

FORGIVABLE LOAN AGREEMENT

THIS LOAN AGREEMENT (“Loan Agreement”), dated as of this _____ day of _____, 2024, is made by and between:

Lexington-Fayette Urban County Government,
an urban county government pursuant to KRS Chapter 67A
200 East Main Street
Lexington, Kentucky 40507
on (“LFUCG”)

And

Wellington Park Apartments LLC
a Kentucky Limited Liability Limited Partnership
159 Old Georgetown Street
Lexington, KY 40508
 (“Organization”)

Witnesseth

WHEREAS, Organization proposes to develop forty-five affordable senior apartment units on a two acre site located at 3125 Dorchester Place, which does not currently abut roadway; and

WHEREAS, Organization proposes, as part of this development, to construct an access road, sidewalks, curbs, and gutters, meeting all current road standards, from Wellington Way to the proposed senior apartment units (“the Project”); and

WHEREAS, this access road would also provide access to ten acres of undeveloped land within the Urban Service Area to help facilitate future development; and

WHEREAS, the Organization’s application for funding under the Public Infrastructure Program (“the Program”) complies with the requirements of the Program; and

WHEREAS, Organization has committed to the hiring and retention of two additional qualified employees in Fayette County for at least the period of time provided in this Agreement; and

WHEREAS, LFUCG recognizes that the Project will provide a benefit to the community and that the location of this Project will be of significant benefit to Fayette County, both economically and through improvement of infrastructure; and

WHEREAS, LFUCG finds that the provision of economic incentives from the Public Infrastructure Fund towards the Project, provided herein, is in the public interest as it will create new jobs and will provide access to currently undeveloped land within the Urban Service Area;

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

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

Recital

This Loan Agreement (“Agreement”) provides for a forgivable loan in the amount of five hundred thousand dollars and zero cents (**\$500,000.00**) from LFUCG to Wellington Park Apartments LLC (hereinafter “Organization”) pursuant to the terms of this Agreement. In order to induce LFUCG to enter into this Loan Agreement and to make the Loan, the Organization is willing and desires to make the warranties, covenants, and agreements contained and set forth herein.

SECTION 1 Definitions

As used in this Agreement:

“Accountant” shall mean the certified public accountant or firm of certified public accountants acting as the Organization’s accountant unless explicitly authorized by LFUCG.

An “Affiliate” of, or a Person “Affiliated” with, a specified Person, is a Person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the Person specified.

“Disbursement” shall mean the distribution of proceeds of the Loan by LFUCG to Organization.

“Employee” shall mean a Kentucky resident who maintains a permanent, Full-Time Job (as further defined below) at the Project Site, which shall be located in Fayette County, Kentucky, as opposed a part-time employee or independent contractor, hired after the effective date of this Agreement and retained by the Organization and working in Fayette County for any portion of the time between the date construction of the Project is completed and the ten (10) year anniversary thereof.

“Event of Default” shall mean the happening of any one or more of the events which constitute an event of default under Section 5 of this Loan Agreement.

“Full Time Job” shall mean a job held by a person employed (an employee) for a minimum of thirty-five (35) hours per week and subject to the Kentucky Individual Income Tax imposed by KRS 141.020 and the local occupational license fee.

“Gross Salaries” shall mean the salaries and wages paid to the Organization’s Employees, as defined above.

“Hire” or its derivative shall mean the creation of a new Full Time Job in Lexington-Fayette County.

“Jobs Requirement” shall have the meaning set forth in Section 3.15, hereof.

“Loan” shall mean the forgivable loan in the principal amount of \$500,000.00 from LFUCG to the Organization as further provided in Section 2 of this Loan Agreement, as evidenced by the Note attached as Exhibit B to this Agreement.

“Loan Documents” shall mean this Loan Agreement and Exhibits to this Agreement, and all other instruments or agreements related thereto.

“LFUCG” shall mean the Lexington-Fayette Urban County Government, an urban county government of the Commonwealth of Kentucky created pursuant to KRS chapter 67A.

“Note” shall mean the promissory note attached as Exhibit B to this Agreement, and shall include any renewal, replacement, extension, or notation thereof.

“Organization” shall mean Organization and any subsidiary companies or other affiliates owned or controlled by Organization in Fayette County.

“Person” shall mean any person, firm, trust, corporation, partnership, limited liability Organization, business organization, or other entity.

“Project” shall mean the access road, sidewalks, curbs, and gutters providing road access from Wellington Way to the Organization’s senior affordable apartment units, as further described in the attached Exhibit A, which is incorporated herein by reference. Organization understands and agrees that any material change to the proposed Project will require the advance written approval of LFUCG.

“Project Site” shall mean the property on which the Project, as further described in Exhibit A which is incorporated herein by reference, is located, and which the Organization has an access easement thereto.

