] of The Lexington Center Project (the "Project") in Lexington, Kentucky. The role of this TIF study is to compare the impact of this new economic activity on state and local tax revenues to the requested amount of the TIF.

Executive Summary

The subject of this analysis is the Lexington Center Signature TIF Development Project, which is to be located at the intersection of Main St. and Broadway St. in Lexington, Kentucky.

The Project will include:

- 152,530 Total Square Feet of Exhibit, Ballroom, and Meeting Room Event Space for the Convention Center upon completion of improvements.
- 443,605 Total Square Feet of Support and Non-Convention Center Space (Rupp Arena, Hotel, Central Plant, BOH, Mechanical Mezzanine, Clubs, etc) upon completion of improvements.
- 70,000 Square Feet of Space for Retail and Restaurants.
- 160 Hotel Rooms.
- 10 Screen Movie Theatre.
- 16 Lane Bowling Alley.
- Portion of Town Branch Commons Park and Structured Parking.

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[1] The results presented herein are fair and reasonable. Based on Commonwealth Economics' analysis, the Project is a strategic development that will bring significant economic and fiscal benefits to both Lexington and the Commonwealth of Kentucky.

Commonwealth Economics utilized sources deemed to be reliable but cannot guarantee their accuracy. Moreover, estimates and analysis presented in this study are based on trends and assumptions, which usually result in differences between the projected results and actual results. And because events and circumstances frequently do not occur as expected, those differences may be material.

Its estimated costs include:

- Total cost of $395.5 million
    - $58.5 million in private costs
    - $337.0 million in public infrastructure costs

It is important to understand that the Project would not happen without certain expenditures on infrastructure. The Project includes multiple public infrastructure elements, such as; the convention center expansion, a portion of town branch commons park, structured parking, and all the necessary site work and utility provisions for property adjacent to the convention center. This type of Project is specifically what the State's TIF Program is designed to incentivize.

Based on research and analysis documented in this report, the Lexington Center Signature TIF Development Project is estimated to have a significant economic and fiscal impact to the local economy. In a 30-year period, which begins upon TIF activation, the Lexington Center footprint is estimated to generate $127.4 million of eligible state and local tax revenues. This includes:

- **Local Taxes** - $14.5 million
    - Property- $7.5 million
    - Withholding- $7.0 million

- **State Taxes** - $112.9 million
    - Property- $4.5 million
    - Sales - $92.8 million
    - Individual Income - $15.6 million

In addition to the $127.4 million in incremental tax revenues, the Project as a whole is expected to have a significant economic impact in the area. Over a 30-year period, the full Project is expected to facilitate:

- Over $3.0 Billion in Total Economic Impact
- 563 Jobs Annually

This report details the Project and its economic impact as it relates to Tax Increment Financing. It will demonstrate that due to the problems inherent with the Property, the benefits that arise from the Project, and the purposes of TIF legislation, the Project qualifies for the TIF program.

II. PROJECT DESCRIPTION

This section provides an overview of the proposed Lexington Center Signature TIF Development Project to be located in Lexington, Kentucky including a description of the proposed Project's scope, amenities, and site development costs.

Background

Originally opened in 1976, the Lexington Convention Center ("Convention Center") has hosted a wide variety of both local and non-local event activity, including conventions, corporate meetings, consumer shows, food and beverage functions, tradeshows, community, government, and other types of events.

However, the need to expand and update the Convention Center, as well as the adjacent lots surrounding the venue, have been in discussion for many years. The current Convention Center has served the City of Lexington well for the past 42 years, but the need for more exhibit, ballroom, and meeting event space has been in discussion since 1994 and recommended by 3 different studies dating back to 1986. This Project, when completed, will satisfy the prolonged need for space and elevate Lexington as a nationally recognized convention destination.

Description of the Lexington Center Project

The Lexington Center Corporation ("LCC") will be working with various developers to complete the Project in Lexington through a mixture of public and private investment. The aim is to improve and expand the existing Convention Center, while also developing public infrastructure and supportive uses on a handful of adjacent lots. This will attract and support a greater level of density and vertical development around the new Convention Center which will spur additional event and businesses activity.

Planning is currently underway for the proposed development, which will have the following components (site plan layout subject to change):

- 152,530 Total Square Feet of Exhibit, Ballroom, and Meeting Room Event Space for the Convention Center upon completion of improvements.
- 443,605 Total Square Feet of Support and Non-Convention Center Space (Rupp Arena, Hotel, Central Plant, BOH, Mechanical Mezzanine, Clubs, etc) upon completion of improvements.

- 70,000 Square Feet of Space for Retail and Restaurants.
- 160 Hotel Rooms.
- 10 Screen Movie Theatre.
- 16 Lane Bowling Alley.
- Portion of Town Branch Commons Park and Structured Parking.

Based on construction, site work, and miscellaneous costs, the total construction cost, public and private, is estimated to be approximately $395.5 million. It is anticipated that $337.0 million of the total cost may be considered as approved public infrastructure, including: the convention center expansion, a portion of town branch commons park, parking, and all site work and utility provisions.

The Project is expected to be completed within three years. TIF activation is expected to occur once the entire Project has been completed, so for the purposes of this study, each Project component will come on line at the same time. Below is a summary of the Convention Center upon completion of improvements, as well as new retail, restaurant, hotel, movie theatre, and bowling alley components to be built on adjacent lots.

Figure 1

Lexington Center Project Components		
	Unit Measure	
Convention Center Space		
Exhibit Hall	100,381	Sq Ft
Ballroom	25,393	Sq Ft
Meeting Rooms	26,756	Sq Ft
Sub-Total (Event Space)	**152,530**	**Sq Ft**
LCC	125,215	Sq Ft
BOH	145,218	Sq Ft
Central Plant	14,599	Sq Ft
Mechanical Mezzanine	7,264	Sq Ft
Sub-Total (Support Space)	**292,296**	**Sq Ft**
Non-Convention Center Space		
Rupp Arena	55,993	Sq Ft
Hotel Space	12,900	Sq Ft
Shell Space	16,243	Sq Ft
Club Space	66,173	Sq Ft
Sub-Total (Non-Convention)	**151,309**	**Sq Ft**
TOTAL	**596,135**	**Sq Ft**
Adjacent Lots		
Retail	40,000	Sq Ft
Restaurant	30,000	Sq Ft
Hotel Rooms	160	Rooms
Movie Theatre	10	Screens
Bowling Alley	16	Lanes

Figure 2


HYATT
PAVILION
RUPP ARENA
BALLROOM
EXHIBITION HALLS
project scope extent
excluding utility connections
LEXINGTON CONVENTION CENTER
nbbj +

