

TIF REDEVELOPMENT AGREEMENT

BY AND BETWEEN

CITY OF COVINGTON, KENTUCKY,

A municipal corporation of the Home Rule class

AND

COVINGTON KENTUCKY DEVELOPMENT, LLC

A Kentucky Limited Liability Company

Exhibit A: Project Description

Exhibit B: TIF Assistance Formula

Exhibit C: Fischer JDI Contract

Exhibit D: TIF Assistance Disbursement Request Form

Exhibit E: Project Completion Certification Form

TIF REDEVELOPMENT AGREEMENT

This TIF Redevelopment Incentive Agreement (the “Agreement”) is entered on _____ (the “Effective Date”), by and between: **COVINGTON KENTUCKY DEVELOPMENT, LLC**, a Kentucky Limited Liability Company with a principal office of 25 W. Robbins Street, Covington, Kentucky 41011 (the “Developer”); and the **CITY OF COVINGTON, KENTUCKY**, a Kentucky municipal corporation of the home rule class (the “City”).

BACKGROUND

WHEREAS, the City administers a Covington Development Area pursuant to Commissioners’ Ordinance No. O-16-19 (the “Development Area”) to encourage reinvestment and development within the Development Area; and

WHEREAS, The Development Area legislation authorizes the City to provide redevelopment assistance and provide for the payment of Project Costs, Redevelopment Assistance and/or Approved Public Infrastructure Costs within such Development Area; and

WHEREAS, the Developer leases the commercial property located at 525 Scott Street, Covington, Kentucky 41011 from the City, which is within the Development Area, for which the Developer has proposed a \$20,859,000.00 renovation of the property to add an additional 40,000 square feet to the existing building to accommodate their sublessee Fischer Management, LLC and its other associated entities as further described in Exhibit A (“Project Description”); and

WHEREAS, Fischer Management, LLC and its other affiliates (collectively “Fischer”) have already agreed to a Jobs Development Incentive Contract (JDI) with the City; and

WHEREAS, Developer has applied for Development Area funds in order to fill gaps in financing for the renovation project which shall be paid in association with the funds generated by JDI contract with Fischer; and

WHEREAS, The City has made the determination that the Project will serve the public purpose of stimulating economic development and provide economic benefits in an area targeted for job creation and commercial investment; and

WHEREAS, upon the recommendation of City staff, the City’s Board of Commissioners has adopted Commissioners’ Order No. _____, which authorizes redevelopment assistance to Developer to assist in the redevelopment project; and

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledge by the Parties, and the Parties hereby agree that for and in consideration of the promises and mutual covenants and undertakings contained herein, IT IS AGREED, and covenanted as follows:

STATEMENT OF THE AGREEMENT

I. Definitions.

- (a) “Agreement”. Shall mean this Redevelopment Agreement, including all Exhibits attached hereto, as may be amended or modified by mutual written agreement of the Parties.
- (b) “TIF Incentive”. Shall mean the incentive being provided by the City to the Developer as further described in Section IV.
- (c) “Unavoidable Delays.” Shall mean any delays in the course of completing the Project due to unforeseen circumstances beyond the control of either party and without the fault or negligence of the party affected and which by the exercise of reasonable diligence the party affected was unable to prevent, including without limitation, a public health emergency, a pandemic, acts of God, the public enemy, acts of the United States Government or of the several states, or any foreign country, or any of them acting in their sovereign capacity, wars, riots, terrorism, rebellions, sabotage, fires, explosions or accidents not the fault of either party, floods or other natural disasters causing materially different site conditions, strikes, or other concerned acts of workers, lockouts, or changes in law, regulations, or ordinances.

II. The Project.

- (a) Developer shall undertake the redevelopment of the Property located at 525 Scott Street, Covington, Kentucky 41011 (the “Property”) with approximate development costs of \$20,859,000.00 in accordance with the Project Description attached hereto as **Exhibit A** (Collectively, the “Project”).
- (b) Developer shall complete the Project by December 31, 2027.
- (c) Developer shall acquire all required approvals and permits to construct and operate the Project in accordance with **Exhibit A**, including but not limited to zoning permits, construction permits, occupational licenses, and Certificates of Appropriateness required to construct and operate the Project.
- (d) Developer shall comply with all terms and conditions of this Agreement.

III. Obligations of the Developer

- (a) Occupational Licenses. The Developer shall acquire, or demonstrate prior acquisition of, a City of Covington Occupational/Business Regulatory License prior to commencing the Project. The Developer shall also ensure that any general contractor and all sub-contractors on the Project have acquired all licenses necessary to do business in the City of Covington. Developer shall provide a list of all contractors and sub-contractors performing work on the Project.

- (b) Approvals. The Developer shall submit for and obtain all required approvals to construct and operate the Project in accordance with **Exhibit A**, including but not limited to zoning permits, construction permits, certificates of Appropriateness, and other applicable governmental approvals (collectively “Approvals”).
- (c) Maintenance and Control. The Developer shall have sole responsibility for the general maintenance and control of the development site and matters relating to the Project and shall use its commercially reasonable efforts to manage, renovate, rehabilitate and construct the Project, obtain required approvals, and provide the infrastructure needed to support the Project.
- (d) Financing. Except for the approval of the TIF Incentive contemplated by this Agreement, the financing for the Project shall be the sole responsibility of the Developer, and the City shall have no other obligation or responsibility for paying for any costs for the Project.
- (e) Tax Liability. [Reserved].
- (f) Good Standing. The Developer shall be in good standing with the City in accordance with Covington Code of Ordinances § 35.003 throughout the entire duration of the Incentive Term.
- (g) Historic Review. In order to advance historic preservation efforts within the City, Developer shall complete the Project in accordance with the Historic Covington Design Guidelines, utilizing the City’s Certificate of Appropriateness (“COA”) application and approval process, as set forth in Chapter 159 of the Covington Code of Ordinances. This requirement shall apply even in the event the property that is the subject of this Agreement is not located within a designated City historic preservation overlay zone or KRS Chapter 99 area.
- (h) Good Neighbor Requirements. During such construction period, Developer shall make all reasonable efforts to mitigate disturbances to the public caused by construction. This includes, but is not limited to, avoiding obstruction of public rights-of-way such as streets, sidewalks, and parking areas except to the extent necessary to conduct the renovations and redevelopment of those public rights-of-ways; adequate cleanup and storage of materials and debris; and advance notice or publication of relevant construction schedules that may affect the public or City agencies. Developer shall also make all reasonable efforts to mitigate effects of construction on air quality and noise level, including the prevention excess dust particles, the use of lower decibel equipment and machinery when feasible, and the limiting of noise generating construction activity to daytime hours. Any construction

that is expected to cause an unreasonable disturbance to the public must be approved by the City.