“Public Infrastructure” shall have the same definition as provided in LFUCG Ordinance No. 141-22 pertaining to the Public Infrastructure Fund.

“Public Infrastructure Fund” shall mean the fund created pursuant to LFUCG Ordinance No. 141-22.

“Request for Disbursement” shall mean a written request to the LFUCG for the making of a disbursement of the proceeds of the Loan, in form, substance, and detail satisfactory to the LFUCG.

SECTION 2
The Loan

LFUCG agrees to provide the Organization with a forgivable loan (the Loan) in accordance with the terms and condition of the Loan Documents, as follows:

2.1 Amount. The principal amount of the Loan shall be up to a maximum amount of five hundred thousand dollars and zero cents (**\$500,000.00**) as evidenced by the Note attached hereto and made a part hereof as Exhibit B.

2.2 Interest. Interest at the rate of zero percent (0.00%) of the outstanding principal shall be assessed annually. However, should an Event of Default occur under the terms of this Agreement, additional interest in an amount of twelve percent (12%) per annum from the date of default shall be assessed.

2.3 Disbursement. Disbursements of proceeds of the Loan shall be made by LFUCG to the Organization as reimbursement for qualifying Public Infrastructure expenditures on the Project Site. Provided, however, that no more than one draw may be made in any thirty (30) day period. Notwithstanding the preceding, no disbursements shall be made unless (i) this Agreement and all attachments hereto have been properly executed by the appropriate parties and returned to LFUCG (ii) all parties have satisfied the conditions precedent to the Loan set forth in Article 7 of this Agreement and in each of the other Loan Documents, and (iii) LFUCG has received properly completed and executed copies of Exhibit C not less than thirty (30) days prior to the date requested for the disbursement, to which shall be attached any supporting documentation requested by LFUCG.

2.4 Payments. Payment on the Loan shall be deferred as long as the Organization complies with the Loan Documents. Should the Project be completed, to the sole satisfaction of LFUCG, within two years from the execution of this Agreement, and Organization has otherwise fully complied with the terms of the Loan Documents and satisfied all duties and obligations established thereunder, principal shall be forgiven according to the following schedule:

Date of Forgiveness	Percent of Original Principal Forgiven
July 1, 2027	10%
July 1, 2028	10%

July 1, 2029	10%
July 1, 2030	10%
July 1, 2031	10%
July 1, 2032	10%
July 1, 2033	10%
July 1, 2034	10%
July 1, 2035	10%
July 1, 2036	10%

Notwithstanding the above:

- (a) Should the Project be completed within two (2) years after execution of this Agreement and should the Organization otherwise obtain full compliance with the Loan Agreement, including the requirement to retain the required number of employees for a period of ten years after completion of the Project, before July 1, 2036, forgiveness of all remaining principal shall occur upon the LFUCG's approval of Organization's final bi-annual report required under Section 3.15 of this Agreement.
- (b) In the event the Project is not completed, to the sole satisfaction of LFUCG, within two (2) years after execution of this Agreement, the Loan shall be repaid in forty (40) consecutive quarterly installments of principal and interest all of which shall be due on the first day of each quarter. The number of quarterly installments may be amended by agreement of the Mayor, with approval of the Economic Development Investment Board, and the Borrower, provided the change does not reduce the amount repaid to LFUCG by the Borrower. Otherwise, any amendment affecting the number of quarterly installments shall require Council approval. The amount due for any given payment, which shall be determined by LFUCG and provided to Borrower, shall be calculated as the amount that would be required to fully repay all distributions already made at the time of payment, plus applicable interest, fees, penalties, and costs, in quarterly payments, by the conclusion of the repayment term. The first payment shall be due thirty (30) days after the two year anniversary of this Agreement.

In the event of default, the entire principal distributed at the time of default, interest, and any additional interest as provided in Section 2.2, shall be due and payable within ten (10) days of LFUCG providing Organization with a written notice of demand of the balance owing, as provided in Section 6.1 of this Agreement. All outstanding amounts will bear interest as provided in the Note and Section 2.2 of this Agreement.

2.5. Prepayment. The Organization shall have the right at any time and without penalty to prepay the Note in whole or in part.

2.6. Ceasing Disbursement. The LFUCG may, at its sole discretion, cease any future disbursement(s) should any Event of Default occur prior to that disbursement being sent.

SECTION 3 General Covenants

In consideration for the provision of the Loan by LFUCG, the Organization agrees that, until the terms of this Agreement are fulfilled or as otherwise provided, it shall perform, observe, and comply with each of the following:

3.1 Mergers, Sales, Transfers, Redemptions, and Other Dispositions of Assets, or Dissolution. The Organization shall not, without the prior written consent of LFUCG:

- (a) Liquidate or dissolve or take any action with a view toward liquidation or dissolution;
- (b) Substantially cease its business operations at the Project Site;
- (c) Enter into any agreement for the assumption of the Loan by any other Person; or,
- (d) Undertake a change in majority ownership, management, or control.