III. QUALIFYING PUBLIC INFRASTRUCTURE

If the Project successfully applies for participation through any of the state TIF programs, it may be eligible to recover up to 100 percent of Approved Public Infrastructure costs, certain soft costs, and costs related to land preparation, demolition, and clearance through the recapture of local and state incremental tax revenues. These Approved Public Infrastructure costs may include:

- Land preparation and demolition
- Public buildings/structures
- Sewers/storm drainage
- Curbs, sidewalks, promenades, and pedways
- Roads and street lighting
- Provision/modification of utilities
- Environmental remediation
- Floodwalls/floodgates
- Public spaces and parks
- Parking
- Easements of rights of way
- Transportation facilities
- Public landings
- Amenities (fountains, benches, sculptures, etc.)
- River bank modifications
- Related soft costs, legal fees, and contingencies;

All of the proposed public infrastructure Project elements discussed in the previous section should qualify under one of these categories of public infrastructure. While these costs may be recoverable, it should be understood that the funding of these anticipated public infrastructure improvements would be on a reimbursement basis that will require proof of the expenditure before funds will be released through the TIF program and that the amount available from State participation will be subject to a cap.

In addition, these funds will not be available until the Project meets a minimum spending threshold (discussed in the next section) and also begins to generate the incremental tax revenues that can then be used to make financing payments or reimburse the out-of-pocket expenditures on these elements.

IV. TAX INCREMENT FINANCING

Tax Increment Financing (TIF) is a form of economic incentive, which uses the increase in local and state tax revenues generated on a development footprint (the increment) to finance certain public infrastructure components of the Project.

This financing is typically structured by the applicable local government issuing tax increment bonds either as the guarantor or just as a conduit for the bonds. The proceeds of the bonds are used to finance approved infrastructure costs. The increment is then used to retire the bonds.

The Lexington Center Project will fall under the "signature" status. It meets the following statutory qualifications for a "signature status":

- Be judged to be of such magnitude as to warrant extraordinary public support.
- Represent new economic activity in the Commonwealth.
- Result in a net positive impact to the Commonwealth as certified by an independent outside consultant.
- It must meet the required minimum capital investment of $200,000,000.
- Not more than twenty percent (20%) of the capital investment or twenty percent (20%) of the finished square footage shall be devoted to the support or development of assets that will be utilized for the retail sale of tangible personal property.

Because the Lexington Center Project meets the statutory qualifications of the State Signature TIF program, it is eligible to use certain incremental taxes created by the Project to recover up to 100 percent of approved public infrastructure costs, certain soft costs, and costs related to construction materials, land preparation, demolition, and clearance. The recovery period is limited to 30 years.

V. INCREMENTAL TAX REVENUE ESTIMATES

For the purpose of estimating the amount of potentially available TIF dollars from the footprint that will be available to repay public infrastructure expenditures, it is necessary to calculate the expected tax revenue on the new footprint. Fiscal impact measures TIF applicable tax revenues that result from the spending and income related to the activities at the Project. This analysis estimates the fiscal impacts of the TIF-applicable tax revenues. Only taxes that are eligible for tax increment financing are used.

Below is a breakdown of the taxes used to determine the fiscal impacts of the Project:

- State taxes:
  - Property Tax .... $0.122 per $100 of assessed value
  - Sales and Use Tax .... 6.0 percent of sales
  - Individual Income Tax .... 5.0 percent of income[2]
- Local tax:
  - Local Property Tax .... $0.2038 per $100 of assessed value[3]
  - Local Payroll Tax .... 2.25 percent of salaries[4]

The estimated fiscal impact of the Project is based on a number of different assumptions regarding the revenue generated by each component of the Lexington Center development. The revenue calculations are based on the size of the Project component and its estimated sales per a given unit of measure.

[2] Given the recent tax code changes in Kentucky, Commonwealth Economics is using a flat income tax rate of 5 percent on all income earned in the state.

[3] Assumes participation from the Fayette County real property tax which may include: general fiscal court of .03% (excludes library of .05%), refuse of .1426%, street cleaning of .000097%, and street lights of .00021%. By law, School (.75%) and Fire District taxes are not eligible for participation in the State TIF programs.

[4] Assumes full participation from the Fayette County local occupational license tax fee.

Tax Revenue Assumptions

Estimated tax revenues were generated using the following assumptions, direct impact multipliers generated by the IMPLAN modeling software for Fayette County utilizing a blended average of component revenue, employee, and salary assumptions provided by proposed developers.[5]

Retail – 40,000 Sq Ft

- Sales/Sq Foot ~ $250
- Sq Feet / Employee ~ 400
- Average Salary ~ $22,500

Restaurant – 30,000 Sq Ft

- Sales/Sq Foot ~ $350
- Sq Feet / Employee ~ 526
- Average Salary ~ $22,500

Hotel – 160 Rooms

- Revenue Per Available Room ("PAR") ~ $120
- Payroll and Related Expenses PAR ~ $14,000

Movie Theatre – 10 Screens

- Taxable Revenue Per Screen ~ $1,044,300
- Annual Payroll Per Screen ~ $97,896

Bowling Alley – 16 Lanes

- Taxable Revenue Per Lane ~ $202,637
- Annual Payroll Per Lane ~ $96,539

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[5] Potential Project Developers provided Project scope estimates and initial building tenant assumptions for input into CE's analysis. However, CE has no knowledge to suggest with certainty that the estimates provided are feasible.

Incremental Tax Revenue Calculation

Figure 3, on the next page, shows the projected TIF revenues resulting from the new Lexington Center development over a 30-year period. All applicable property, income, and sales taxes are included. To account for the potential growth in future tax revenues, all calculations are adjusted at the rate of 1.5% each year.

As shown in Figure 3, over the allowable 30-year TIF period, the Lexington Center development is estimated to produce just over $127.4 million in incremental state and local TIF-eligible property tax revenues. Of this eligible amount, approximately $112.9 million is State tax revenue and $14.5 is Local tax revenue.

After 20 percent is retained by state and local authorities, (the 20 percent retained by the state is required by statute and local governments typically retain 20 percent as well), total cash flow available from the TIF is estimated to amount to $101.9 million over the 30-year period. This includes $90.3 million from State participation in the TIF program and $11.6 million from Local participation.

