

LOCAL PARTICIPATION AGREEMENT
FOR
HOUSTON ROAD/ERLANGER ROAD DEVELOPMENT AREA
BY AND AMONG
CITY OF ERLANGER, KENTUCKY
AND
COUNTY OF KENTON, KENTUCKY
AND
PLANNING AND DEVELOPMENT SERVICES OF KENTON COUNTY
AND
FINANCE DEPARTMENT OF THE CITY OF ERLANGER, KENTUCKY
AND
ERLANGER, AN USICIV, LLC
NOVEMBER 1, 2017

Exhibit A – Map of the Development Area

Exhibit B – Map of Houston Road Area and Erlanger Commerce Center Area in the Development Area

Exhibit C – Listing of Parcels Within Development Area

Exhibit D – Development Agreement

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 TO
 LOCAL PARTICIPATION AGREEMENT
 DATED
 NOVEMBER 1, 2017
 CITY OF ERLANGER, KENTUCKY
 AND
 COUNTY OF KENTON, KENTUCKY
 AND
 PLANNING AND DEVELOPMENT SERVICES OF KENTON COUNTY
 AND
 FINANCE DEPARTMENT OF THE CITY OF ERLANGER, KENTUCKY
 AND
 ERLANGER, AN USICIV, LLC.

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LOCAL PARTICIPATION AGREEMENT
Houston Road/Erlanger Road Development Area

THIS LOCAL PARTICIPATION AGREEMENT (this “Agreement”) is made as of the 1st day of November, 2017 (the “Effective Date”) by and among the CITY OF ERLANGER, KENTUCKY, a Kentucky municipal corporation organized under the laws of the Commonwealth of Kentucky (the “City”), the COUNTY OF KENTON KENTUCKY, a county government organized under the laws of the Commonwealth of Kentucky (the “County”), the PLANNING AND DEVELOPMENT SERVICES OF KENTON COUNTY, KENTUCKY, a local taxing district organized pursuant to the provisions of KRS Chapter 147 (“PDS”), and the FINANCE DEPARTMENT OF THE CITY OF ERLANGER, KENTUCKY, a duly established department of the City (the “Agency), and ERLANGER, AN USICIV, LLC, a Delaware limited liability company (the “Developer”), and collectively (the “Parties”);

RECITALS

WHEREAS, pursuant to the Act as hereinafter defined, the City on the _____ day of November, 2017, adopted Ordinance Number _____, (the “Development Area Ordinance”), whereby it established the Houston Road/Erlanger Road Development Area (the “Development Area”) for the purpose of promoting a mixed use development within the City; and

WHEREAS, the Parties recognize and determine that construction of the Project, as hereinafter defined as contemplated by this Agreement will contribute to the public welfare of the citizens of the City and County and will thereby materially enhance the area and be in furtherance of the general health and welfare of the citizens of the City and County; and

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

WHEREAS, the Parties desire to set forth the duties and responsibilities of the Parties with respect to the administration, financing and pledging of Incremental Revenues in support of the development of the Project within the Development Area; and

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

WHEREAS, pursuant to Ordinance Number _____, adopted _____, 2017, the Fiscal Court of the County has authorized the County Judge/Executive to execute and enter into this Agreement with the City, Developer, and PDS, and the County desires to enter into this Agreement; and

WHEREAS, the pursuant to Resolution _____, adopted by the Board of PDS on _____, 2017, PDS has authorized its Chairman to execute and enter into this Agreement with the City, Agency, Developer, County, and PDS desires to enter into this Agreement; and

WHEREAS, pursuant to Resolution _____, adopted by the Members of the Developer on _____, 2017, the Developer has authorized its Manager to execute and enter into this Agreement with the City, Agency, County, and PDS, and the Developer desires to enter into this Agreement; and

WHEREAS, pursuant to the Act, the City, the County, the Developer, and PDS

desire to set forth their mutual agreements, understandings and obligations in this Agreement, in order to facilitate development of the Project within the Development Area.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties hereto, and in consideration of the premises and the mutual covenants and undertakings contained herein, it is agreed and covenanted by and among the Parties hereto as follows:

SECTION I
Preambles

The Parties hereto agree that the above “preambles” or “preamble clauses” are incorporated herein by reference as if fully restated herein and form a part of the agreement among the Parties hereto.