Developer must establish a feedback email account and monitor it daily for concerns and complaints. The email address must be distributed to all property owners, business owners and residents within and adjacent to the construction area. The email address must be publicized on signs posted at the construction site (minimum 2 per block face) inviting the public to “tell us how we are doing” or some similar message communicating the opportunity to provide feedback about how the construction is impacting the community. The Developer shall use best efforts to collect and maintain a list of all property owners, business owners and residents within and adjacent to the construction zone along with their contact information. The Developer will communicate at minimum, monthly with those on the list providing an updated construction schedule with estimated dates and times for specific locations as well as the impact that should be anticipated and activity that will take place. More frequent communication is encouraged, especially when delays or other changes take place.

- (i) Insurance. Developer shall maintain insurance on the Property consistent with the requirements of this Agreement.
- (j) Funding Acknowledgement. Developer shall incorporate the logo, tagline or other graphic provided by the City on any construction site signage on the Property in a manner consistent with other development partners, funding sources and contractors. For the duration of the construction phase of the Project, the City may also request the installation of one (1) banner or sign per block face at a mutually agreeable location(s) on the site or building façade recognizing the City’s involvement in the Project. This sign or banner will be provided by the City and will be installed by Developer.
- (k) Media. Developer shall coordinate the announcement of the Project in a news conference, news release or other mutually agreed upon format or platform in collaboration with and ensuring the participation of officials representing the City of Covington.
- (l) Shop Local. Developer and any subcontractors are encouraged to use Covington-based materials and service vendors whenever possible.

IV. Distribution Amount and Obligations

In accordance with the terms and conditions of this Agreement, the City shall provide the following assistance to the Developer:

- (a) Annual TIF Payroll Tax Rebate Disbursement. The City shall provide Developer an annual Tax Increment Financing (“TIF”) incentive in the amount equal to fifty percent (50%) of the TIF Contribution Amounts. The TIF Contribution Amounts are equal to eighty percent (80%) of those amounts actually collected of un-appealed City of Covington Net City Payroll Tax for the Jobs relocated to the Property by Developer’s tenant, Fischer, pursuant

to Fischer's Jobs Development and Payroll Incentive Contract incorporated by reference and attached as **Exhibit C**. The formula to calculate this amount is attached as **Exhibit B** and is also described further below:

- i. For purposes of the Formula attached as **Exhibit B**, the amount of the disbursement for this Agreement is represented by the variable 'D'. The variable 'T' represents the Net City Payroll Tax collected from Fischer for each given calendar year pursuant to the JDI contract attached as **Exhibit C**.
 - ii. The TIF Incentive described in this section shall be paid out of the City's Tax Increment Financing Fund ("TIF Fund") and shall always remain dedicated to the Project.
 - iii. The City shall not be obligated to distribute any amounts calculated by this agreement unless and until Fischer submits an application for reimbursement of the incentive amount for each calendar year pursuant to the JDI contract in **Exhibit C**.
 - iv. The Developer shall submit an application for the TIF Incentive by April 30th for each calendar year that Fischer submits an application for reimbursement for each calendar year pursuant to Fischer's JDI contract with the City. The Developer shall submit the TIF Assistance Disbursement Request Form attached as **Exhibit D** ("TIF Assistance Disbursement Request Form") as its application for the TIF Incentive along with any documentation needed to verify the eligibility for the disbursement under this Agreement.
 - v. The City shall distribute the TIF Incentive following a written request for the same within one-hundred twenty (120) days.
 - vi. Notwithstanding the calculation method described in this section and in **Exhibit B**, the City shall not be obligated to make any disbursement under this agreement in excess of \$140,000 for each calendar year for the Term of this Agreement.
- (b) Term. The TIF Payroll Tax Rebate Disbursement shall be for a period of ten (10) calendar-years. The Distributions for each calendar year shall correspond to each calendar year in which Fischer is reimbursed.
- (c) Solely for Project Costs. Developer shall use the TIF Payroll Rebate Disbursements solely for their respective Project costs as outlined in their respective exhibits attached as **Exhibit A** and as outlined in this Agreement or as a means of reimbursement for such respective Project costs. Nothing in this Agreement shall permit, or shall be construed to permit, the expenditure of TIF distributions for the acquisition of supplies or inventory, or for the purpose of purchasing materials not used in the construction, or for establishing a working capital fund, or for any other purpose not specifically approved by the City herein.
- (d) Right to Reject Disbursement Request. The City shall reserve the right to reject any request for a disbursement for failure to provide sufficient evidence of a qualifying expenditure. The City further reserves the right to reject any request for a disbursement for failure to timely submit a completed TIF Assistance Disbursement Request Form by April 30th of

the applicable calendar year. The City may, in its sole discretion, grant an extension to the Developer to apply but such grants must be in writing and signed by the City. This section shall not be construed to provide Developer a right to an extension. Both the City Manager and the Board of Commissioners reserve the right to reject any such request.

