

RESOLUTION NO. 24-09

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOMERSET, KENTUCKY (THE "CITY"), AUTHORIZING THE EXECUTION OF A MEMORANDUM OF AGREEMENT BETWEEN THE CITY AND C. M. FORD INVESTMENTS, LLC (THE "COMPANY") RELATING TO THE ACQUISITION, CONSTRUCTION, EQUIPPING AND INSTALLATION OF A MIXED-USE COMMERCIAL AND RESIDENTIAL PROJECT (THE "PROJECT"); AGREEING TO UNDERTAKE THE ISSUANCE OF INDUSTRIAL BUILDING REVENUE BONDS AT THE APPROPRIATE TIME TO PAY THE COSTS OF ACQUIRING, CONSTRUCTING, EQUIPPING AND INSTALLING SAID PROJECT AND FACILITIES; APPROVING AN AGREEMENT IN LIEU OF TAXES WITH THE COMPANY; TAKING OTHER PRELIMINARY ACTION; AND AUTHORIZING THE MAYOR TO EXECUTE ANY AND ALL DOCUMENTS IN FURTHERANCE OF THIS RESOLUTION.

WHEREAS, C. M. Ford Investments, LLC, Inc., a Kentucky limited liability company, or its assigns (the "Company"), proposes the acquisition, construction, equipping and installation of a mixed-use commercial and residential project to be located within the City, and Pulaski County, Kentucky on property located at KY 80 and KY 914 (the "Project"), as provided for in Section 103.200(1)(n) of the Kentucky Revised Statutes, and in this connection it has been determined that the City may assist the Company by causing the acquisition, construction, equipping and installation of the Project and by entering into at the appropriate time a lease agreement with reference thereto pursuant to authority of Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes (collectively, the "Act"), all in furtherance of the purposes of the Act and the public benefit of the residents and inhabitants of the City; such lease agreement to be upon such terms and conditions as the Act may require and the City may deem advisable; and

WHEREAS, the acquisition, construction, equipping and installation of the Project by the Company will encourage the expansion of commerce in accordance with the public policy of the Commonwealth of Kentucky by promoting the economic development of the Commonwealth of Kentucky and the City, will relieve conditions of unemployment, will encourage the increase of commerce and will improve the economic welfare of the people of the City; and

WHEREAS, the City is further authorized by the Act to issue bonds, which term under the Act encompasses bonds, variable rate bonds, commercial paper bonds, bond anticipation notes or any other obligations for the payment of money issued by a city, county or other authority pursuant to the Act, for the purpose of defraying the cost of acquiring, constructing, equipping and installing an industrial building or buildings, as defined in the Act; discussions have occurred between representatives of the Company and the City incident to the issuance of industrial building revenue bonds by the City; the City has agreed with the Company to issue such bonds upon compliance by the Company with certain conditions, requirements and obligations, and subject to the approval of the City of the terms of all agreements, ordinances and other documents required incident to said bond issue; and the City has authorized the Company to proceed with the acquisition, construction, equipping and installation of the Project, subject to reimbursement of the costs of the Project from the proceeds of such bonds, when, as and if issued; and

WHEREAS, based upon an estimate of the costs of the Project, the City proposes to issue its industrial building revenue bonds in one or more series as determined by the Company and agreed to by the City in an amount not to exceed One Hundred Million Dollars (\$100,000,000) (the "Bonds") for a term of thirty years (30) years, such Bonds to be sold and delivered in one or more series by the City to pay the costs of the Project, together with costs incident to the

authorization, sale and issuance of such Bonds, but with such contributions from the Company as may be necessary; and

WHEREAS, the City proposes to enter into at the appropriate time a lease agreement with the Company with respect to the Project, whereby the Company will covenant and agree to pay amounts sufficient to provide for the payment of principal of and premium, if any, and interest on the Bonds, together with all trustee and paying agents' fees in connection with the Bonds as the same become due and payable; the liability of the Company under this instrument or any other instrument related to the issuance of the Bonds shall be limited to its interest in the Project to be financed thereby and no party shall have the right to obtain payment from the Company or from any assets of the Company other than such Project; and