SECTION II
Definitions

For the purposes of this Agreement, the following words and phrases shall have the meanings assigned in this Section II, unless the context clearly indicates that a contrary or different meaning is intended.

1. “Act” or “the Act”. Shall mean KRS 65.7041 to KRS 65.7083.
2. “Activation”. Shall be the first day of the calendar year for the computation of Incremental Revenues, which shall be established as provided in Section XII of this Agreement.
3. “Agency”. Shall mean the Finance Department of the City of Erlanger, Kentucky.
4. “Agreement”. Shall mean this Local Participation Agreement, including all Exhibits attached hereto.

5. “Bonds”. Shall mean the Increment Bonds or notes issued by the City to finance Project Costs or Redevelopment Assistance within the Development Area, in accordance with the Financing Plan.

6. “Bond Documents”. Shall mean all of the documents constituting the bond transcript of proceedings in connection with the Bonds.

7. “City”. Shall mean the City of Erlanger, Kentucky.

8. “County”. Shall mean the County of Kenton, Kentucky.

9. “Developer”. Shall mean Erlanger, AN USICIV, LLC, a Delaware limited liability company.

10. “Development Agreement”. Shall mean that certain Development Agreement by and between the City of Erlanger, Kentucky and Al. Neyer, LLC, April 4th, 2017 which Development Agreement has been assigned to and assumed by Developer, a copy of which is attached hereto as Exhibit D.

11. “Development Area”. Shall have the meaning given in the Recitals to this Agreement, and more specifically described on Exhibit A attached hereto, its constituent parts sometimes referred to herein as the Erlanger Commerce Center Area and/or the Houston Road Area.

12. “Development Area Ordinance.” Shall mean the ordinance referred to in the Recitals section of this Agreement.

13. “Development Plan”. Shall mean the development plan prepared as required by the Act as part of the establishment of the Development Area which is attached as Exhibit C to the Development Area Ordinance.

14. “Effective Date”. Shall have the meaning given in the introductory paragraph of this Agreement.

15. “Excess Incremental Revenues”. Means Incremental Revenues in excess of the amounts required to support the payment of Increment Bonds and to meet any coverage tests set forth in the Bond Documents.

16. “Financing Costs”. Shall have the meaning as provided in the Act, the Development Agreement, and this Agreement as applicable.

17. “Financing Plan”. Shall mean the plan for financing the Project as described in SECTION XII of this Agreement, as it may be amended with the approval of the of the City and the Agency.

18. “Houston Road Area Incentive Committee”. Shall mean that incentive review committee established under Section IV hereof.

19. “Increment Bonds”. Shall mean the bonds or notes issued by the City or Agency pursuant to the Act to pay for Project Costs or Redevelopment Assistance within the Development Area as approved by the issuer of the Increment Bonds, the payment of which shall be supported by Incremental Revenues pledged by the City, the County, PDS, and other revenues.

20. “Incremental Revenues”. Shall mean the amount of revenues received by the City, County, and PDS with respect to the Development Area by subtracting Old Revenues from New Revenues in a calendar year.

21. “KEDFA”. Shall mean the Kentucky Economic Development Finance Authority, a State agency assigned for administrative purposes to the Kentucky Economic Development Cabinet.

22. “New Revenues”. Shall mean for the City and County the total tax revenues to the City and County from real property *ad valorem* taxes and occupational taxes (business occupational taxes and payroll taxes) with respect to the Houston Road Area and the occupational taxes with respect to the Erlanger Commerce Center Area in any calendar year beginning with the year in which Activation has occurred; and for PDS the total tax revenues to PDS from real property *ad valorem* taxes with respect to the Houston Road Area in any calendar year beginning with the year in which Activation has occurred.

23. “Old Revenues”. Shall mean for the City and County the total tax revenues to the City and County from real property *ad valorem* taxes and occupational taxes (business occupational taxes and payroll taxes) with respect to the Houston Road Area for calendar year 2016 and the occupational taxes with respect to the Erlanger Commerce Center Area for calendar year 2016; and for PDS the total tax revenues to PDS from real property *ad valorem* taxes with respect to the Houston Road Area in calendar year 2016.