V. Developer Representations, Warranties and Covenants.

As a material inducement to the City to provide the TIF Incentive, Developer represents and warrants the following:

- (a) Organization and Authority. Developer validly exists as a limited liability company in the Commonwealth of Kentucky and has sufficient authority to enter into this Agreement. Developer has the full right and authority and has obtained any and all consents required to enter into this Agreement. The person or persons signing this Agreement on behalf of Developer are authorized to do so. This Agreement and all of the documents to be delivered by City have been authorized and properly executed and will constitute the valid and binding obligations of Developer and enforceable against Developer in accordance with their terms.
- (b) Conflicts. There is no action, suit, or proceeding pending which if determined adversely to Developer's interests, would materially and adversely affect or impair Developer's ability to execute, deliver, or perform under this Agreement. Furthermore, there is no agreement to which Developer is a party or, to Developer's knowledge, is binding on Developer, which is in conflict with TIF Assistance.
- (c) Compliance with Safety Requirements and Resolutions. Developer shall comply with all local, state, and federal safety requirements. Developer shall comply with all zoning, building code, fire code and any other regulations related to the construction of the Project.
- (e) Professionals, Subcontractors, Agents, and Employee Qualifications. Developer shall utilize qualified and capable professionals, subcontractors, agents, and employees in the execution of the Project contemplated herein. Technicians shall possess applicable certifications and qualifications to perform all work related to the Project.
- (f) Permits. Developer affirms that it has obtained, or has taken the appropriate steps to obtain, all building permits and all applicable required Certificates of Appropriateness and zoning permits required to complete the Project.
- (g) Occupational License Fees. Developer affirms that it has obtained or has taken the appropriate steps to obtain a Business Regulatory License and Occupational License so as to comply with § 110.01 *et seq.* of the Covington Code of Ordinances. Developer agrees to pay the City all taxes and fees that are due or which shall become due for work performed by Developer or Developer's employees in the City of Covington.
- (h) Good Standing. Developer affirms that it is in good standing with the City pursuant to City of Covington Code of Ordinances Section 35.003.

- (i) TIF Assistance Distribution Use. Developer will use the proceeds of this TIF Assistance for the sole purpose of completing or subsidizing the construction for the Project in compliance with this Agreement.
- (j) Workmanship. Developer shall ensure that all construction is accomplished in a proper and workmanlike manner and with due diligence.
- (k) Employee or Agent Conflict of Interests. Developer represents and warrants that no City officer, employee, or agent of the City who exercises any functions or responsibilities in connection with the planning and carrying out of the obligations under this Agreement, nor any subcontractor, immediate family members, close Developer associate, or organization which is about to employ any such person, shall have any personal financial interest, direct or indirect, in Developer or in this Agreement, except for persons that are employees of the Developer. **By signing this Agreement Developer affirms that it is aware of the prohibition against conflicts of interest, gratuities, and kickbacks as set forth in KRS 45A.455, which is specifically incorporated herein by reference, and agrees not to violate these provisions.**
- (l) Completion of Project. Upon the completion of the Redevelopment Project contemplated by this Agreement and further described in **Exhibit A**, the Developer shall submit filled out copy of the Certificate of Completion attached hereto as **Exhibit E**.
- (m) Taxable Events. Developer hereby acknowledges that it shall have sole responsibility for any tax consequences related to receipt of the TIF Assistance.

VI. Events of Default.

The following shall be considered Events of Default under this Agreement:

- (a) Failure to expend the TIF Assistance for the approved Project costs.
- (b) The assignment or transfer of Developer's interest in the Project without prior written consent of the City.
- (c) The appointment of a receiver, trustee, or custodian over any material part of the assets of the Developer.
- (d) An adjustment, settlement, or extension of Developer's debts by means of a promise that affects any interest in the Project or the Property.
- (e) A material default with respect to any other indebtedness of Developer for borrowed money.
- (f) A proceeding being filed by or commenced against Developer for dissolution or liquidation.

- (g) A judgment, writ, order of attachment, or garnishment filed, entered or issued against the Developer.
- (h) The discovery of a materially false representation made by Developer in any agreement, written promise, or this Agreement, except as otherwise disclosed in writing to the City.
- (i) The failure of Developer to observe or perform any covenant or other agreement with City contained in any document executed in connection with this Agreement.
- (j) Failure to comply with the terms of this Agreement.
- (k) Failure to complete the Project contemplated by this Agreement and its attachments.
- (l) Failure of Developer or its contractors, subcontractors, or agents to comply with any permitting requirements, laws, rules, regulations, orders, ordinances relevant to the Project.

VII. Notice of Default and Cure.

Upon establishing that an Event of Default has occurred which in its sole discretion is subject to cure, the City shall provide written notice to the Developer at the address provided below with a request that the Developer cure said Event of Default within a reasonable time, as determined by the City (the "Cure Period"). Failure of the City to provide Notice shall not constitute a waiver of its rights related to any Event of Default.

VIII. Remedies.

Upon an Event of Default, City may take whatever actions at law or in equity are necessary and appropriate to preserve its rights, including but not limited to: withholding, rejecting, and cancelling all TIF Assistance disbursements; and/or requiring Developer to repay to City all disbursements to Developer of TIF Assistance. A termination shall not affect or terminate any of the rights that the City has against Developer then existing or which may thereafter accrue because of such Event of Default, and the foregoing provision shall be in addition to all other rights and remedies available to the City under law including attorneys' fees incurred in curing the default. Except as otherwise provided herein, City shall not be required to give notice to Developer in order to exercise any of its rights or remedies. All rights and remedies of City shall be cumulative and in addition to every other right or remedy given under this Agreement or now or hereafter existing at law or in equity.

IX. No Waiver.

The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

X. Administrative Extension for Project Completion.

- (a) Pursuant to Section II(b), the Developer must complete the Project by December 31, 2027. Should the Developer fail to meet this deadline, the City Manager may issue a contract extension notice upon a showing by the Developer that the Project was not completed due to circumstances beyond the Developer's control, which shall be known as a "Reasonable Delay." The City Manager may consider delays due to adverse weather conditions, availability of contractors, and force majeure events as Reasonable Delays. Budget constraints shall not constitute a Reasonable Delay. The extension authorized by the City Manager shall not exceed three months, and no more than one administrative extension may be granted. No administrative extension will be effective unless made in writing, signed by the City Manager, and submitted to the City Clerk for placement in City's official contract files.
- (b) In the event that the City Manager finds the Developer has not established a Reasonable Delay, the Developer may request a contract extension via an amendment to this Agreement by the Board of Commissioners.
- (c) This section shall not be construed to provide Developer a right to a contract extension. Both the City Manager and the Board of Commissioners reserve the right to reject any such request. Developer should use all reasonable efforts to complete the Project prior to December 31, 2027.