Figure 3

Lexington Center Project - Signature TIF
Incremental Tax Revenues Generated for Project

		Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10
Estimated Tax Revenues from Project								
State Tax Revenues								
State Property Tax Revenues		$4,523,929	$120,514	$122,321	$124,156	$126,019	$127,909	$137,794
State Sales and Use Tax Revenues		$92,780,271	$2,471,591	$2,508,665	$2,546,295	$2,584,489	$2,623,257	$2,825,992
State Individual Income Tax		$15,571,206	$414,804	$421,026	$427,342	$433,752	$440,258	$474,283
Total State Tax Revenues		$112,875,406	$3,006,909	$3,052,013	$3,097,793	$3,144,260	$3,191,424	$3,438,070
Local Tax Revenues								
Local Property Tax Revenues		$7,538,645	$200,823	$203,836	$206,893	$209,997	$213,147	$229,619
Local Occupational License Tax		$7,007,043	$186,662	$189,462	$192,304	$195,188	$198,116	$213,427
Total Local Tax Revenues		$14,545,688	$387,485	$393,298	$399,197	$405,185	$411,263	$443,047
Total Tax Revenues		$127,421,094	$3,394,395	$3,445,310	$3,496,990	$3,549,445	$3,602,687	$3,881,117
Estimated Incremental Tax Revenues		$127,421,094	$3,394,395	$3,445,310	$3,496,990	$3,549,445	$3,602,687	$3,881,117
(-) Retained by State	at 20%	$22,575,081	$601,382	$610,403	$619,559	$628,852	$638,285	$687,614
(-) Retained by Local	at 20%	$2,909,138	$77,497	$78,660	$79,839	$81,037	$82,253	$88,609
Net Incr. Tax Rev. Available from Project*		$101,936,875	$2,715,516	$2,756,248	$2,797,592	$2,839,556	$2,882,149	$3,104,893
Incr. Tax Rev. Available for State TIF Program	at 80%	$90,300,325	$2,405,527	$2,441,610	$2,478,234	$2,515,408	$2,553,139	$2,750,456
Incr. Tax Rev. Available for Local Participation	at 80%	$11,636,550	$309,988	$314,638	$319,358	$324,148	$329,010	$354,437

VI. ECONOMIC AND EMPLOYMENT IMPACTS

When construction of the proposed Lexington Center Project is complete, the new convention events, hotel, movie theatre, bowling alley, restaurants, retail stores, and various activities and transactions occurring within the improved site will generate on-going, annual economic and fiscal impacts to the local economy. Initial transactions occurring within the hotel, movie theatre, bowling alley, restaurants, and retail stores will ripple out into the local economy and generate indirect spending, induced spending, increased earnings, and employment, as well as various tax revenues.

For analytical purposes, annual impact is estimated based on component type, such as the retail and restaurant space. Conceptually, annual economic impact would include the "ripple effects" generated from direct spending made by the shoppers and restaurant patrons. This direct spending would then result in indirect spending, induced spending, increased earnings, and employment.

Economic Impact- Definitions

Economic impact reflects the "ripple effect" or "multiplying effect" from initial transaction, or "direct spending," that occurs as a direct result of a project being developed. In the Lexington Center case, examples of initial transactions are the visitors' expenditures during their time in Lexington at various lodging facilities, restaurants, and shops. The "ripples" from these initial transactions include the following:

- **Indirect Spending** – consists of re-spending of the initial or direct expenditures. For example, a visitor's direct expenditure on a retail purchase causes the store to purchase goods and other items from suppliers. The portion of these store purchases that are within the local, regional, or state economies is counted as an indirect economic impact.
- **Induced Spending** – represents changes in local consumption due to the personal spending by employees whose incomes are affected by the Project. For example, a waiter at a restaurant may spend more because he/she earns more. The amount of the increased income the waiter spends in the local economy is considered an induced impact.
- **Increased Earnings** – measures the change in total personal income, area-wide, that results from the initial spending activities occurring as a result of the Project.

- **Increased Employment** – measures the change in number of jobs, area-wide, that result from the initial spending activities that occur as a result of the Project.

Indirect spending, induced spending, increased earnings, and employment impact are estimated using multiplier factors. The multipliers utilized were derived from an IMPLAN input-output model. IMPLAN is a nationally recognized model commonly used to estimate economic impact. An input-output model analyzes the commodities and income that normally flow through the various sectors of the economy.

Impact Analysis of Construction

The construction of the Lexington Center Project will create a one-time influx of spending, which will ripple throughout the economy and result in indirect output, induced output, labor income, and employment, as well as the related tax revenues.

There are two key impacts from construction to both the City of Lexington and the Commonwealth of Kentucky. First, the construction itself directly creates construction jobs, which are subject to state individual income tax and local occupational license tax. Second, construction spending will ripple out and generate indirect output due to spending on materials, induced output, increased earnings, and employment throughout the economy, as well as State Sales and Use Tax revenues associated with the induced impacts.

Figure 4, below, conceptually illustrates the flows of construction impacts, as well as the assumptions and tax rates utilized for the impact calculation.

Figure 4

Lexington Center Project - Signature TIF

Conceptual Diagram of One-Time Economic and Fiscal Impact from Construction

Sources of Impact	Economic and Fiscal Impact	Rate
Total Construction Costs		
» Property Value Impacts		
	» State Property Tax Assessed Value	0.1220%
	» Local Property Tax Assessed Value	0.2033%
» Employment and Income Impacts		
	» State Individual Income Tax on Total Labor Income	5.00%
	» Local Occupational License Tax on Direct Labor Income	2.25%
» Indirect and Induced Output		
	Taxable Induced Spending Estimate	50%
	» Sales & Use Tax on Indirect and Induced Spending	6.00%

Figure 5 shows the IMPLAN-calculated impacts derived from construction costs of the Project in order to estimate the resulting direct, indirect, and induced impacts.

Figure 5

Impact Summary - Construction Only				
Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	3,101	$154,000,505	$206,083,311	$395,477,243
Indirect Effect	653	$31,858,731	$52,296,242	$101,519,958
Induced Effect	1,093	$44,106,590	$79,188,589	$141,700,140
Total Effect	**4,847**	**$229,965,826**	**$337,568,142**	**$638,697,341**

Shown in Figure 5, the $395.5 million of capital investment is estimated to generate 4,847 jobs (3,101 direct construction jobs and 1,746 indirect and induced jobs). These jobs consequently are estimated to generate approximately $230.0 million of total labor income.

The one-time influx of these economic impacts which will "ripple" throughout the economy and result in indirect spending, induced spending, increased earnings and employment, all of which create related tax revenues. These fiscal impacts are described in detail in Figure 6, on the next page, which shows the taxes derived from the IMPLAN model results generated using the estimated construction costs of the various Project components.