WHEREAS, it is deemed necessary and advisable that a Memorandum of Agreement between the City and the Company be executed setting forth the preliminary agreements of the parties with respect to the acquisition, construction, equipping and installation of the Project, the issuance of the Bonds to defray the costs thereof and the payments to be made by the Company with respect to the Project; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SOMERSET, KENTUCKY, AS FOLLOWS:

Section 1. It is hereby found, determined and declared that (i) the recitals set forth in the preamble to this Resolution, which are incorporated in this Section by reference, are true and correct; (ii) the total amount of money necessary to be provided by the City for the acquisition, construction, equipping and installation of the Project to be financed by the Bonds, in one or more series of Bonds, will not exceed One Hundred Million Dollars (\$100,000,000); (iii) the Company has represented that it will have sufficient financial resources to acquire, construct,

equip and install the Project and to place it in operation and to continue to operate, maintain and insure the Project throughout the term of the Bond issue, meeting when due the obligations of the proposed lease agreement; and (iv) sufficient safeguards will be provided by the lease agreement to insure that all money provided by the City from the proceeds of the sale of the Bonds will be expended by way of direct expenditure or reimbursement, solely and only for the purposes of the Project.

Section 2. It is hereby found, determined and declared that the cost of acquiring, constructing, equipping and installing the Project will be paid out of the proceeds of the Bonds and such contributions of the Company as may be necessary to complete the Project as defined in the lease agreement to be executed by and between the City and the Company at the appropriate time pursuant to the Act; **THAT NONE OF THE BONDS WILL BE GENERAL OBLIGATIONS OF THE CITY; THAT NEITHER THE BONDS NOR THE INTEREST THEREON SHALL CONSTITUTE OR GIVE RISE TO ANY INDEBTEDNESS OF THE CITY OR ANY CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWER, BUT THAT THE BONDS AND THE PAYMENT OF INTEREST THEREON SHALL BE SECURED AND PAYABLE SOLELY AND ONLY BY A PLEDGE OF AMOUNTS TO BE PAID BY THE COMPANY UNDER SUCH LEASE AGREEMENT; AND THAT NO PART OF SAID COSTS WILL BE PAYABLE OUT OF ANY GENERAL FUNDS, REVENUES, ASSETS, PROPERTIES OR OTHER CONTRIBUTIONS OF THE CITY.**

Section 3. In order to induce the acquisition, construction, equipping and installation of the Project in the City with the resultant public benefits which will flow therefrom, it is deemed necessary and advisable that the Memorandum of Agreement hereinafter referred to be approved and executed for and on behalf of the City. Accordingly, the Memorandum of Agreement, with

the attached Agreement In Lieu of Taxes (the "Pilot Agreement"), by and between the Company and the City substantially in the form and with the contents set forth in EXHIBIT A attached hereto and incorporated herein by reference and the Pilot Agreement are hereby approved and the Mayor is hereby authorized and directed to execute and deliver said Memorandum of Agreement and the Pilot Agreement.

Section 4. Inasmuch as the Project is to be acquired, constructed, equipped and installed in order to conform to the requirements of the Company, so that the Company may provide additional housing, economic development and employment to citizens and residents of the local community, and inasmuch as the Company is able to plan, acquire, construct, equip and install the Project and possesses more expertise in such matters, it is hereby found, determined and declared that acquisition, construction, equipping and installation of the Project should be undertaken or caused to be undertaken by the Company. Accordingly, the Company is hereby authorized to formulate and develop plans for the acquisition, construction, equipping and installation of the Project and to enter into such contracts and undertakings as may be required for the acquisition, construction, equipping and installation of the Project. Reimbursements made to the Company after the receipt of the proceeds of the sale of the proposed Bond issue by the City shall be subject to the certifications by qualified persons to be designated by the Company as specified in the lease agreement to be entered into by the City and the Company at the appropriate time pursuant to the Act.

Section 5. The City hereby designated the Project site to be within a designated downtown business district pursuant to KRS 103.200(1)(n).

Section 6. This Resolution and the Memorandum of Agreement approved hereby constitute the present official intent of the City to issue the Bonds at a later date.

Section 7. Keating Muething & Klekamp PLL, Cincinnati, Ohio, is hereby approved as local Bond Counsel. Local Bond Counsel is authorized and directed to take any legal action necessary or appropriate in connection with the issuance of the Bonds. The City Attorney is authorized and directed to assist Local Bond Counsel in any appropriate manner.