XI. City Non-Discrimination Ordinance.

In accordance with the City's Human Rights ordinances, § 32.040 et. seq., Developer agrees that it shall not discriminate on the basis of any protected class, including but not limited to: race, color, religion, sex, sexual orientation, gender identity, age, national origin, ancestry, marital status, parental status, familial status, place of birth, disability, or natural texture, color of hair, hair styles, or protective hair styles (including, but not limited to braids, locks, twists, and coverings).

XII. Jurisdiction and Venue.

This Agreement shall be construed under the laws of the Commonwealth of Kentucky, regardless of any choice of law principle. Any dispute related to this Agreement shall be brought in the state or federal courts situated in Kenton County, Kentucky.

XIII. Third Party-Beneficiaries.

This Agreement shall not create any rights or causes of action against the City for any third-party, including contractors, subcontractors, agents, or employees of the Developer.

XIV. Amendments.

Any amendments to this Agreement must be in writing and signed by both parties.

XV. No Assignment.

The Developer shall not assign any interest in this Agreement and shall not transfer any interest in the same (whether by assignment or novation) without the prior written consent of the City.

XVI. Indemnification.

Developer shall indemnify the City and hold the City harmless for any and all claims, demands, rights, actions, complaints, suits, notices of breach, evictions, violations, debts, damages, and causes of action of whatever type or nature, including but not limited to injury to, or death of, persons or loss of, or damage to, property, suffered in connection with performance of any work on the Project by Developer or any party acting by, under, through, or on behalf of Developer, whether legal or equitable arising from this Agreement. In addition to the indemnities provided in this section, Developer shall defend City, its officers, agents, and employees (i) against any suit, proceeding, claims for losses, costs, damages or expenses including, without limitation, charges for personal injury, death or property damage that arise out of any and all acts or omissions of employees or agents of the Developer or Developer's subcontractors in connection with the Project; and (ii) shall pay all damages, costs and expenses in connection with such actions, including City's reasonable attorneys' fees and costs.

XVII. Severability

If any provision of this Agreement or the applications 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 provisions to persons or circumstances other than those 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 or adversely frustrate the parties essential objectives as expressed herein.

XVIII. Force Majeure

None of the Parties shall be deemed to be in default in the performance of any obligation of such Party under this Agreement, if and so long as the non-performance of such obligations shall be caused by Unavoidable Delays; provided, that within ten (10) days after the commencement of

such Unavoidable Delays, the non-performing Party shall notify the other parties in writing of the existence and nature of any such Unavoidable Delays and the steps, if any, which the non-performing Party has taken or is planning to take to eliminate such Unavoidable Delay (provided, however, that failure to give such notice timely shall not be a default hereunder or impair the non-performing Party's rights to claim an Unavoidable Delay unless such failure to provide notice prejudices the other Party). The City may at its option, terminate this Agreement in the event of a Force Majeure.

XIX. Insurance.

(a) Until such time as all construction work associated with the Project has been completed, and without limitation of any of Developer's obligations under this Agreement, Developer shall maintain, or cause to be maintained, the following insurance:

1. Commercial General Liability Insurance of at least \$2,000,000 per occurrence, combined single limit/\$3,000,000 aggregate (or with such higher limits as may be required by Developer's lenders), naming the City as an additional insured,
2. worker's compensation insurance in such amount as required by law,
3. all insurance as may be required by Developer's construction lenders, automobile liability insurance as required by law, and
4. such other insurance as may be reasonably required by the City.

(b) Developer's insurance policies shall:

1. be written in standard form (ie. Certificate of Liability Insurance), that are authorized to do business in Kentucky, and that have an A.M. Best rating of A VII or better, and
2. provide that they may not be canceled or modified without at least thirty (30) days prior written notice to the City.

XX. Interpretation.

The captions at the beginnings of several paragraphs of this Agreement are not a part of the context thereof but are merely labels to assist in locating and reading such paragraphs. They shall be given no effect in construing the Agreement.

XXI. Notices.

All notices permitted or required to be given under this Agreement shall hand delivered or deposited in the United States Mail, sent by first class postage, to:

If to City:
City of Covington
Attn: City Manager
With a copy to: City Solicitor
20 W. Pike Street
Covington, KY 41011

If to Developer:
Covington Kentucky Development, LLC
Attn: Guy Van Rooyen
25 W. Robbins Street,
Covington, KY 41011

XXII. Entirety; Counterparts.

This Agreement with attached exhibits constitutes the entire agreement between the City, Developer. It is intended by the parties as a final expression of their agreement with respect to such terms as are included herein and may not be contradicted by evidence of any prior agreement or of a contemporaneous oral agreement. This Agreement may not be amended except by a written instrument executed by all of the parties hereto. This instrument and any amendment hereto may be executed in any number of counterparts, each of which shall be deemed an original, but which shall together constitute one and the same instrument. Any facsimile, email or other electronically made or delivered signature shall be deemed an original signature, and facsimile or electronic copies of this instrument shall constitute duplicate originals for all purposes.

[Signature page follows.]

IN WITNESS WHEREOF, the City and Developer have executed this Agreement to be effective as of the Effective Date:

CITY OF COVINGTON, KENTUCKY

Ronald L. Washington, Mayor

Pursuant to Order No. _____

COVINGTON KENTUCKY DEVELOPMENT, LLC (DEVELOPER)

By: Guy van Rooyen
Its: Member

Exhibit A

Project Description

The project is the redevelopment of 525 Scott Street in Covington’s downtown core into the new headquarters for Fischer Homes. The project owner is Covington Kentucky Development, LLC, an affiliate of the Salyers Group. Despite its central location, the building has remained largely vacant due to challenging office market conditions and the significant capital required for modernization and expansion.

Fischer Homes, a Northern Kentucky based company with more than 40 years of operations and national homebuilding activity, is considering a long-term lease commitment for approximately 100,000 square feet within the building. The project will add three floors of new office to the building, approximately 40,000 SF. At the end of 10 years, the project is projected to support more than 500 new jobs in Covington, with an estimated average wage between \$90,000 and \$119,000 per year.