Figure 6

Lexington Center Project - Signature TIF Estimates of One-Time Economic and Fiscal Impacts of Construction Full Project	
Economic Impact	Total
Direct	$395,477,243
Indirect	$101,519,958
Induced	$141,700,140
Total Output	$638,697,341
Estimated PVA Assessed Value*	$98,781,795
Total Employment	4,847
Direct Employment	3,101
Total Labor Income	$229,965,826
Direct Labor Income	$154,000,505
Fiscal Impact (Tax Revenues)	
State Tax Revenues	
State Property Tax	$120,514
State Sales and Use Tax	
On Materials	$4,523,681
On Induced Spending	$4,251,004
State Individual Income Tax	
On Total Labor Income	$11,498,291
Total State Tax Revenues	$20,393,490
Local Tax Revenues	
Local Property Tax	$200,823
Local Occupational License Tax	
On Direct Labor Income	$3,465,011
Total Local Tax Revenues	$3,665,835
Total Tax Revenues	**$24,059,325**

**Excludes Convention Center Improvements*

As shown in Figure 6, the one-time impact of construction, alone, is estimated to generate $638.7 million of total output, $230.0 million of total labor income, 4,847 jobs, and $24.1 million of state and local tax revenues during the construction period.

Annual Operational Impact

Upon completion of Project construction, the expanded convention center, restaurants, retail stores, hotel, movie theatre, and bowling alley will generate annual impacts to the local community and State.

Economic Impact of Expanded Convention Center

Spending by new convention visitors will ripple throughout the economy, creating indirect and induced impacts in both wages and jobs throughout the area. It is estimated 28,156 out-of-town delegate days will be generated by new events at the expanded convention center with each new convention visitor spending, on average, $290 per day.[6]

Figure 7 shows the annual and 30-year total estimated economic impacts of new events generated and hosted by the expanded convention center. as well as the average convention visitor spend per day.

Figure 7

Lexington Center Project
Summary of Economic Impacts - New Convention Center Events

	Year 1	Year 2	Year 3	Year 4	Year 5	30-Year Total
Economic Impact						
Incremental Revenue (Direct)	$8,344,875	$8,470,048	$8,597,099	$8,726,056	$8,856,946	$313,255,614
Indirect Impact	$2,552,770	$2,591,062	$2,629,927	$2,669,376	$2,709,417	$95,827,619
Induced Impact	$3,381,649	$3,432,374	$3,483,859	$3,536,117	$3,589,159	$126,942,643
Total Economic Impact	$14,279,294	$14,493,484	$14,710,886	$14,931,549	$15,155,522	$536,025,876
Total Employment	176	176	176	176	176	
Total Wages	$5,488,436	$5,570,769	$5,654,324	$5,739,139	$5,825,226	$206,028,650

[6] The Convention Visitor Spend per day estimate was provided by Commerce Lexington in their "2018 Guide to the Bluegrass." Convention Visitor spend estimates include expenditures on lodging, food, transportation, and shopping. It should be understood that the Economic Impact of the Convention Center may vary due to potential overlaps in spending by visitors at other Project components. Additionally, these estimates do not account for the lost economic impacts should these improvements not be made, and convention business continue to decline as it is lost to competitor cities. Out-Of-Town Delegate Days estimates were provided by CSL in the "December 2015: Update of Past Analysis for Potential Future Lexington Convention Center Development," which takes into account new Convention/ Trade, Meeting/Banquet/Other, and Public Sale/Expo events generated from an expanded Lexington Convention Center.

Economic Impact of Restaurant Space

Spending by diners will ripple throughout the economy, creating indirect and induced impacts in both wages and jobs throughout the area. Figure 8 shows the annual and 30-year total estimated economic impacts of the restaurant space.

Figure 8

Lexington Center Project
Summary of Economic Impacts - Restaurant

	Year 1	Year 2	Year 3	Year 4	Year 5	30-Year Total
Economic Impact						
Total Revenue (Direct)	$10,500,000	$10,657,500	$10,817,363	$10,979,623	$11,144,317	$394,156,154
Indirect Impact	$3,186,774	$3,234,576	$3,283,095	$3,332,341	$3,382,326	$119,627,308
Induced Impact	$2,126,896	$2,158,799	$2,191,181	$2,224,049	$2,257,410	$79,840,873
Total Economic Impact	$15,813,670	$16,050,875	$16,291,639	$16,536,013	$16,784,053	$593,624,336
Total Employment	93	93	93	93	93	
Total Wages	$3,450,591	$3,502,350	$3,554,885	$3,608,208	$3,662,332	$129,530,636

Economic Impact of Retail Space

Spending by shoppers will ripple throughout the economy, creating indirect and induced impacts in both wages and jobs throughout the area. Figure 9 shows the estimated economic impacts of the retail space, annually and in a 30-year total.

Figure 9

Lexington Center Project
Summary of Economic Impacts - Retail

	Year 1	Year 2	Year 3	Year 4	Year 5	30-Year Total
Economic Impact						
Total Revenue (Direct)	$10,000,000	$10,150,000	$10,302,250	$10,456,784	$10,613,636	$375,386,814
Indirect Impact	$4,126,576	$4,188,474	$4,251,301	$4,315,071	$4,379,797	$154,906,208
Induced Impact	$3,137,018	$3,184,073	$3,231,834	$3,280,312	$3,329,516	$117,759,506
Total Economic Impact	$17,263,593	$17,522,547	$17,785,385	$18,052,166	$18,322,949	$648,052,528
Total Employment	153	153	153	153	153	
Total Wages	$5,094,991	$5,171,416	$5,248,987	$5,327,722	$5,407,638	$191,259,244

Economic Impact of Hotel

Spending at the hotel will ripple throughout the economy, creating indirect and induced impacts in both wages and jobs throughout the area. Figure 10, on the next page, shows the estimated economic impacts of the hotel, annually and in a 30-year total.

Figure 10

Lexington Center Project Summary of Economic Impacts - Hotel	Year 1	Year 2	Year 3	Year 4	Year 5	30-Year Total
Economic Impact						
Total Revenue (Direct)	$7,008,000	$7,113,120	$7,219,817	$7,328,114	$7,438,036	$263,071,079
Indirect Impact	$2,034,674	$2,065,194	$2,096,172	$2,127,614	$2,159,529	$76,378,974
Induced Impact	$2,570,131	$2,608,683	$2,647,813	$2,687,530	$2,727,843	$96,479,312
Total Economic Impact	$11,612,804	$11,786,996	$11,963,801	$12,143,258	$12,325,407	$435,929,364
Total Employment	96	96	96	96	96	
Total Wages	$4,176,753	$4,239,404	$4,302,995	$4,367,540	$4,433,053	$156,789,800

Economic Impact of Movie Theatre

Spending at the movie theatre will ripple throughout the economy, creating indirect and induced impacts in both wages and jobs throughout the area. Figure 11 shows the estimated economic impacts of the movie theatre, annually and in a 30-year total.