Section 8. No City funds shall be expended on the Project, except such as are derived from Bond proceeds. Any out of pocket expenses to the City related to the issuance of the Bonds shall be paid by the Company, including, but not limited to, any separate City special counsel fees incurred by the City in reviewing the Bonds and related closing documents.

Section 9. To the extent any resolution, ordinance or part thereof is in conflict, the provisions of this Resolution shall prevail and be given effect.

Section 10. The Mayor and other officials of the City are hereby authorized to execute any and all documents to implement and effectuate the intent of this Resolution, including, but not limited to, executing the application to the State Local Debt Officer for the approval to issue Bonds for the Project.

Section 9. This Resolution shall be in full force and effect from and after its adoption as provided by law.

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INTRODUCED, SECONDED, READ AND ADOPTED AT A DULY CONVENED MEETING OF THE CITY COUNCIL OF THE CITY OF SOMERSET, KENTUCKY, held on the 8th day of April, 2024, on the same occasion signed in open session by the Mayor as evidence of his approval, attested under seal by the City Clerk, ordered to be filed and recorded as required by law, and declared to be in full force and effect according to law.



MAYOR

ATTEST:

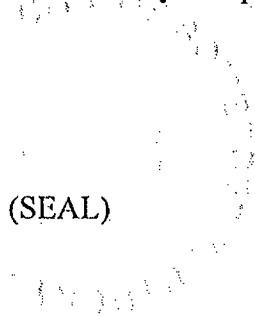


CITY CLERK


CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of Somerset, Kentucky, and as such City Clerk, I further certify that the foregoing is a true, correct and complete copy of Resolution No. 24-09, duly adopted by the City Council of said City at a duly convened meeting held on the 8th day of April, 2024, signed by the Mayor, duly filed and recorded in my office, all as appears from the official records of said City in my possession and under my control.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said City
this 10th day of April, 2024.



(SEAL)



CITY CLERK

EXHIBIT A

MEMORANDUM OF AGREEMENT REGARDING ISSUANCE OF INDUSTRIAL BUILDING REVENUE BONDS

This MEMORANDUM OF AGREEMENT REGARDING ISSUANCE OF INDUSTRIAL BUILDING REVENUE BONDS, by and between the CITY OF SOMERSET, KENTUCKY (the "City") and C. M. Ford Investments, LLC, a Kentucky limited liability company, authorized to do business in the Commonwealth of Kentucky, or its assigns (the "Company").

WITNESSETH:

1. Preliminary Statement. Among the facts and circumstances which have resulted in the execution of this Memorandum of Agreement by and between the parties are the following:

(a) The Company is desirous of acquiring, constructing, and equipping mixed-use commercial and residential project, to be located within the City of Somerset, Pulaski County, Kentucky (the "Project").

(b) The Project proposed to be acquired, constructed, equipped and installed for use by the Company will constitute an "industrial building" within the meaning of Section 103.200 of the Kentucky Revised Statutes.

(c) The Company is initiating the development of plans, specifications and designs for the Project and has entered into discussions with the City with respect to the financing thereof. The Company estimates that the aggregate cost of the Project will not exceed One Hundred Million Dollars (\$100,000,000), including financing costs.

(d) The City is authorized and empowered by the provisions of Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes (collectively, the "Act") to issue bonds; which term under the Act encompasses bonds, notes, variable rate bonds, commercial paper bonds, bond anticipation notes or any other obligations for the payment of money issued by a city, county or other authority pursuant to the Act, for the purpose of defraying the costs of acquiring, constructing, equipping and installing an industrial building or buildings, as defined in the Act, in order to promote the economic development of the Commonwealth and the establishment, retention or expansion of industry. The City is empowered, with respect to such industrial building facilities so acquired, constructed, equipped and installed, to enter into at the appropriate time a lease agreement with a concern such as the Company providing for such payments by the Company and such other terms and conditions as the City may deem advisable.

(e) The purposes of the Act, inter alia, are to promote the economic development of the Commonwealth of Kentucky, to relieve conditions of unemployment, to promote reconversion to a peacetime economy, to aid in the rehabilitation of returning veterans, to encourage the increase of industry in Kentucky, and to aid in the retention of existing industry

by certain described means. In furtherance of such purposes the City, at the request of the Company, proposes to cause to be acquired, constructed, equipped and installed the Project for the Company's use in connection with the operations of the Company in the City. The City intends to finance the Project and to enter into at the appropriate time a lease agreement with the Company pursuant to the provisions of the Act with respect to the Project.