The total development budget is approximately \$20.9 million, inclusive of acquisition, hard and soft construction costs, and financing-related expenses. Without public participation, the project faces a feasibility gap driven by elevated construction costs, interest rates, and Class A office underwriting constraints in the current capital markets. The requested TIF assistance is intended to bridge this gap and support the delivery of a stabilized, long-term employment center in the urban core.

Project Budget

Land & Building Acquisition	\$1,226,000
Construction	\$18,908,000
Soft Costs	\$246,000
Interest During Construction	\$479,000
Total Uses	\$20,859,000
Primary Loan	\$11,346,000
Developer Cash Equity	\$7,513,000
Public Grant (Kenton County)	\$2,000,000
Total Sources	\$20,859,000

Exhibit B: TIF Assistance Formula and Example

The formula for calculating the amount of the distribution of TIF Assistance is as follows:

$$D = \frac{(T * 0.8)}{2}$$

Variable D is the TIF Rebate Assistance Distribution Amount to be distributed to the Developer and where $D \leq \$140,000.00$.

Variable T is the Net City Payroll Tax after the Job Development Incentive is awarded generated per a given calendar year by the Fischer Jobs Development and Payroll Incentive Contract.

An example of this formula in practice is demonstrated in the page below.

Fischer Incentive Calculation	Covington Kentucky Development, LLC Incentive Calculation
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*Hypothetical Ramp Up and Payroll Assumptions

Year	New Additional Full-Time Equivalents	Avg Payroll per Employee	Total Payroll	Standard Occupational License Tax Rate	Company's Liability at Standard Rate	Incentive Rate	Fischer Job Development Incentive	Net City Payroll Tax After Fischer Incentive	City General Fund	TIF Payroll Tax Contribution	50% TIF Payroll Tax Rebate	80% TIF Payroll Tax Contribution	50% TIF Payroll Tax Rebate	Capped at \$140,000 TIF Payroll Tax Rebate W/ CAP
1	305	\$90,000	\$27,450,000	2.45%	\$672,525	1.25%	\$343,125	\$329,400	\$65,880	\$263,520	\$131,760	\$263,520	\$131,760	\$131,760
2	315	\$92,700	\$29,200,500	2.45%	\$715,412	1.25%	\$365,006	\$350,406	\$70,081	\$280,325	\$140,162	\$280,325	\$140,162	\$140,000
3	355	\$95,481	\$33,895,755	2.45%	\$830,446	1.25%	\$423,697	\$406,749	\$81,350	\$325,399	\$162,700	\$325,399	\$162,700	\$140,000
4	367	\$98,345	\$36,092,773	2.45%	\$884,273	1.25%	\$451,160	\$433,113	\$86,623	\$346,491	\$173,245	\$346,491	\$173,245	\$140,000
5	379	\$101,296	\$38,391,106	2.45%	\$940,582	1.25%	\$479,889	\$460,693	\$92,139	\$368,555	\$184,277	\$368,555	\$184,277	\$140,000
6	393	\$104,335	\$41,003,524	2.45%	\$1,004,586	1.25%	\$512,544	\$492,042	\$98,408	\$393,634	\$196,817	\$393,634	\$196,817	\$140,000
7	407	\$107,465	\$43,738,136	2.45%	\$1,071,584	1.25%	\$546,727	\$524,858	\$104,972	\$419,886	\$209,943	\$419,886	\$209,943	\$140,000
8	423	\$110,689	\$46,821,298	2.45%	\$1,147,122	1.25%	\$585,266	\$561,856	\$112,371	\$449,484	\$224,742	\$449,484	\$224,742	\$140,000
9	439	\$114,009	\$50,050,086	2.45%	\$1,226,227	1.25%	\$625,626	\$600,601	\$120,120	\$480,481	\$240,240	\$480,481	\$240,240	\$140,000
10	564	\$117,430	\$66,230,287	2.45%	\$1,622,642	1.25%	\$827,879	\$794,763	\$158,953	\$635,811	\$317,905	\$635,811	\$317,905	\$140,000

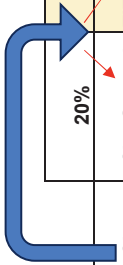


Exhibit C: Fischer JDI Contract

ECONOMIC DEVELOPMENT AGREEMENT:
JOBS DEVELOPMENT AND PAYROLL INCENTIVE

This **AGREEMENT** (the "Agreement") is entered into this _____ day of 06/08/2025, 2025 (the "Effective Date"), by and between the **CITY OF COVINGTON, KENTUCKY**, a Kentucky municipal corporation of the home rule class with a principal address of 20 West Pike Street, Covington, Kentucky 41011 ("City"), pursuant to Commissioners' Order No. ORD-096-2025, and **FISCHER MANAGEMENT, LLC**, a Kentucky limited liability company, with a principal office of 3940 Olympic Boulevard, Suite 400, Erlanger, Kentucky 41018 ("Fischer").

WHEREAS, § 123.04(B) of the Covington Code of Ordinances, "enhanced new business incentive," authorizes the City to provide an economic development incentive to the Business (as defined below); and

WHEREAS, the incentive offered by the City to the Business will contribute to the public welfare of the citizens of the City by increasing employment opportunities, thereby contributing to the public purpose of fostering economic development within the City.

NOW, THEREFORE, the parties hereby agree that for and in consideration of the promises and mutual covenants and undertakings contained herein, IT IS AGREED:

1. Definitions. The capitalized terms in the Agreement shall have the following meaning, or as otherwise defined herein:

- a. "*Annual Payroll*". Shall mean all compensation paid or payable by Business for work or services performed or rendered in the City by every resident and nonresident who is an employee of Business, that is normally subject to the City's occupational license tax pursuant to § 110.03(A)(l) of the Covington Code of

Ordinances, including compensation in excess of the FICA cap provided for in Covington Code of Ordinances § 110.03(B)(1).