Figure 11

Lexington Center Project Summary of Economic Impacts - Movie Theatre	Year 1	Year 2	Year 3	Year 4	Year 5	30-Year Total
Economic Impact						
Total Revenue (Direct)	$10,443,000	$10,599,645	$10,758,640	$10,920,019	$11,083,820	$392,016,450
Indirect Impact	$3,825,555	$3,882,938	$3,941,182	$4,000,300	$4,060,304	$143,606,274
Induced Impact	$1,952,589	$1,981,878	$2,011,606	$2,041,780	$2,072,407	$73,297,630
Total Economic Impact	$16,221,144	$16,464,461	$16,711,428	$16,962,099	$17,216,531	$608,920,353
Total Employment	132	132	132	132	132	
Total Wages	$3,167,918	$3,215,437	$3,263,668	$3,312,623	$3,362,313	$118,919,464

Economic Impact of Bowling Alley

Spending at the bowling alley will ripple throughout the economy, creating indirect and induced impacts in both wages and jobs throughout the area. Figure 12 shows the estimated economic impacts of the bowling alley, annually and in a 30-year total.

Figure 12

Lexington Center Project Summary of Economic Impacts - Bowling Alley	Year 1	Year 2	Year 3	Year 4	Year 5	30-Year Total
Economic Impact						
Total Revenue (Direct)	$3,242,185	$3,290,818	$3,340,180	$3,390,283	$3,441,137	$121,707,350
Indirect Impact	$1,099,782	$1,116,278	$1,133,023	$1,150,018	$1,167,268	$41,284,357
Induced Impact	$1,124,646	$1,141,516	$1,158,639	$1,176,018	$1,193,659	$42,217,736
Total Economic Impact	$5,466,613	$5,548,612	$5,631,841	$5,716,319	$5,802,064	$205,209,443
Total Employment	89	89	89	89	69	
Total Wages	$1,842,896	$1,870,539	$1,898,598	$1,927,076	$1,955,983	$69,179,886

Commonwealth Economics

Summary Economic Impacts of Project

The combined estimated economic impacts of all components over a 30-year period are shown, below, in Figure 13.

Figure 13

Lexington Center Project
Summary of Economic Impacts - Total

	Year 1	Year 2	Year 3	Year 4	Year 5	30-Year Total
Economic Impact						
Total Revenue (Direct)	$49,538,060	$50,281,131	$51,035,348	$51,800,878	$52,577,892	$1,859,593,460
Indirect Impact	$16,826,130	$17,078,522	$17,334,700	$17,594,721	$17,858,641	$631,630,741
Induced Impact	$14,292,929	$14,507,323	$14,724,933	$14,945,807	$15,169,994	$536,537,699
Total Economic Impact	$80,657,119	$81,866,976	$83,094,981	$84,341,405	$85,606,527	$3,027,761,901
Total Employment	738	738	738	738	738	
Total Wages	$23,221,585	$23,569,909	$23,923,457	$24,282,309	$24,646,544	$871,707,680

As shown, the combined operational economic impacts over a 30-year period are estimated to include approximately $1.9 billion in direct impact and $3.0 billion in total economic impact throughout the region. Ongoing employment is expected to support an additional 738 jobs and a total of $871.7 million in wages over the 30 years, representing a significant economic impact to the City and Commonwealth.

VII. CONCLUSION

This Project will provide countless benefits to Lexington and the Commonwealth of Kentucky and should meet the statutory qualifications of the State's Signature TIF Program. The Lexington Center Project is positioned to provide new space for convention center events, additional hotel rooms, and an adjacent movie theatre and bowling alley, as well as space for restaurants and retail stores with direct access to main street, high street, and broadway street linkages to the outer edges of new circle road.

This Signature TIF Development Project will only be made possible through a partnership between the public sectors and potential private developers in order to provide support for the necessary infrastructure costs. The new event space, structured parking, and updated streetscapes and utilities will attract and support a greater level of density and vertical development around the new convention center which will spur additional event and businesses activity.

It is important that the State Signature TIF Program allow the Project to use the increase in tax revenues generated within its footprint to help alleviate the high costs associated with qualifying public infrastructure needs. It is estimate that up to approximately $127.4 million in incremental tax revenue will be generated within the TIF footprint. After 20 percent is retained by the State and Local governments, approximately $101.9 million of this incremental tax revenue will be available over 20 years through the TIF program to cover costs that qualify as approved public infrastructure. However, the net present value of this $101.9 million is dependent upon many variables in the tax-exempt financing/bonding market.

As a result of the estimated new tax revenue and the approximately 5,000+ jobs and over $1 billion in wages supported as a result of the Project's construction and operational impacts rippling throughout the economy, the Project represents a great benefit to both the City of Lexington and the Commonwealth of Kentucky.

EXHIBIT D

MASTER DEVELOPMENT AGREEMENT

8672688.3

MASTER DEVELOPMENT AGREEMENT

THIS MASTER DEVELOPMENT AGREEMENT (this "AGREEMENT") dated the ____ day of ______________, 2018 (the "Effective Date") by and among the LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, an urban county government of the Commonwealth of Kentucky ("LFUCG"), and the DEPARTMENT OF FINANCE OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT (the "Agency"), and the LEXINGTON CENTER CORPORATION, a nonprofit corporation organized and existing under the laws of the Commonwealth of Kentucky ("Developer");

RECITALS

Whereas, pursuant to the Act, as hereinafter defined, LFUCG by Ordinance No. _________ (the "Development Area Ordinance"), adopted on ______________________, established the Lexington Center Development Area (the "Development Area") and pledged certain LFUCG Incremental Revenues, through the execution of a local participation agreement as provided in the Act, dated ____________________(the "Local Participation Agreement") to pay for project costs and redevelopment assistance within the Development Area as more specifically identified within the Local Participation Agreement, a copy of which is attached as Exhibit "B " to the Development Area Ordinance; and

Whereas, in the Development Area Ordinance, LFUCG established the Agency as its agency and instrumentality and constituted authority for the purpose of performing functions related to the oversight, administration, and implementation of the Development Area Ordinance and Local Participation Agreement on behalf of LFUCG; and

Whereas, the development planned within the Development Area is the Lexington Center Project (the "Project"), which is expected to include a variety of stand-alone and mixed-use buildings with convention, entertainment, restaurant, retail, and hotel uses, and similar appropriate qualifying uses, together with additional related public infrastructure, and more specifically described in Exhibit "B" attached hereto; and

Whereas, LFUCG recognizes that the development of the Development Area and the construction of Project, as contemplated by the terms of this Agreement, will not occur without a public-private partnership and financial assistance provided to the Project by LFUCG and the Commonwealth of Kentucky (the "State"); and

Whereas, the Parties desire to set forth their mutual agreements, understandings and obligations, in order to facilitate the design, financing, development and construction of the Development Area and the Project.

STATEMENT OF AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, and in consideration of the premises and the mutual covenants and undertakings contained in this Agreement, the Parties hereby agree and covenant as follows:

SECTION I
Preambles

The Parties hereto agree that the above "preambles" or "preamble clauses" (the above "Recitals") are incorporated herein by reference as if fully restated herein and form a part of the agreement between 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.