3.2 Financial Statements and Business Records. The Organization shall keep true and complete financial records prepared with generally accepted accounting principles consistently applied, and keep business records in accordance with good business practices in the industry. Upon LFUCG's request or the request of its Economic Development Investment Board at reasonable times and places, the Organization shall make its business records available to LFUCG for inspection on a confidential basis. During the term of the Loan, the Organization shall furnish to LFUCG annual financial reports prepared by the Accountant in a form satisfactory to LFUCG. With the annual report, the Organization shall include a cover letter stating its average annual employment at the Project Site. Insofar as is possible under applicable laws, the financial reports and annual report ("Information") shall be deemed confidential business information and shall be treated by LFUCG as exempt from inspection under the Kentucky Open Records Act as records confidentially disclosed to it under KRS 61.878.

3.3 Designation of Agent. The Organization shall at all times have a properly designated agent, who is a resident of or has offices in the Commonwealth of Kentucky, to accept service of process. The Organization shall notify LFUCG of the name and address of such agent and of any change in the name or address of such agent.

3.4 Taxes and Other Obligations. The Organization shall pay as they become due all taxes, assessments, governmental charges, levies, and any other claims e.g.

labor, materials, supplies) which, if unpaid, might give rise to a lien or charge upon the Project Site or any other of the Organization's property, unless the Organization is contesting the same in good faith and has posted a bond protecting the same in such form and amount and with such parties as may be approved by LFUCG.

3.5 Use of Loan Proceeds. The proceeds of the Loan shall be used exclusively for the construction of necessary public infrastructure related to the Project, including sanitary sewer, storm water sewer, public parking, public transit improvements/enhancements, public sidewalks, public multi-use paths and public roads (curb, gutter, and utility relocation as needed) and those expenses typically related to hard construction costs. Loan proceeds may not be used for project design, engineering, and other soft costs.

3.6 Properties and Insurance. The Organization shall maintain its real property, buildings, and other fixed assets located at the Project Site in good condition, subject only to normal wear and tear, and make all necessary and proper repairs, renewals, and replacements, and shall comply with all material provisions of leases and other material agreements in order to prevent loss or forfeiture. All real property, personal property, or collateral located at the Project Site is and will remain insured against loss during the life of the Loan. Failure to maintain insurance coverage as set forth herein shall constitute an Event of Default as set forth in Section 5 hereof.

3.7 Entity Existence. The Organization shall preserve its entity existence as a validly organized business entity and shall be and remain qualified to do business in Kentucky and in all states in which it is required to be so qualified or in which the failure to be so qualified would have a material adverse effect on its ability to meet its obligations hereunder.

3.8 Compliance with Law. The Organization shall comply in all material respects with all valid and applicable statutes, rules, and regulations of the United States of America, of the States thereof and their counties, municipalities, and other subdivisions, and of any other jurisdiction applicable to it, and the provisions of licenses issued to it, except where non-compliance (a) would not have a material adverse effect on the Organization's ability to meet its obligations hereunder, or (b) shall be currently contested in good faith by appropriate proceedings, timely instituted, which shall operate to stay any order with respect to noncompliance.

3.9 Main Offices on Property Served by Project. The main offices of the Organization shall remain on the Organization's property utilized for senior affordable apartments and served by the Project.

3.10 Construction of the Project. Construction of the Project shall be commenced within twelve months from the date of this Agreement's execution.

3.11 Indemnification. The Organization shall indemnify, defend, and save harmless the LFUCG and its boards, directors, officers, agents, and employees (the "Indemnitees") from all loss, liability, or expense (including the fees and expenses of in-

house or outside counsel) directly arising out of or in connection with the Organization's execution and performance of this Agreement except to the extent that such loss, liability, or expense is due to the gross negligence or willful misconduct of the Indemnitee. The Organization acknowledges and agrees that this indemnity provision shall survive the termination of this agreement.

3.12 Access. Organization shall allow LFUCG any necessary reasonable access to monitor its performance under this Loan Agreement.

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

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

3.15 Jobs Requirement.

The Organization shall hire and retain two employees in Fayette County for at least a period of ten (10) years from the completion of the Project's construction, as determined in the sole discretion of LFUCG. Biannually each year (in June and December), Organization shall provide LFUCG, on a form substantially similar to Exhibit D, with a certification of the following information: (i) the number of jobs maintained by the Organization in Fayette County as the date of submittal and the Gross Salaries related to its Employees/aggregate payroll in Fayette County; (ii) the aggregate real and personal property improvements made prior to such date; and (iii) a written certification of compliance with the terms and conditions of the Loan Documents.