(f) The Company is ready, willing and able to cause initial acquisition, construction, equipping and installation of the Project to be undertaken, but has been advised by counsel that in order to warrant the issuance of industrial building revenue bonds by the City it is necessary that official action be taken by the City approving the Project and agreeing to issue at the appropriate time industrial building revenue bonds to finance the costs of acquisition, construction, equipping and installation of the Project.

(g) Representatives of the City have indicated the willingness of the City to proceed with and to carry out such industrial building revenue bond financing in order to effectuate the purposes of the Act and have advised the Company that, subject to due compliance with all requirements of law and the obtaining of all necessary consents and approvals required by law, and to the happening of all acts, conditions and things required precedent to such financing, including satisfaction of all requirements of the City, the City, by virtue of authority of the Act, will issue and sell its industrial building revenue bonds in one or more series as determined by the Company and agreed to by the City in an amount not to exceed One Hundred Million Dollars (\$100,000,000) for a term of thirty (30) years (the "Bonds").

(h) The City considers and determines that the acquisition, construction, equipping and installation of the Project, and the execution of a lease agreement with the Company at the appropriate time with reference to the Project, will promote and further the purposes of the Act.

(i) Pursuant to KRS 103.232(1), the Company has requested and hereby requests that the sale of the Bonds by the City be made upon a negotiated basis in a manner to be determined by the Company.

(j) The City represents that the location of the Project is located within a designated downtown business district as set forth in KRS 103.200(1)(n).

(k) That the City and Company acknowledge that the commitment of the City to issue the Bonds, shall be conditioned upon an annual payment in lieu of taxes ("PILOT Payment") to be made in accordance with the Agreement In Lieu of Taxes attached as Exhibit A.

2. Representations and Undertakings on the Part of the Company. The Company represents, undertakes, covenants and agrees as follows:

(a) That the Company intends to utilize the Project, or cause the Project to be utilized, at all times during the term of the lease agreement to be entered into at the appropriate time by and between the City and the Company with reference to the Project for the purposes hereinbefore indicated;

(b) That the Project will tend to provide housing and relieve conditions of unemployment;

(c) That the Company will cause contracts to be entered into for, or will otherwise provide for, the acquisition, construction, equipping and installation of the Project;

(d) That prior to or contemporaneously with the delivery of the Bonds the Company will enter into a lease agreement with the City under the terms of which the Company will obligate itself to undertake and to complete the acquisition, construction, equipping and installation of the Project and to pay to the City sums sufficient in the aggregate to pay the principal of, interest on, and premium, if any, on the Bonds as and when the Bonds shall become due and payable, such lease agreement to contain such other provisions as shall be agreed upon by the City and the Company; and

(e) The Company will take such further action and adopt such further proceedings as may be required to implement its aforesaid undertakings or as it or the City may deem appropriate in pursuance thereof.

3. Undertaking on the Part of the City. Subject to the fulfillment of the several conditions herein stated, the City agrees as follows:

(a) That it will at the appropriate time authorize or cause to be authorized the issuance and sale of the Bonds pursuant to the terms of the Act as then in force in an aggregate principal amount not to exceed One Hundred Million Dollars (\$100,000,000), or such other aggregate principal amount as shall be sufficient to pay the costs of the Project and related costs when actually determined;

(b) That it will adopt or cause to be adopted such proceedings and authorize the execution of such documents as may be necessary or acceptable for (i) the authorization, issuance and sale of the Bonds, (ii) the acquisition, construction, equipping and installation of the Project, (iii) providing for the payment of principal of and interest on the Bonds by the lease agreement with the Company pursuant to the Act, all as shall be authorized by the Act and upon terms which shall be mutually satisfactory to the City and the Company;

(c) That the aggregate basic payments stipulated to be made by the Company under the lease agreement with the City with reference to the Project shall be at least sufficient (in addition to covenants of the Company to properly operate, maintain and insure the Project) to pay the principal of, interest on and redemption premium, if any, on all of the Bonds as and when the same become due and payable, whether at maturity or prior redemption or upon any acceleration of payment of principal as provided in the Bond proceedings; and

(d) That it will take or cause to be taken such other acts and adopt such further proceedings as may be required to implement the aforesaid undertakings as it may deem appropriate.