A. "Act". Shall mean KRS 65.7041 to KRS 65.7083 and KRS 154.30-010 to KRS 154.30-090, relating to tax increment financing of projects to promote economic development.

B. "Affiliate". Shall mean a corporation or other entity controlled by, controlling or under common control of the Developer.

C. "Agency". Shall mean the Department of Finance of the Lexington-Fayette Urban County Government.

D. "Agreement". Shall mean this Master Development Agreement, including all Exhibits attached hereto.

E. "Approved Public Infrastructure Costs." Shall mean the Capital Investment for the Project that is approved by KEDFA for reimbursement from State Incremental Revenues as set forth in the Tax Incentive Agreement. The costs anticipated to the approved hy KEDFA as Approved Public Infrastructure Costs are listed in Exhibit C.

F. "Capital Investment". Shall have the meaning as provided in the Act.

G. "Commonwealth Participation Program". Shall mean the State tax increment financing participation program(s) as set forth in KRS 154.30-010 to KRS 154.30-090 of the Act with allow participation of State Incremental Tax Revenues for respective project(s) within a development area.

H. "Developer". Shall have the meaning given in the introductory paragraph of this Agreement.

I. "Development Area". Shall have the meaning given in the Recitals to this Agreement and as depicted on Exhibit A.

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

K. "High Street Parking Structure." Shall mean the parking structure or structures to be constructed as part of the Project on the High Street surface parking lot located within the Development Area.

L. "Incremental Revenues". Shall mean the tax revenues pledged to the Development Area by LFUCG as set forth in the Local Participation Agreement, and by the State, acting through KEDFA through the execution of the Tax Incentive Agreement with the Agency.

M. "LFUCG". Shall mean the Lexington-Fayette Urban County Government, an urban county government of the Commonwealth of Kentucky created pursuant to KRS 67A.

N. "Local Participation Agreement". Shall mean the agreement pledging certain LFUCG Incremental Revenues to pay for certain Administrative Costs and Redevelopment Assistance within the Development Area as set forth in Local Participation Agreement, authorized by the Development Area Ordinance, or as it may be amended, a copy which is attached as Exhibit "A".

O. "KEDFA". Shall mean the Kentucky Economic Development Finance Authority, which is assigned for administrative purposes to the Kentucky Economic Development Cabinet.

P. "Minimum Capital Investment". Shall have the meaning as provided in the Act and Tax Incentive Agreement.

Q. "Private Project Elements". Shall mean the elements of the Project that shall be privately developed and owned and operated, including, retail, office, residential, restaurants and other commercial aspects of the Project.

R. "Project". Shall mean The Lexington Center Project within the Development Area, more specifically described in Section IV and Exhibit "C" attached hereto, and which qualifies for a pledge of State Incremental Revenues under a Commonwealth Participation Program.

S. "Project Costs". Shall mean any Capital Investment incurred or expended to undertake the Project.

T. "Project Financing". Shall mean the financing needed to provide for the development and construction of the Project or any financing received by the Developer that is not from LFUCG or State, except nothing contained herein shall impact or reduce any previously committed pledge by LFUCG to the expansion of Lexington Center.

U. "Signature Projects Program". Shall mean the Commonwealth Participation Program for Signature Projects as set forth at KRS 154.30-050 of the Act.

V. "State". Shall mean the Commonwealth of Kentucky, including any of its agencies and departments.

W. "Tax Incentive Agreement". Shall mean the agreement pledging certain State Incremental Revenues to pay for designated costs within the Development Area which will be set forth in a Tax Incentive Agreement, as it may be amended, by and between the Agency and KEDFA.

X. "Tax Increment Financing" or "TIF". Shall mean the tax increment financing that is created, regulated and administered by the Act, Local Participation Agreement and the Tax Incentive Agreement.

Y. "Unavoidable Delays". Shall mean delays due to labor disputes, lockouts, acts of God, enemy action, terrorist 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, or unavoidable casualty, provided such matters are beyond the reasonable control of the party claiming such delay.

SECTION III
Representations

A. LFUCG and the Agency. LFUCG and Agency possess the requisite authority to enter into this Agreement, and neither LFUCG nor the Agency, in this Agreement or any schedule, exhibit, document or certificate delivered in accordance with the terms of this Agreement, has made any untrue statement of a material fact or failed to state a material fact.

B. Developer Representations. The Developer represents and warrants that: (i) the Developer (a) is an instrumentality of the Commonwealth of Kentucky possessing the requisite authority to enter into this Agreement; (b) is not a "foreign person" as that term is defined in Section 1445 of the Internal Revenue Code; (c) has not, in this Agreement or any schedule, exhibit, document, or certificate delivered in accordance with the terms of this Agreement, made any untrue statement of a material fact or failed to state a material fact; and (d) would not enter into this Agreement to undertake and construct the Project but for the commitment of LFUCG and the Agency to provide financial and other incentives to the Project as provided in this Agreement; (ii) the execution of this Agreement and the construction of the Project by the Developer will not knowingly violate any applicable statute, law, ordinance, code, rule, or regulation or any restriction or agreement binding upon or otherwise applicable to the Developer; and (iii) there are no undisclosed actions, suits or proceedings pending or threatened against the Developer which would, if adversely determined, have a material effect on the Developer's ability to enter into this Agreement or construct the Project in accordance with this Agreement.

SECTION IV
Project

A. The Project proposed by the Developer or its Affiliate(s) is expected to include a variety of stand-alone and mixed-use buildings with convention, entertainment, restaurant, retail, and botel uses. The Project is also expected to include public parking options, right-of-way and roadway improvements, new and improved sidewalks/trails and bike paths, utility improvements, public buildings improvements, sewage and drainage system improvements, and various green space and/or park improvements. In order to help ensure the success and support of the Project and encourage other investment in and related to the Development Area, and to encourage and support development within the territorial limits of Lexington, certain public improvements are needed within the Development Area. The Developer, or its Affiliates, may contract with any company to develop, construct and/or operate the various Private Project Elements, and the Developer shall have the right to assign any rights created by this Agreement to one or more of the Affiliates. The Developer and its Affiliates shall remain in good standing with the Office of the Secretary of State and the Lexington-Fayette Urban County Government (Business License, Payroll Tax, etc.) for the full term of this Agreement. In addition, the Developer and its Affiliates shall provide a listing of their officers and managers to the Commissioner of Finance upon request following the execution of this Agreement, with the current officer and managers of the Developer and its Affiliates being listed on Exhibit "D" attached hereto.

B. The Project shall be financed with Project Financing and equity provided by the Developer, and its Affiliates, subject to the pledge of State and LFUCG Incremental Revenues to reimburse the Developer for certain Capital Investments as set forth in Section V of this Agreement, the Local Participation Agreement, and Tax Incentive Agreement. The Developer shall keep LFUCG informed as to the status of the Project Financing for the Project.