- b. *“Business”*. Shall refer to Fischer and any of its affiliated entities, as well as any other entities affiliated with Greg A. Fischer that are included in the reporting as described in Section 3 below, that have an obligation to pay Annual Payroll which may exist from time to time, including, but not limited to, the following entities: Victory Mortgage Holding, Inc., Homestead Title Agency, LLC, and Acendion Management Company, LLC.
- c. *“FTE”* or *“New Additional Full-Time Equivalents”*. Shall mean any employee that works at least thirty (30) hours per week and part-time employees (if any) working less than thirty (30) hours per week; provided said part-time employees shall be aggregated and converted into a full-time equivalent using the full-time equivalent method of adding the total number of hours worked by all part-time employees in a month and dividing by one hundred twenty (120).
- d. *“Jobs Requirement”*. Shall mean the number of FTE jobs Business must maintain during a respective calendar year in order to receive the Flexible Business Incentive for that year. The Jobs Requirement for any given year shall be listed in **Exhibit B**.
- e. *“Annual Target Payroll”*. Shall mean the Taxable Payroll amount that the Business must meet for a specified year of the Term in order to receive the Flexible Business Incentive (as defined in Section 2 below) for that year. The Annual Target Payroll for any given year shall be listed in **Exhibit B**.
- f. *“Taxable Payroll”*. Shall mean all compensation paid or payable to the City for work or services performed or rendered in the City by every resident and

nonresident who is an employee of the Business, that is subject to the City's occupational license tax pursuant to Covington Code of Ordinances § 110.03(A)(1) or any other provision of the Covington Code of Ordinances. This definition shall not include any compensation that is exempt or otherwise not subject to the City's occupational license tax.

g. "*Term*". Shall mean the period from January 1, 2028 to December 31, 2047.

2. Flexible Business Incentive. Subject to the terms and conditions of this Agreement, City shall provide a flexible incentive to Business for each year that Business equals or exceeds the corresponding Annual Target Payroll and meets the Jobs Requirement identified on **Exhibit B** for the corresponding calendar year (the "Flexible Business Incentive"). This Flexible Business Incentive shall be subject to Business' compliance with all other terms and conditions of this Agreement. For purposes of clarification, the Flexible Business Incentive structure is illustrated below:

Years 1 – 10 (The first 10 calendar years following the start of the Term):

- 0% Flexible Business Incentive if Business has less than fifty (50) FTEs and Annual Target Payroll less than \$4,500,000; or
- 0.75% Flexible Business Incentive if Business has between fifty (50) and one hundred ninety-nine (199) FTEs and Annual Target Payroll of \$4,500,000 or more; or
- 1.00% Flexible Business Incentive if Business has between two hundred (200) and three hundred four (304) FTEs and Annual Target Payroll of \$18,000,000 or more; or

- 1.25% Flexible Business Incentive if Business has three hundred five (305) FTEs or more and Annual Target Payroll of \$27,450,000 or more.

Year 11 (11th full calendar year following the start of the Term) – Retention period; no incentive.

Year 12 (12th full calendar year following the start of the Term) – Retention period; no incentive.

Year 13 (13th full calendar year following the start of the Term) – Retention period; no incentive.

Year 14 (14th full calendar year following the start of the Term) – Retention period; no incentive.

Year 15 (15th full calendar year following the start of the Term) – Retention period; no incentive.

Year 16 (16th full calendar year following the start of the Term) – Retention period; no incentive.

Year 17 (17th full calendar year following the start of the Term) – Retention period; no incentive.

Year 18 (18th full calendar year following the start of the Term) – Retention period; no incentive.

Year 19 (19th full calendar year following the start of the Term) – Retention period; no incentive.

Year 20 (20th full calendar year following the start of the Term) – Retention period ends on the last day of such calendar year; no incentive.

For example, since the Term starts on January 1, 2028, then Year 20 will end on December 31, 2047.

3. Reimbursement. Business shall be required to submit an application for reimbursement of the incentive amount for each calendar year by April 30th the following calendar year to the City of Covington Finance Department to receive reimbursement for the Flexible Business Incentive. The application for reimbursement shall list Fischer and the entities that meet the definition of the Business, as set forth in Section 1.b. of this Agreement. Failure to submit the reimbursement request by April 30th shall constitute a waiver of the right to reimbursement for the previous calendar year, but only for that calendar year. City shall issue reimbursement to the Business by July 31st each calendar year for the previous calendar year, provided that a completed reimbursement request form (attached as **Exhibit A** hereto) is received by City and Business is entitled to the reimbursement in accordance with the terms of this Agreement. Business shall be entitled to submit a single reimbursement request form that includes all data required by the reimbursement request form for each entity comprising the Business that is entitled to reimbursement. Business shall not be entitled to the Flexible Business Incentive for any year that it does not meet or exceed the applicable Annual Target Payroll and FTE Jobs Requirement shown on Exhibit B attached hereto.

4. Business Obligations. In order to receive the Flexible Business Incentive, Business shall comply with all terms and conditions of this Agreement, and throughout the Term shall specifically be required to meet the following conditions with respect to its business location within the City of Covington, Kentucky:

- a. Business shall meet the Annual Target Payroll requirements and Jobs Requirement for Years 1 through 10 identified on **Exhibit B** for each calendar year of the Term

of this Agreement in order to receive the Flexible Business Incentive. Business shall not be entitled to the Flexible Business Incentive for any year that it does not meet the Annual Target Payroll requirement or Jobs Requirement for the corresponding calendar year of the Term as listed in **Exhibit B**.

- b. Within Year 1 of the Term, of the Effective Date of this Agreement, and annually thereafter, a representative of Business will participate in one (1) meeting per year to discuss the Business' workforce needs for the upcoming calendar year. Said annual meeting may include representatives of one or more community workforce partners, such as the public workforce system (e.g. Kentucky Career Center) or a regional workforce development organization (e.g. NKY Works).
- c. In accordance with Covington Code of Ordinances § 123.03(B)(4), Business shall remain within the City of Covington as an active business in good standing with the City during the Term of this Agreement, being a period of twenty (20) calendar years. Business is not eligible for any additional new business incentives under Covington Code Section 123.04(A) or enhanced new business incentives under Covington Code Section 123.04(B) during years 11 through 20 of the Term.