4. General Provisions.

(a) The Company has requested that the sale of the Bonds be negotiated in the manner permitted by statute and that the terms of the sale be subject to approval by the Company.

(b) All commitments of the City and the Company pursuant to this Memorandum of Agreement are subject to the condition that on or before eighteen months from the date hereof or such later date as shall be agreed upon by the City and the Company, the City and the Company shall have agreed to mutually acceptable terms and conditions with respect to the lease agreement referred to in this Memorandum of Agreement and the details of the industrial building revenue bond financing.

(c) If the event set forth in (b) of this paragraph does not take place within the time set forth therein, or any agreed extension thereof, and the Bonds are not issued within such time, the Company agrees that it will reimburse the City for all reasonable and necessary direct out-of-pocket expenses which the City may incur at the Company's request arising from the execution of this Agreement, and the performance by the City of its obligations hereunder shall thereupon terminate.

(d) This Memorandum of Agreement and the Resolution approving this Memorandum of Agreement constitute the present official intent of the City to issue the Bonds at a later date.

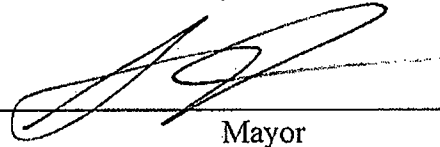
(e) NONE OF THE BONDS WILL BE GENERAL OBLIGATIONS OF THE CITY AND NEITHER THE BONDS NOR THE INTEREST THEREON SHALL CONSTITUTE OR GIVE RISE TO ANY INDEBTEDNESS OF THE CITY OR ANY CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWER. THE BONDS AND THE PAYMENT OF INTEREST THEREON SHALL BE SECURED AND PAYABLE SOLELY AND ONLY BY A PLEDGE OF AMOUNTS TO BE PAID BY THE COMPANY UNDER ANY LEASE AGREEMENT WITH THE CITY AS REQUIRED BY THE ACT. NO PART OF THE COSTS OF ACQUIRING, CONSTRUCTING, EQUIPPING AND INSTALLING THE PROJECT WILL BE PAYABLE OUT OF ANY GENERAL FUNDS, REVENUES, ASSETS, PROPERTIES OR OTHER CONTRIBUTIONS OF THE CITY.

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IN WITNESS WHEREOF, the parties hereto have entered into this Memorandum of Agreement by their officers thereunto duly authorized as of the ____ day of _____, 2024.

CITY OF SOMERSET, KENTUCKY

BY: _____



Mayor

C. M. FORD INVESTMENTS, LLC, a Kentucky
limited liability company

BY: _____

TITLE: _____

AGREEMENT IN LIEU OF TAXES

This Agreement In Lieu of Taxes (this "Agreement") is made effective as of the ____ day of _____, 2024, by and among the City of Somerset, Kentucky (the "City"); the County of Pulaski, Kentucky (the "County"), the Pulaski County School District (the "School District") and C. M. Ford Investments, LLC a Kentucky limited liability company, and its successors, assigns and/or transferees (the "Developer"); (the aforementioned are together referred to as the "Parties"):

WITNESSETH

WHEREAS, the Developer has property located at the intersection of KY 80 and KY 914, located in or to be located in the City of Somerset, Kentucky (the "Property"), and plans to develop the Property as a mixed-use commercial and residential development, together with related site amenities (the "Project"); and

WHEREAS, the City has agreed to (i) issue Industrial Building Revenue Bonds (the "Bonds") to finance the acquisition and construction of the Project, (ii) accept title to the Property and enter into a Lease Agreement with the Developer for the Property (the "Lease Agreement"), and (iii) in conjunction with the foregoing, enter into this Agreement to memorialize the Developer's obligation to make payments in lieu of taxes ("PILOT Payments") with respect to the Property to the City, the County, the School District and the other local taxing districts in the County of Pulaski, that have taxing jurisdiction over the Property (the City, County and School District and the other local taxing districts being collectively the "Local Taxing Districts") in the amounts set forth herein; and