C. The Project shall be constructed in accordance with state requirements that govern the development of property within Kentucky. Developer shall not commence any site improvements without first obtaining the necessary permits and/or approvals from the relevant State government and/or LFUCG agencies.

D. The Developer agrees to proceed expeditiously to complete construction plans and specifications to a level adequate to obtain all permits and approvals necessary to complete construction of the Project.

E. The Developer shall document all Project Costs and Capital Investment, including costs that represent Approved Public Infrastructure Costs and costs for the High Street Parking Structure, associated with construction of the Project, and submit such costs to LFUCG and the Agency in the format to be determined by the Agency and KEDFA, to enable the Agency and LFUCG to comply with its reporting requirements as set forth in the Local Participation Agreement and the Tax Incentive Agreement. Should Developer fail to comply with these reporting requirements and cause the Agency to be unable to comply with the reporting requirements in the Tax Incentive Agreement and/or Local Participation Agreement, the LFUCG, may at its option, suspend any reimbursements due the Developer from Incremental Revenues, until such time as the Developer complies with the such reporting requirements; provided, that after notice the Developer fails to provide the requested information, or repeatedly provides the information late, the LFUCG and Agency may terminate this Agreement, in which case the LFUCG shall provide written notice to the Developer of the termination.

F. The anticipated costs that are anticipated to be approved by KEDFA as Approved Public Infrastructure Costs and be eligible to be reimbursed from State Incremental Revenues pursuant to the terms of the Tax Incentive Agreement are itemized in Exhibit "C" to this

Agreement. These costs include the planned Capital Investment for the High Street Parking Structure, which are eligible to be reimbursed by the Agency according to the terms of the Local Participation Agreement, and it is assumed that a portion of the costs for the High Street Parking Structure will be eligible costs for reimbursement from State Incremental Revenues under the Tax Incentive Agreement.

G. The Developer shall assist the Agency in complying with any reporting requirements mandated by the Local Participation Agreement and Tax Incentive Agreement, including assisting in computing the baseline LFUCG and State baseline "old revenues" applicable to the Development Area and/or Footprint, whichever is applicable, and in calculating the Incremental Revenues that may be due to the Agency for deposit into the Special Fund from LFUCG and the State. The Developer shall include provisions in any Affiliate agreements, construction agreements or leases relating to the construction or operation of the Project, to require the contractors constructing the Project and businesses operating within the Project to provide information, including federal and state tax identification numbers, etc., to the Agency or other information as may be required by the Agency, relating to the LFUCG and State taxes that may be generated from the Project.

H. The Developer agrees to notify the LFUCG, in writing, when it intends to request activation of the TIF and/or if it intends to request an extension or delay of activation of the TIF. The Developer agrees to provide the LFUCG with a statement of Project Costs, Approved Public Infrastructure Costs, and the High Street Parking Structure expenditures incurred for every six (6) month period upon preliminary approval of the TIF application and prior to activation of the TIF in compliance with the reporting requirements required by the Tax Incentive Agreement.

I. The Developer, with assistance of LFUCG and the Agency shall prepare the application to KEDFA requesting State participation under a Commonwealth Participation Program and shall be responsible for paying all application fees, consultant fees, attorney fees or administration fees required by KEDFA, and all out-of-pocket fees and professional fees incurred by LFUCG relating to the establishment of the Development Area and approval of the Tax Incentive Agreement, and any later amendments thereto, which costs will be in addition to any costs that may be paid by the Administrative Costs.

SECTION V
Priority on the Use of Incremental Revenues

Pursuant to the provisions of the Act and the Local Participation Agreement, LFUCG and the Agency anticipate activating the TIF no later than four (4) years after execution of the Tax Incentive Agreement, which will potentially allow for Incremental Revenues to be available to the Agency beginning in calendar year 2020. In consideration of the Developer constructing the Project and complying with the requirements and conditions of Section IV of this Agreement, LFUCG and the Agency agree that priority for the use of the Incremental Revenues received by the Agency from LFUCG and the State shall be as follows:

A. Each year following the Activation of the Development Area until its termination, an administrative fee in the amount of $21,700 (the "Administrative Costs") from the Incremental Revenues received by the Agency pursuant to the Local Participation Agreement and/or Tax Incentive Agreement and shall be retained by the Agency to cover administrative and other expenses incurred by the LFUCG or the Agency for the administration and implementation of the Development Area Ordinance, including complying with any reporting requirements set forth in the Local Participation Agreement and/or Tax Incentive Agreement, and costs for professional services related to implementation of this Agreement.

B. After the annual obligations set forth in Section V(A) of this Agreement have been fully satisfied, and the Developer meeting its obligations set forth in Section IV of this Agreement, Incremental Revenues received by the Agency pursuant to the Local Participation Agreement and/or Tax Incentive Agreement shall be annually paid to the Developer to reimburse the Developer for the Approved Public Infrastructure Costs and Capital Investment for the High Street Parking Structure, as certified hy the Developer, but not to exceed $65,000,000, except that LFUCG Incremental Revenues may only reimburse the Developer for Capital Investment related to the High Street Parking Structure, which reimbursement to the Developer from LFUCG Incremental Revenues shall be subject to the limitations and conditions set forth in the Local Participation Agreement, including that after twenty percent (20%) of the Capital Investment for the High Street Parking Structure has been reimhursed to the Developer from LFUCG Incremental Revenues, no additional costs for the High Street Parking Structure shall be reimbursed from LFUCG Incremental Revenues, until the Lexington Center Contribution, as defined in the Local Participation Agreement, has first been reimbursed to the LFUCG. No Incremental Revenues shall be paid to the Developer pursuant to this paragraph until the Minimum Capital Investment within the Development Area has been certified.

C. After the State gives final approval to the TIF Project, Agency agrees to execute a Tax Incentive Agreement with the State that provides for the pledging of certain State Incremental Revenues to help pay for Public Infrastructure Costs within the Development Area.

D. After the obligations set forth in Section V(A) and (B) of this Agreement have been fully satisfied, Incremental Revenues received by the Agency pursuant to the Local Participation Agreement and/or Tax Incentive Agreement may be used by the Agency to pay for other eligible capital costs within the TIF Development Area as set forth in the Local

Participation Agreement and/or Tax Incentive Agreement, or LFUCG may, at its option, terminate the Development Area.