3.16 Dedication of Project to Government. Organization agrees to dedicate the Project to LFUCG upon completion and acceptance by LFUCG, if requested by LFUCG.

3.17 Sale of Property Served By Project. Organization shall receive the approval of LFUCG prior to any transfer of any property owned by Organization and served by the Project, including, but not limited to, 3125 Dorchester Place.

SECTION 4
Representations and Warranties

The Organization hereby represents and warrants to LFUCG as follows (which warranties and representations shall be deemed to survive the execution of this Loan Agreement):

4.1 Existence. The Organization is a duly organized and validly existing corporation under the laws of the Commonwealth of Kentucky qualified to do business in Kentucky and in all other states in which it is required to be so qualified or in which the failure to be so qualified would have a material adverse effect on Organization's ability to meet its obligations hereunder. The Organization shall preserve its entity existence as a corporation and shall be and remain qualified to do business in Kentucky and in all states in which it is required to be so qualified or in which the failure to be so qualified would have a material adverse effect on its ability to meet its obligations hereunder. The Organization shall also preserve its entity existence as a corporation and shall be and remain qualified to do business in Fayette County, Kentucky.

4.2 Right to Act. The Organization has the legal power, capacity, and right to execute and deliver all of the Loan Documents to which it is a party, and to observe and perform all of the provisions of the Loan Documents to which it is a party. Neither the Organization's execution or delivery of the Loan Documents nor the performance or observance by the Organization of the provisions of the Loan Documents violates any law applicable to it or otherwise constitutes a default or a violation under, or results in the imposition of any lien under, or conflicts with, or results in any breach of any of the provisions of, any existing contract or other obligation binding upon it or its property, with or without the passage of time or the giving of notice or both. The officer executing and delivering the Loan Documents to which Organization is a party on behalf of the Organization has been duly authorized to do so, and the Loan Documents to which it is a party referred to herein are legal, valid, and binding obligations of the Organization enforceable in accordance with their respective terms, except to the extent enforceability thereof may be limited under applicable bankruptcy, moratorium, insolvency, or similar laws or by equitable principles.

4.3 Litigation and Taxes. No litigation or proceeding involving the Organization is pending or overtly threatened in writing in any court or administrative agency, which would be reasonably likely to have a material adverse impact on the Organization's financial condition or otherwise impair its ability to honor the commitments made herein (in each case, after giving effect to applicable insurance coverage). The Organization is not in default in the payment of any tax, nor is any assessment threatened in respect thereof (other than the assessment of ad valorem property taxes not yet due and payable), and has timely filed all federal, state, and local tax returns and has paid all taxes required to be paid therewith, except for matters being contested in good faith by appropriate proceedings, timely instituted.

4.4 Financial Statements. The Organization's financial statements, heretofore furnished to LFUCG and its Economic Development Investment Board, are true and

complete in all material respects, have been prepared on the cash basis of accounting, omit no material contingent liabilities of any kind that are not disclosed or otherwise reflected therein, and fairly present its financial condition as of their dates and the results of the Organization's operations for the respective fiscal period then ending. Since the date of their preparation, there has been no material adverse change in the Organization's financial condition, properties, or businesses.

4.5 Default. No Event of Default exists under this Loan Agreement, nor shall any such default begin to exist immediately after the execution and delivery hereof.

4.6 Last Dollar In. Consistent with the representations in the Application, the Organization does represent and certify that the financial incentives being provided by the LFUCG are necessary for the development of senior affordable apartments and the Project, and are the last funds received from a public or private entity for the creation of the jobs provided in Section 3.15, above.

SECTION 5 Events of Default

Each of the following shall constitute an Event of Default under this Loan Agreement:

5.1 Payments. The failure of the Organization to make payments of under the Note or this Loan Agreement when same shall be due and payable and the continuation of such failure for ten (10) days after such payment first becomes due.

5.2 Covenants and Agreements. If the Organization violates, fails, or omits to perform or observe any non-monetary covenant, agreement, condition, representation, or other provision contained or referred to in, or any non-monetary default occurs under, the Loan Documents to which it is a party, and such failure or omission shall not have been fully corrected within thirty (30) days (or such shorter grace period as may be provided herein) after LFUCG has given written notice thereof to the Organization. Notice is considered given upon receipt.

5.3 Accuracy of Statements. If any representation, warranty, or other statement of fact contained herein, or in any of the other Loan Documents to which Organization is a party or in any writing, certificate, report, or statement at any time furnished to LFUCG pursuant to or in connection with this Loan Agreement, or otherwise, shall be materially false or misleading in any respect or shall omit a material fact, whether or not made with knowledge of same.

5.4 Adverse Financial Change. If there should be any material adverse change in the financial condition of the Organization, as determined in LFUCG's reasonable discretion, from its financial condition as shown on any financial statement supplied to LFUCG as referred to in Sections 3.2 or 4.4 of this Loan Agreement, and such adverse change is not fully corrected to LFUCG's satisfaction within thirty (30) days after written notice with respect thereto is provided to the Organization from LFUCG.