WHEREAS, the Developer and the City has entered into an Inducement Contract, wherein the City agreed to authorize, issue, and sell the Bonds in an amount specified

therein, pursuant to KRS 103.200 through 103.285, to finance the construction of the Project; and

WHEREAS, the Bonds will be issued, subject to the terms of a Trust Indenture executed at the time of the issuance and delivery of the Bonds (the "Trust Indenture") which Trust Indenture shall appoint a trustee (the "Trustee") for the administration thereof; and

WHEREAS, the economic incentive to the Developer, by virtue of the issuance of the Bonds and the execution of the Lease Agreement, is the abatement of real property *ad valorem* taxes with respect to the Property; and

WHEREAS, it is understood by the Parties that the Pulaski County Property Valuation Administrator (the "PVA") is responsible for establishing assessed value of real property within Pulaski County, Kentucky, for the purpose of imposing real property *ad valorem* taxes; and

WHEREAS, it is further understood by the Parties that the payment obligations created by this Agreement shall be secured by a mortgage (the "Pilot Mortgage") and paid to the City to be held and disbursed as required by this Agreement and the Trust Indenture; and

WHEREAS, the Developer plans to subdivide the Property into one or more lots (the "Lots") for sale or lease to third-parties (the "Third-Party Purchasers").

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter contained, the Parties hereto agree as follows:

1. Recitals. The Parties hereafter confirm and affirm the accuracy of the Recitals contained above and those contained herein.

2. Valuation of Property. That the valuation of the Project, will initially be the fair cash value of the Property as determined by the PVA, which shall be updated based on the transfers of the Commercial Lots, based on the sale prices of the Commercial Lots to Third-Party Purchasers. The tax rates for use in calculating PILOT Payments for the term of this Agreement will be the actual real property *ad valorem* tax rates for the Local Taxing Districts in effect for each respective year the Bonds are outstanding. It is understood that the valuation of the Property may change over time as reasonably determined by the PVA in accordance with the PVA's standard practices.

3. Commencement of Obligations. The obligation to make PILOT Payments will commence on November 30th the year after the date the Bonds are issued, and shall be due each November 30th thereafter during the term of the Bonds, and shall be the obligation of the Developer, except that Developer may assign its obligation to Third-Party Purchasers.

4. Issuance of Bonds/Tax Abatement. Upon the issuance of the Bonds, the transfer of the Property and the execution of the Lease Agreement, the Property will be exempt from local real property *ad valorem* taxes pursuant to the provisions of Section 103.285 of the Kentucky Revised Statutes, but shall be subject to the PILOT Payments as set forth in this Agreement. The term of the exemption from real property *ad valorem* taxes with respect to the Property shall be the earlier of (i) the termination of the Lease

Agreement, (ii) thirty (30) years from the date the Bonds are issued, or (iii) the date the Bonds are fully paid or defeased (the "Exemption Termination Date").

5. Obligation to Make PILOT Payments. During the term of the Bonds the Developer or the Third-Party Purchasers (for the Commercial Lots that are transferred to Third-Party Purchasers shall make the PILOT Payments to the City, based on a PILOT Tax bill generated by the City, in an amount based on combined tax rates for each respective tax year, applicable to the Local Taxing Districts, the School District and the State of Kentucky, in an amount that would have been due on the Property had Bonds not been issued (the "Gross Pilot Payment"). From the Gross Pilot Payment the City shall pay:

- a. To the respective Local Taxing Districts an amount equal to fifty percent (50%) of the amount the Local Taxing Districts would have received from the Property based on the value of the Property as determined by the PVA over \$341,800, but for the issuance of the Bonds, based on their respective real property *ad valorem* tax rates; plus an amount equal to one hundred percent (100%) of the amount the Local Taxing Districts would have received based on the taxable value of the Property in calendar year 2023 of \$341,800 (the "Local Taxing Districts PILOT Payment).
- b. After payment of the Local Taxing Districts PILOT Payment, the balance of the Gross PILOT Payments shall be paid to the Trustee to use as a set forth in the Trust Indenture.
- c. For purposes of this Agreement and the calculation of the Gross PILOT Payments due from the Developer and/or Third Party Purchasers, the

\$341,800 calendar year 2023 value will be allocated among the Developer and/or Third Party Purchasers of the Lots based on the acreage of each Lot, to the acreage entire Property subject to this Agreement.