5. Default. The following events shall constitute an "Event of Default" under this Agreement:

- a. Business' failure to be in good standing with the City in accordance with Covington Code of Ordinances, Section 35.003(A); provided, however, that nothing in this provision shall be construed to waive, limit, or impair Business' right to assert or pursue a valid cause of action against the City and in which case the City shall not

withhold the Flexible Business Incentive or terminate this Agreement solely on the basis of such action.

- b. Business' failure to pay any property or other taxes it owes to City that are validly assessed (without an appeal being filed to dispute same) and delinquent for more than 90 days after Business received notice of such delinquency without filing an action to dispute same.
- c. Business' failure to remain within the City of Covington as an active business in good standing for the first ten (10) years of the Term.

6. Notice of Default and Cure. Upon an Event of Default, the City shall provide written notice to the Business at the address provided in Section 11, with a request that the Business cure said Event of Default within ninety (90) days, or within such additional reasonable period as shall be mutually agreed upon by the parties. If the Event of Default cannot reasonably be cured within such period due to circumstances beyond the Business' control, the Business shall be allowed such additional time as is reasonably necessary to cure. Failure of the City to provide such written notice shall not constitute a waiver of its rights related to any Event of Default, provided that Business shall be entitled to the cure period set forth herein in all instances.

7. Remedies. Upon the occurrence of an Event of Default, and the expiration of the cure period provided in Section 6 above, and Business has failed to cure such Event of Default, City may pursue the applicable remedy below as its sole and exclusive remedy:

- a. In the event of an Event of Default arising out of Sections 5(a) or 5(b), the City may withhold the Flexible Business Incentive for the applicable calendar year for which the Event of Default applies, pending cure of the Event of Default; or

- b. In the event of an Event of Default pursuant to Section 5(c), the City may terminate this Agreement by providing written notice to the Business specifying the effective date of termination. In the event of termination, City shall have the right but not the obligation to demand repayment of the Flexible Business Incentive paid in accordance with the table shown below:

YEAR	<u>PERCENTAGE OF REIMBURSEMENT</u>
1 through end of year 2	100%
3	70%
4 through end of year 5	50%
6 through end of year 7	20%
8 through end of year 9	10%
10	3%
11 through end of year 20	0

City expressly waives any and all other remedies, claims, or causes of action, whether at law or in equity, arising from or relating to an Event of Default or other breach of this Agreement, other than those expressly set forth in this Section 7.

Nothing in this Section 7 shall be interpreted to prohibit or restrict Business from (i) assigning this Agreement in accordance with Section 8, or (ii) selling or divesting any of the entities included in the definition of “Business” under Section 1(b); provided that, the resulting Business, as defined in Section 1(b), continues to operate within the City in accordance with Section 5(c).

8. Assignment. Fischer shall not assign or otherwise transfer or pledge any rights or obligations of this Agreement except upon written agreement of all parties involved. Notwithstanding the foregoing, Fischer may assign this Agreement or a portion thereof, to an affiliate, subsidiary, or parent, or to an entity that acquires the majority of the assets of Fischer, or to an entity that comprises any part of the Business without the City's prior written consent provided the assignee agrees in writing to assume all rights

9. Indemnification. The Business shall indemnify the City and hold the City harmless for any and all claims, liabilities, demands, rights, actions, complaints, suits, notices of breach, evictions, violations, debts, damages, and causes of action of whatever type or nature, whether legal or equitable, and all costs and expenses relating thereto, to the extent directly caused by the Business or affiliates' negligence or willful misconduct in connection with the Flexible Business Incentives granted pursuant to this Agreement. Business shall not be responsible for indemnifying the City for any claims resulting from the City's own negligence, willful misconduct, or breach of this Agreement.

10. Force Majeure. In the event the Business is unable to meet its obligations under this Agreement due to events beyond its reasonable control (a "Force Majeure Event"), such failure shall not constitute a breach of this Agreement. Force Majeure Events may include, but are not limited to, natural disasters, public health emergencies, acts of war or terrorism, significant supply chain disruptions, or governmental orders or regulations that materially impact business operations. The parties shall work in good faith to determine reasonable accommodations, including extensions of time or temporary modifications to performance obligations, as necessary.

11. Notices. All notices, requests, consents, approvals, demands, and other communications required or permitted to be given or made under this Agreement shall be in

writing and shall be deemed to have been duly given if delivered by one (1) of the following methods: (a) a nationally recognized overnight courier company; (b) deposited in the United States Mail, postage prepaid, by certified mail, return receipt requested; or (c) electronic transmission by email provided that the original also is sent via overnight courier or United States Mail, addressed as follows or to such other person or address as either party shall designate by notice to the other party in accordance herewith:

If to Business:

Prior to November 30, 2027:

Fischer Management, LLC
Attn: Tarina Goldsberry (with copy to Legal Department)
3940 Olympic Boulevard, Suite 400
Erlanger, Kentucky 41018
Email: tgoldsberry@fischerhomes.com
legal@fischerhomes.com

Starting after November 30, 2027:

Fischer Management, LLC
Attn: Tarina Goldsberry (with copy to Legal Department)
525 Scott Street
Covington, Kentucky 41011
Email: tgoldsberry@fischerhomes.com
legal@fischerhomes.com

If to City:

Prior to January 1, 2027:

City of Covington
Attn: City Manager (with copy to City Solicitor)
20 W. Pike Street
Covington, KY 41011
City Manager Email: ksmith@covingtonky.gov
City Solicitor Email: frank.schultz@covingtonky.gov

Starting January 1, 2027:

City of Covington

Attn: Mayor (with copy to City Solicitor)
20 W. Pike Street
Covington, KY 41011
Mayor Email: ron.washington@covingtonky.gov
City Solicitor Email: frank.schultz@covingtonky.gov

All such notices will be deemed effective upon receipt or refusal of delivery by the addressee.

12. Entirety. As used herein the term "Agreement" shall mean this Agreement and any 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 understanding relating to the subject matter hereof. No representation, promise, inducement, or state 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.