5.5 Dissolution or Termination of Existence. If the Organization or any person, firm, or corporation controlling the Organization takes any action that is intended to result in the Organization's termination, dissolution, or liquidation, or to cease operation of the Project for a period of at least three (3) months.

5.6 Solvency.

(a) If the Organization shall (i) be adjudicated bankrupt, (ii) admit in writing its inability to pay its debts generally as they become due, (iii) make a general assignment for the benefit of creditors, or (iv) file a petition, or admit (by answer, default or otherwise) the material allegations of any petition filed against it, in bankruptcy under the federal bankruptcy laws (as in effect on the date this Loan Agreement, or as they may be amended from time to time), or under any other law for the relief of debtors, or for the discharge, arrangement or compromise of their debts.

(b) If a petition shall have been filed against the Organization in proceedings under the federal bankruptcy laws (in effect on the day of this Loan Agreement, or as they may be amended from time to time) or under any other laws for the relief of debtors, or for the discharge, arrangement, or compromise of their debts, or any order shall be entered by any court of competent jurisdiction appointing a receiver, trustee, or liquidator of all or any material part of the Organization's assets, and such petition or order is not dismissed or stayed within thirty (30) consecutive days after entry thereof.

5.7 Lexington Affordable Housing Trust Fund Agreements. Should Organization receive funds from the Lexington Affordable Housing Trust Fund related to the senior affordable apartment facility being serviced by the Project, an Event of Default under this Agreement shall occur if any agreement with the Affordable Housing Trust Fund is terminated, or the Organization or its affiliates violate any term contained in any such agreement.

5.8 Other Defaults. If any event would give another Person or entity the right to accelerate payments of material indebtedness for borrowed money or to proceed against the Project Site.

5.9 Loan Documents. If, for any reason, any of the Loan Documents to which Organization is a party shall cease to be in full force and effect, or shall be declared null and void, or shall be contested by the Organization as to the validity or enforceability thereof.

SECTION 6 Remedies Upon Default

Notwithstanding any contrary provisions or inference herein or elsewhere:

6.1 Acceleration; Assessment of Interest Rate. If any Event of Default shall occur under this Agreement, LFUCG shall have the right, in its sole discretion, to declare

the entire remaining amount of the Loan immediately due and payable, along with interest as provided in Section 2.2 of this Agreement.

6.2 Exercise of Remedies. The rights and remedies of LFUCG under the Loan Documents shall be deemed to be cumulative and shall be in addition to all those rights and remedies afforded to LFUCG at law or in equity. Any exercise of any rights or remedies shall not be deemed to be an election of that right or remedy to the exclusion of any other right or remedy.

SECTION 7 Conditions Precedent

LFUCG's obligation to make the Loan shall be conditioned upon the fulfillment of the following conditions prior to the making of such Loan:

7.1 Representations, Warranties, and Covenants. Each and every representation, warranty, and covenant made by or on behalf of the Organization in its application to LFUCG or relating to any of the Loan Documents to which it is a party or instruments or transactions contemplated thereby shall be true, complete, and correct on and as of the date the Loan is made and shall be so evidenced by a certificate executed by the Organization's duly authorized officer, to be dated and delivered to LFUCG as of the closing date of this Loan.

7.2 No Defaults. There shall exist no Event of Default and no event which, with the giving of any notice or the passage of any period of time, constitutes an Event of Default.

7.3 Compliance. The Organization shall have observed or complied with all provisions of this Loan Agreement.

7.4 Insurance Policy. The Organization shall have submitted to LFUCG a copy of an applicable certificate, in customary form, with respect to the current insurance coverage on the Project Site.

7.5 Employment Waiver and Authorization. The Organization hereby authorizes LFUCG to request that the Office of Employment and Training within the Department for Workforce Investment ("OET") furnish to LFUCG, on a confidential basis (except as to information disclosed on the public website of LFUCG as to all projects approved by LFUCG), all information in the possession of OET concerning the number of people employed by the Organization at the Project Site, and the number of hours worked by those employees. The Organization hereby releases OET from any and all responsibility for disclosing to LFUCG the information requested in connection with this Loan Agreement.

7.6 Corporate Existence and Authorization. The Organization shall provide, at the request of the LFUCG, an original Certificate of Good Standing or equivalent from the

Kentucky Secretary of State's Office and copies of its Articles of Incorporation and any amendments thereto.

7.7 Successors and Assigns. Except as otherwise expressly provided herein, the terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns, respectively, of the parties hereto. This provision shall not be construed to permit assignment by the LFUCG or the Organization of any of their respective rights or duties under this Agreement or the other Loan Documents.