6. Real Property Ad Valorem Taxes After Bonds Mature. Upon the Exemption Termination Date, the City shall convey the Property to the Developer (or its assignees or transferees), and the real property *ad valorem* tax exemption shall cease, and the Local Taxing Districts, shall receive one hundred (100%) of the real property *ad valorem* taxes with respect to the Property at the tax rates established each year in accordance with the assessment for the Property as determined by the PVA in accordance with the PVA's standard practices.

7. Other Taxes. Other than the real property *ad valorem* taxes discussed herein, this Agreement does not affect or apply to any other taxes or fees that may be owed by the Developer (or its assignees or transferees) to the Local Taxing Districts. The Developer acknowledges that this Agreement will not be inconsistent with or will not conflict with any bond placement agreement, any financing agreement, the Trust Indenture, or the Lease Agreement executed or to be executed in connection with the Bonds (collectively, the "Bond Documents"), and to the extent that this Agreement is inconsistent or in conflict with the Bond Documents, the terms and language of this Agreement shall control over the Bond Documents.

8. Term of Bonds. It is further understood by the Parties that the final maturity date of the Bonds shall not exceed thirty (30) years from their date of issuance.

9. Notices.

All notices sent to the Developer shall be sent to:

C. M. Ford Investments, LLC
P. O. Box 402
Somerset, Kentucky 42502
Attn: Matt Ford

All notices sent to the County shall be sent to:

City of Somerset, Kentucky
306 E. Mt. Vernon
Somerset, Kentucky 42501
Attn: Mayor

All notices sent to the County shall be sent to:

County of Pulaski, Kentucky
100 N. Main Street
Somerset, Kentucky 42501
Attn: County Judge/Executive

All notices sent to the School District shall be sent to:

Pulaski County Board of Education
925 N. Main Street
Somerset, Kentucky 42503
Attn: Superintendent

10. Modification and Assignment. This Agreement may not be changed orally, but only by an agreement in writing executed by the Parties. The Developer may assign its rights and obligations under this Agreement to a third-party purchaser(s) of the Property or Project, a lender that may provide financing for the Project, or to an entity controlled by the Developer that may be formed to undertake all or part of the Project.

11. Effect of Bankruptcy. In the event that the Developer, its assigns or transferees shall file a voluntary action seeking relief under applicable bankruptcy laws, or have an involuntary action filed against it seeking such relief, then and in that event,

it is agreed that all payments required by this Agreement shall be treated the same as if they were *ad valorem* taxes under applicable Kentucky law, giving said payments and obligations preference over all other secured and unsecured creditors.

12. Delinquent Payments. PILOT Payments not paid when due shall be subject to interest and penalty to the same extent as regular real property *ad valorem* taxes to the County.

13. Legally Binding. This Agreement is legally binding upon the City, the County, the School District, and the Developer and its assigns and transferees.

14. Governing Law and Jurisdiction. The Parties agree that this Agreement is governed by the laws of the Commonwealth of Kentucky. Any action taken by the Parties or Trustee to enforce or seek relief from the terms and conditions of this Agreement shall be brought in Pulaski Circuit Court.

15. Entire Agreement. This Agreement contains the entire agreement of the Parties hereto in respect to the transaction contemplated hereby and all prior agreements, whether oral or written, are superseded hereby.

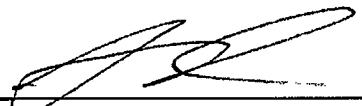
16. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid, but if any provision herein shall be deemed to be invalid such provision shall be ineffective to the extent of such invalidity without invalidating the remainder of the provisions contained in this Agreement.

17. Authorization. The Parties hereto represent that each is duly authorized and empowered to enter into this Agreement.

18. Counterparts. This Agreement may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original.

Signature Page to Agreement In Lieu of Taxes

CITY OF SOMERSET, KENTUCKY

By: 
Alan Keck
Mayor

COUNTY OF PULASKI, KENTUCKY

By: _____
Marshall Todd
County Judge/Executive

PULASKI COUNTY SCHOOL DISTRICT

By: _____

C. M. Ford Investments, LLC, a
Kentucky limited liability company

By: _____
Matt Ford
Manager

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