13. Modification. Except as otherwise provided in this Agreement, 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 such provision by any party.

14. Interpretation. The captions at the beginnings of several paragraphs of this Agreement are not a part of the context thereof but are merely labels to assist in locating and reading such paragraphs. They shall be given no effect in construing the Agreement.

15. Venue and Jurisdiction. This Agreement shall be governed by the laws of the Commonwealth of Kentucky, regardless of any other choice of law provision or principal. Any

legal proceeding related to this Agreement shall be brought in the state or federal courts situated in Kenton County, Kentucky.

16. Effective Date. This Agreement shall be effective upon the date of execution by the parties, as evidenced by the date on the following signature page.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto, have subscribed their names below and have agreed to the terms of the Agreement herein:

CITY OF COVINGTON, KENTUCKY

Ronald L. Washington

0B25D03BAE7D24077BCC797F6FABACD6 contractworks

Ronald L. Washington, Mayor

Pursuant to Commissioner's Order No. ORD-096-2025

Date executed: 06/08/2025

FISCHER MANAGEMENT, LLC

Andrew Worrell

0F86B01CA918EF299E0009308EE72563 contractworks

[Sign]

By: Andrew Worrell

Its: Secretary

EXHIBIT A



PAYROLL TAX REIMBURSEMENT REQUEST FORM

Please complete this form and submit to:

City of Covington Finance Department Attn: Shannon White
20 West Pike Street Tel. 859-292-2187 Fax 859-292-2131
Covington, Kentucky 41011 Email: swhite@covingtonky.gov

*Each section/line of Page -1- of this form must be completed to be accepted for processing & reimbursement.

Date: Year of this Reimbursement:

Company Name:

Mailing Address:

Federal Employer ID Number:

NAICS Code: Withholding ID Number(s):

Company Representative/Contact Person:

Title:

Telephone:

Email Address:

REQUIRED TO BE SUBMITTED WITH THIS REQUEST:

- W-9 Form
Annual Payroll Report (as required by your Development Agreement Contract, and in format stated)
Payroll Reconciliations
Payroll broken out by state of residency
Payroll for Kentucky residents
Payroll for residents of all other jurisdictions

Name of Person Submitting this Reimbursement Request (Printed Name) Title

Authorized Signature of Person Submitting this Reimbursement Request*

*By signing this Request for Payroll Tax Reimbursement Form, I do hereby attest that the information submitted herewith and attached hereto is accurate and truthful, and that I am a duly authorized representative of the company named herein.

EXHIBIT B

Target Payroll & Estimated FTE Jobs

FISCHER MANAGEMENT, LLC - JOBS AND PAYROLL FLEXIBLE INCENTIVE							
Calendar Year	Years of Incentive	Minimum FTE Jobs Requirement	Minimum Annual Target Payroll	Standard Occupational License Tax Rate	Company's Minimum Liability at Standard Rate	Incentive Rate	Minimum Amount of Incentive to Fischer
2028-2037	1-10	Less than 50	Less than \$4,500,000	2.45%	\$0	0.00%	\$0
2028-2037	1-10	50-199	\$4,500,000 or more	2.45%	\$110,250	0.75%	\$33,750
2028-2037	1-10	200-304	\$18,000,000 or more	2.45%	\$441,000	1.00%	\$180,000
2028-2037	1-10	305 or more	\$27,450,000 or more	2.45%	\$672,525	1.25%	\$313,125
2038	11	305	\$27,450,000	2.45%	\$672,525	0.00%	Retention period; no incentive
2039	12	305	\$27,450,000	2.45%	\$672,525	0.00%	Retention period; no incentive
2040	13	305	\$27,450,000	2.45%	\$672,525	0.00%	Retention period; no incentive
2041	14	305	\$27,450,000	2.45%	\$672,525	0.00%	Retention period; no incentive
2042	15	305	\$27,450,000	2.45%	\$672,525	0.00%	Retention period; no incentive
2043	16	305	\$27,450,000	2.45%	\$672,525	0.00%	Retention period; no incentive
2044	17	305	\$27,450,000	2.45%	\$672,525	0.00%	Retention period; no incentive
2045	18	305	\$27,450,000	2.45%	\$672,525	0.00%	Retention period; no incentive
2046	19	305	\$27,450,000	2.45%	\$672,525	0.00%	Retention period; no incentive
2047	20	305	\$27,450,000	2.45%	\$672,525	0.00%	Retention period; no incentive

Exhibit D: TIF Assistance Disbursement Request Form

Developer Legal Name: _____

Local Occupational License Number: _____

Business Address: _____

Date of Request: _____

TIF Agreement Name: TIF REDEVELOPMENT AGREEMENT BY AND BETWEEN CITY OF COVINGTON, KENTUCKY, AND COVINGTON KENTUCKY DEVELOPMENT, LLC

TIF Agreement Effective Date: _____

Certification

The undersigned hereby certifies that the information contained in this TIF Assistance Disbursement Request is true, correct, and complete, and that the Developer is in compliance with the terms and conditions of the applicable TIF Agreement.

Authorized Signature: _____

Printed Name and Title: _____

Date: _____

Exhibit E

Project Completion Certification Form

Applicant Name: _____ Date: _____

Applicant's Mailing Address: _____

Applicant Property Location: _____

Applicant Telephone Number: _____

Total Final Cost of Rehabilitation Project: \$ _____

Total Final Cost of Eligible TIF Costs: \$ _____

Attachments:

- Contractor Invoices (showing what was billed, quantity, labor, etc)
- Cancelled Checks (proof of payment)
- Photos Showing Completed Project, conformance with TIF application

The undersigned, being the applicant, hereby confirms that the Project has been completed in accordance with the provisions of the TIF Program Guidelines, the original application, and the agreement signed with the City of Covington. Further, I (we) hereby certify that the Project costs and documented expenses as represented are true, accurate and complete accounting of the eligible project costs. By signing this document, I acknowledge that pursuant to the Program Guidelines, only those costs expended on public infrastructure are "eligible costs."

Signature of Owner

Date