SECTION 8 Interpretation

8.1 No Waivers; Multiple Exercise of Rights. No course of dealing in respect to, nor any omission or delay in the exercise of, any right, power, remedy, or privilege by LFUCG shall operate as a waiver thereof, nor shall any right, power, remedy, or privilege of LFUCG be exclusive of any other right, power, remedy, or privilege referred to herein or in any related document now or hereafter available at law, in equity, in bankruptcy, by statute, or otherwise. Each such right, power, remedy, or privilege may be exercised by LFUCG, and as often and in such order as LFUCG may deem expedient.

8.2 Time of the Essence. Time shall be of the essence in the performance of all the Organization's obligations under the Loan Documents and the other instruments related hereto.

8.3 Binding Effect. The provisions of this Loan Agreement shall bind and benefit the Organization and LFUCG and their respective successors and assigns, including each subsequent holder, if any; provided, however, that this paragraph shall not be construed to permit the assignment by the Organization of its rights and obligations under this Loan Agreement without LFUCG's prior written consent.

8.4 Headings. The headings used in this Loan Agreement are for convenience of reference only, and shall not be considered in the interpretation or construction of this Loan Agreement.

8.5 Governing Law. The Loan Documents and the respective rights and obligations of the parties hereto shall be construed in accordance with and governed by the laws of the Commonwealth of Kentucky.

8.6 Jurisdiction and Venue. The parties hereto agree that any suit, action, or proceeding with respect to this Loan Agreement may only be brought in or entered by, as the case may be, (a) the courts of the Commonwealth of Kentucky situated in Lexington, Fayette County, Kentucky, and the parties hereby submit to the jurisdiction of such court for the purpose of any such suit, action, proceeding, or judgment and waive any other preferential jurisdiction by reason of domicile. The parties hereby irrevocably waive any objection that they may now or hereafter have to the laying of venue of any suit, action, or proceeding arising out of or related to this Loan Agreement and the Loan Documents to which Organization is a party brought in the Courts of the Commonwealth of Kentucky

situated in Lexington, Fayette County, Kentucky and also hereby irrevocably waive any claim that any such suit, action, or proceeding brought in any one of the above-described courts has been brought in an inconvenient forum.

8.7 Complete Agreement. This Loan Agreement and the other instruments referred to herein contain the entire agreement of the parties pertaining to its subject matter and supersede all prior written and oral agreements pertaining hereto.

8.8 Assignments or Modifications. The Organization may not assign its rights under this Loan Agreement to any other party without the prior written consent of the LFUCG, which consent shall not be unreasonably withheld or delayed. This Loan Agreement may be modified only in a writing executed by LFUCG and the Organization.

8.9 Severability. If any part, term, or provision of this Loan Agreement is held by any court to be unenforceable or prohibited by any law applicable to this Loan Agreement, the rights and obligations of the parties shall be construed and enforced with that part, term, or provision limited so as to make it enforceable to the greatest extent allowed by law, or, if it is totally unenforceable, as if this Loan Agreement did not contain that particular part, term, or provision.

SECTION 9
Notices

Any notice required or permitted to be given under this Loan Agreement shall be in writing and shall be deemed sufficiently given for all purposes if sent by registered mail, postage pre-paid and return receipt requested, or by electronic mail, in each case addressed to the intended recipient (a) as follows:

If to LFUCG:	Chief Development Officer Lexington-Fayette Urban County Government 200 East Main Street Lexington, KY 40507 ATTN: Kevin Atkins
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If to the Organization:	Wellington Park Apartments LLC 159 Old Georgetown Street Lexington, KY 40508 Attn: Johan Graham
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or (b) such other address which any party hereto may specify by written notice to the other party in accordance with the terms of this Section, including electronic mail addresses as designated from time to time. Any registered mail notice shall be deemed effective as of three (3) business days after the mailing date of said notice.

SECTION 10
Survival of Covenants, Agreements,
Warranties, and Representations

All covenants, agreements, warranties, and representations made by the Organization herein shall survive the making of the Loan and the execution and delivery of the Loan Documents.

SECTION 11
Fees and Expenses;
Costs of Enforcement

If any Event of Default shall occur under the Loan Documents, the Organization shall pay to LFUCG, to the extent allowable by applicable law, such amounts as shall be sufficient to reimburse LFUCG fully for all of its costs and expenses incurred in enforcing its rights and remedies under the Loan Documents, including without limitation LFUCG's reasonable legal fees and court costs. Such amounts shall be deemed evidenced by and secured by all the Loan Documents.

SECTION 12
Miscellaneous Provisions

12.1 Term of Loan Agreement. The term of this Loan Agreement shall commence as of the date of this Loan Agreement's execution, and continue until the first date on which the Loan and all accrued interest thereon shall have been paid in full and the Organization shall have paid or performed all its other obligations hereunder.