E. It is understood by the Parties that after the activation of the TIF any State Incremental Revenues that may be generated and available to be paid by the State to the Agency pursuant to the provisions of the Tax Incentive Agreement, shall be held in escrow without interest accruing thereon, until the Minimum Capital Investment in documented Project Costs, required for the release of State Incremental Revenues, are certified as may be provided in the Tax Incentive Agreement. It is further understood that the payment of State Incremental Revenues to the Agency are limited to reimbursement for Approved Public Infrastructure Costs, and other approved costs that will be identified in the Tax Incentive Agreement, that are certified by the Agency to the State and approved by the State.

F. Notwithstanding anything to the contrary, nothing in this Agreement shall be interpreted to commit LFUCG and/or the Agency to pay for or reimburse any Project Costs, except from the Incremental Revenues that may be generated within the Development Area and/or Footprint and due to the Agency as provided in the Local Participation Agreement and the Tax Incentive Agreement.

G. The obligations of the Agency to reimburse costs to the Developer as provided in Section V of this Agreement are contingent upon KEDFA approving the Project under a Commonwealth Participation Program to allow a portion of the Approved Public Infrastructure Costs to be reimbursed with State Incremental Revenues. In addition, any obligations of LFUCG or the Agency to reimburse Approved Public Infrastructure Costs from Incremental Revenues shall terminate in the event the Tax Incentive Agreement is terminated or not renewed as provided in the Act and the Tax Incentive Agreement. However, this Agreement shall continue in full force and effect to reimburse the Developer for Capital Investment for the High Street Parking Structure, as defined in the Local Participation Agreement, even if the State reimbursement has reached its maximum cap, as provided in the Tax Incentive Agreement, but subject the limitations and other conditions as set forth in the Local Participation Agreement.

SECTION VI
Default

If any Party or any Parties (in either case, the "Defaulting Party") materially breaches or defaults on any of its obligations under this Agreement, the other Parties may give notice that remedial action must be taken by the Defaulting Party within sixty (60) days of the notice. The Defaulting Party shall correct such breach or default within sixty (60) days after such notice; provided, however, if (i) the default is one which cannot with due diligence be remedied by the Defaulting Party within sixty (60) 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 such default shall be extended for such period as may be necessary to remedy the same with all due diligence. If such action is not taken, the non-defaulting parties may, in addition to all other remedies available at law or in equity (including but not limited to specific performance and/or recovery of damages, including reasonable attorneys' fees and other costs and expenses), terminate this Agreement, or the portion of it affected by the default, by giving ten (10) days written notice to the defaulting Party or Parties.

In the event this Agreement is terminated, LFUCG and the Agency shall be (i) relieved of any executory obligations under this Agreement, (ii) released from undertaking any additional obligations as provided in this Agreement.

SECTION VII

Miscellaneous Provisions

A. Term; Survival; Termination. The term of this Agreement shall be from the date of this Agreement until the earliest of (i) the final payment of the Incremental Revenues and the use of such Incremental Revenues pursuant to this Agreement, the Local Participation Agreement and the Tax Incentive Agreement, or (ii) the termination of this Agreement in accordance with its terms or (iii) the termination of the Local Participation Agreement and the Tax Incentive Agreement. This Agreement shall not terminate upon the execution of any agreements required or contemplated by this Agreement, or referred to in this Agreement, and the provisions of this Agreement shall not be deemed to be merged into any such agreements, it being the intent of the Parties that this Agreement shall survive the execution and delivery of any such agreements and shall continue throughout the entire development of the Development Area.

B. Governing Law. The laws of the Commonwealth of Kentucky shall govern as to the interpretation, validity and effect of this Agreement.

C. 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.

D. Force Majeure. LFUCG, Agency or Developer 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 (provided, however, that a failure to give such notice timely shall not be a default hereunder or impair the non-performing party's immunities hereunder or account of Unavoidable Delay, unless the failure to give such notice timely actually prejudices the other party). 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 heing made by the non-performing party to perform such obligation as to which it is in default.

E. 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 hy notice hereunder, and shall be deemed to have heen given upon the earliest of (i) three (3) days following deposit in the U.S. Mail with proper postage prepaid, Certified or Registered, Return Receipt Requested, (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 LFUCG:	Mayor Jim Gray Government Center 200 East Main Street Lexington, Kentucky 40507
With Copies to:	Kevin Atkins, Chief Administrative Officer

	Government Center 200 East Main Street Lexington, Kentucky 40507
	Janet M. Graham Commissioner of Law Government Center 200 East Main Street Lexington, Kentucky 40507
If to the Agency:	William O'Mara Commissioner of Finance Government Center 200 East Main Street Lexington, Kentucky 40507
With a Copy to:	Janet M. Graham Commissioner of Law Government Center 200 East Main Street Lexington, Kentucky 40507
	Kevin Atkins Chief Development Officer Government Center 200 East Main Street Lexington, Kentucky 40507
If to Developer:	Bill Owen President, CEO Lexington Center Corporation 430 West Vine St Lexington, KY 40507
With Copies (which shall not constitute notice) to:	__________

F. 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, conditioned or delayed by the party from whom such approval or consent is required.

G. Entirety of Agreement. As used herein, the term "Agreement" shall mean this Master Development 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 or the previous agreements that are referenced herein, 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 party.

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

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

J. 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.

K. No Waiver. No waiver of any condition or covenant of this Agreement to be satisfied or performed by LFUCG, Agency, or Developer 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 either 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.

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

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

N. 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 principal and agent, or of partnership, or of joint venture, or of association between any of the Parties of this Agreement.

O. No Third Party Beneficiary. Except as otherwise specified herein, the provisions of this Agreement are for the exclusive benefit of LFUCG, Agency, and the Developer, any lender providing financing to Developer, 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.

P. 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.

Q. Assignment of Rights and Delegation of Duties. Neither LFUCG nor the Agency shall assign this Agreement without the prior written consent of the Developer, which shall not be unreasonahly withheld. The Developer shall have the right to assign this Agreement, or any part hereof, to an Affiliate, provided the assignee shall assume all assigned liabilities and obligations of the Developer hereunder and LFUCG provides its consent in advance in writing, which consent shall not be unreasonably withheld.

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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.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
An urban county government of the Commonwealth of Kentucky

By: ______________________________
Jim Gray

Its: Mayor ______________________________

Date: ______________________________

DEPARTMENT OF FINANCE
Lexington-Fayette Urban County Government

By: ______________________________
William O'Mara

Its: Commissioner of Finance ______________

Date: ______________________________

LEXINGTON CENTER CORPORATION
A nonprofit corporation organized and existing under the laws of the Commonwealth of Kentucky

By: ______________________________
Bill Owen
President, CEO
Lexington Center Corporation

Reviewed by: ______________________________
Craig Turner
Chairman of the Board
Lexington Center Corporation

Exhibit A

Lexington Center Development Area

Exhibit B

Project Description

Exhibit C

Anticipated Approved Public Infrastructure Costs

Exhibit D

Officers of Developer and Affiliates