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

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

12.4 Third Party Beneficiaries. This Agreement does not create a contractual relationship with or right of action in favor of a third party against either the Organization or LFUCG.

12.5 Incorporation by Reference. All exhibits, schedules, annexes, or other attachments to this Loan Agreement are incorporated into this Loan Agreement as if set out in full in the first place that reference is made thereto.

12.6 Nonliability of LFUCG. This Agreement will not be construed to make LFUCG liable to materialmen, contractors, craftsmen, laborers or others for goods and services delivered by them to or upon the Property or for debts or claims accruing to said

parties against the Borrower. There are no contractual relationships, either express or implied, between LFUCG and any materialman, contractors, craftsmen, laborers or any other persons supplying work, labor or materials on the job, nor will any third person or persons, individual or corporate, be deemed to be beneficiaries of this Loan Agreement or any term, condition or provisions hereof or on account of any actions taken or omitted by LFUCG pursuant hereto.

12.7 Multiple Counterparts. This Loan Agreement may be signed by each party upon a separate copy, and in such case, one counterpart of this Loan Agreement shall consist of a sufficient number of such copies to reflect the signature of each party.

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

12.9 Waivers by the Organization. The Organization hereby waives, to the extent permitted by applicable law, (a) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, and notices of dishonor in connection with; and, (b) any requirement of diligence or promptness on the part of LFUCG in enforcement of its rights under the provisions of the Loan Documents.

IN WITNESS WHEREOF, the Lexington-Fayette Urban County Government and the Organization have executed this Loan Agreement as of the day, month and year first above written.

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

By: _____

Printed Name: Linda Gorton

Title: Mayor

ORGANIZATION:

Wellington Park Apartments LLC

By: _____

Printed Name: _____

Title: _____

ATTEST:

Council Clerk

COMMONWEALTH OF KENTUCKY)

)

COUNTY OF _____)

The foregoing Forgivable Loan Agreement was sworn to, subscribed and acknowledged before me on this ___ day of _____, 2024 by _____ of Wellington Park Apartments LLC, for and on behalf of said Organization, which is registered to do business in Kentucky.

Notary Public

My commission expires: _____

EXHIBIT A
APPLICATION

EXHIBIT B

PROMISSORY NOTE

Borrower: Wellington Park Apartments LLC of 159 Old Georgetown Street, Lexington, KY 40508 (the “Borrower”)
LFUCG: Lexington-Fayette Urban County Government of 200 E. Main St, Lexington, KY, 40507 (the “LFUCG”)
Principal Amount: \$500,000.00 USD (“Loan”)

1. FOR VALUE RECEIVED, the Borrower promises to repay to the LFUCG the principal advanced to Borrower pursuant to the terms of the Forgivable Loan Agreement entered into by the parties on _____, 2024, (the “Loan Agreement”), up to the maximum sum of \$500,000.00 USD, plus any penalty, interest, costs, fees, charges provided for in the Loan Agreement.
2. Interest will be assessed at a rate of ZERO PERCENT (0.00%) of the outstanding principal per annum. However, should an Event of Default occur under the terms of the Forgivable Loan Agreement, additional interest in an amount of twelve percentage points (12%) per annum may be assessed at the sole discretion of LFUCG.
3. Should an Event of Default occur under the terms of the Loan Agreement, the LFUCG shall have the right, in its sole discretion, to declare the entire remaining amount of the principal and interest immediately due and payable. In the case of the Borrower’s default and the acceleration of the amount due by the LFUCG all amounts outstanding under this Note will bear interest of twelve percentage points (12%) per annum from the date of demand until paid.
4. Payment on the Loan shall be deferred as long as the Borrower complies with the terms of the Loan Agreement. Upon completion of the Project to the sole satisfaction of LFUCG within two years of the execution of the Loan Agreement, and Borrower has otherwise fully complied with the terms of the Loan Documents and satisfied all duties and obligations established thereunder, principal shall be forgiven according to the following schedule:

Date of Forgiveness	Percent of Original Principal Forgiven
July 1, 2027	10%
July 1, 2028	10%
July 1, 2029	10%
July 1, 2030	10%

July 1, 2031	10%
July 1, 2032	10%
July 1, 2033	10%
July 1, 2034	10%
July 1, 2035	10%
July 1, 2036	10%

Notwithstanding the above, should the Project be completed within two (2) years after execution of this Agreement and should the Organization otherwise obtain full compliance with the Loan Agreement, including the requirement to retain the required number of employees for a period of ten years after completion of the Project, before July 1, 2036, forgiveness of all remaining principal shall occur upon the LFUCG's approval of Organization's final bi-annual report required under Section 3.15 of this Agreement.

5. If the Borrower has outstanding principal or interest at the end of year twelve (12), the Borrower shall repay the balance of the Note to the LFUCG.
6. At any time while not in default under this Note or the Loan Agreement, the Borrower may pay the outstanding balance then owing under this Note, together with accrued interest thereon, to the LFUCG without further bonus or penalty.
7. All costs, expenses, and expenditures, including and without limitation the complete legal costs incurred by the LFUCG in enforcing this Note or the Loan Agreement as a result of any default by the Borrower, will be added to the principal then outstanding and will immediately be paid by the Borrower. In the case of the Borrower's default and the acceleration of the amount due by the LFUCG all amounts outstanding under this Note will bear additional interest of twelve (12) percent per annum from the date of demand until paid.
8. If any term, covenant, condition, or provision of this Note is held by a court of competent jurisdiction to be invalid, void, or unenforceable, it is the parties' intent that such provision be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable and the remainder of the provisions of this Note will in no way be affected, impaired, or invalidated as a result.
9. This Note will be construed in accordance with and governed by the laws of the Commonwealth of Kentucky.

10. This Note will ensure to the benefit of and be binding upon the respective heirs, executors, administrators, successors, and assigns of the Borrower and the LFUCG. The Borrower waives presentment for payment, notice of non-payment, protest, and notice of protest.

IN WITNESS THEREOF, the undersigned has executed this certificate in his/her capacity as _____ of Wellington Park Apartments LLC, a Kentucky Limited Liability Limited Partnership, on this _____ day of _____, 2024.

Wellington Park Apartments LLC

By: _____

Printed Name: _____

Title: _____

COMMONWEALTH OF KENTUCKY)

)

COUNTY OF FAYETTE)

The foregoing Promissory Note was sworn to, subscribed and acknowledged before me on this ___ day of _____, 2024, by _____ of Wellington Park Apartments LLC, for and on behalf of said company, which is registered to do business in Kentucky.

Notary Public

My commission expires: _____

EXHIBIT C

Request for Reimbursement

The undersigned, _____, in his/her capacity as _____ of Wellington Park Apartments LLC, a Kentucky Limited Liability Limited Partnership (the "Borrower") hereby certifies that:

1. The Lexington-Fayette Urban County Government (the "LFUCG") and the Borrower executed a Forgivable Loan Agreement ("Loan Agreement") in the amount of five hundred thousand dollars and zero cents (\$500,000.00), for reimbursement of eligible Public Infrastructure construction expenses related to the Project, as defined and described in the Loan Agreement.
2. Pursuant to the Loan Agreement, the Borrower agreed to hire, and has hired (or agrees to hire by the completion of the Project), a minimum of two (2) new permanent full-time jobs working on the property located at 3125 Dorchester Place in Lexington-Fayette County, as provided in the Loan Agreement.
3. The Borrower requests a disbursement of _____ for reimbursement of public infrastructure construction expenses listed in the application.
4. The Borrower understands that any provision of funds by LFUCG is conditioned upon Borrower's fulfillment of the terms of the Loan Agreement and review and approval by LFUCG of all documentation provided by Borrower justifying the expense to ensure all funds are used as reimbursement for construction of Public Infrastructure as required by the Loan Agreement. The Borrower further understands that LFUCG may request additional documentation and that payment by LFUCG is not a waiver of any Event of Default.

IN WITNESS THEREOF, the undersigned has executed this certificate in his/her capacity as _____ of Wellington Park Apartments LLC, a Kentucky Limited Liability Limited Partnership, which is registered to do business in Kentucky on this _____ day of _____, 2024.

Wellington Park Apartments LLC

By: _____

Printed Name: _____

Title: _____

COMMONWEALTH OF KENTUCKY)

) SS

COUNTY OF _____)

The foregoing Certificate was sworn to, subscribed and acknowledged before me on this ___ day of _____, 2024, by _____ of Wellington Park Apartments LLC, a Kentucky Limited Liability Limited Partnership, for and on behalf of said company, which is registered to do business in Kentucky.

Notary Public

My commission expires: _____

EXHIBIT D

BIANNUAL REPORT

4871-4013-8430, v. 1

Date:	Report 1 or 2 of year _____
Company/Organization Name:	Company/Organization Address:
Fund Program: Public Infrastructure Program	Date Approved Infrastructure Completed:

Minimum Number of Jobs to be Created by the Agreement:		Total Number of Jobs Currently Created by the Agreement:	
Median Hourly Wage:		Total Payroll of New Jobs Created by the Agreement:	
Mean Hourly Wage:			

I, _____, hereby attest to the accuracy of the information provided above in accordance with the Agreement and understand that the LFUCG retains the right to conduct an audit for purpose of verification.

Signature	Title
Print Name	Date

Schedule 1 to Exhibit D

	Employee Name	Employee Address	Date of Hire	Title	Hours Worked Per Week	Annual Wage
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						