24. “PDS”. Shall mean the Planning and Development Services of Kenton County, Kentucky.

25. “Project”. Shall mean, unless otherwise specified, the comprehensive development within the Development Area described in SECTION XI of this Agreement.

26. “Project Costs”. Shall mean any capital investment as defined in the Act, including Financing Costs, necessary to construct the Project.

27. “Redevelopment Assistance”. Shall have the meaning assigned to it in the Act, and also include the meaning attached to Infrastructure, Site Development, and

Financing Costs in the Development Agreement.

28. “Reimbursement Cap”. Shall mean sixteen million five hundred thousand dollars (\$16,500,000.00) plus Financing Costs, as defined in the Development Agreement. The Reimbursement Cap shall be achieved when the reimbursement to the Developer from the Incremental Revenues pledged in this Agreement, plus the net benefit realized by the Developer from the real property tax abatement obtained as a result of the issuance of those certain Industrial Revenue Bonds issued by the City on August 31, 2017, equals the Reimbursement Cap.

29. “Special Fund”. Shall mean the Houston Road/Erlanger Road Development Area Special Fund established by the City and maintained by the Agency for the purpose of holding and disbursing City, County, and PDS Incremental Revenues pledged herein, and State Incremental Revenues (for projects within the Development Area that receive a pledge State Increment Revenues pursuant to a Tax Incentive Agreement approved by KEDFA) in connection with the development of the Project.

30. “State”. Shall mean the Commonwealth of Kentucky, including any of its agencies and departments.

31. “Tax Incentive Agreement”. Shall mean an agreement between the Agency and KEDFA relating to a pledge of State Incremental Revenues for projects within the Development Area eligible for a pledge of State Incremental Revenues under the Act.

32. “Unavoidable Delays”. Shall mean delays due to labor disputes, lockouts, acts of God, enemy action, civil commotion, riot, governmental regulations not in effect at the date of execution of this Agreement, conditions that could not have been

reasonably foreseen by the claiming party, inability to obtain construction materials or energy, fire, or unavoidable casualty, provided such matters are beyond the reasonable control of the party claiming such delay.

SECTION III Parties

The parties to this Agreement shall be the City, the County, PDS, the Developer, and the Agency.

SECTION IV Duties and Responsibilities of City

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

1. Provide for the establishment of the Special Fund to be maintained by the Agency for the collection of Incremental Revenues pledged herein from the City and the County from real property *ad valorem* taxes and occupational taxes within the Development Area, and Incremental Revenues from PDS from real property *ad valorem* taxes within the Development Area.

2. Pledge eighty percent (80%) of the City's Incremental Revenues from City real property *ad valorem* taxes and occupational taxes (business occupational taxes and payroll taxes) generated within the Houston Road Area and eighty percent (80%) of the occupational taxes generated within the Erlanger Commerce Center Area, respectively for a thirty (30) year period to pay for Project Costs and/or Redevelopment Assistance within the Development Area, which pledge is made in SECTION IX herein.

3. Act as the Issuer of the Increment Bonds in the event that Bonds are issued to pay for Project Costs or Redevelopment Assistance within the Development Area.

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

5. Meet as may be required with the Agency and the Developer for the purpose of reviewing the progress of the development of the Development Area and preparing an analysis of such progress for distribution to the respective legislative bodies of the City, County, and PDS, and providing assistance and information to the Agency as may be needed to compute the Incremental Revenues that are generated from the Development Area.

6. Establish a committee for the review of incentives contemplated under this Agreement to be known as the "Houston Road Area Incentive Review Committee". The City shall invite a representative from the County, PDS, and the Agency to sit on the Committee and review the amount and application of the incentives granted under this Agreement and give guidance on the future use of such incentives. The Committee shall not review the incentives granted with respect to the Erlanger Commerce Center Area.

SECTION V Duties and Responsibilities of the County

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

1. Pledge sixty percent (60%) of the County's Incremental Revenues from County real property *ad valorem* taxes and occupational taxes generated within the Houston Road Area and sixty percent (60%) of the occupational taxes generated within the Erlanger Commerce Center Area, and remit such Incremental Revenues to the Agency as required by this Agreement, for a thirty (30) year period to pay for Project

Costs and/or Redevelopment Assistance within the Development Area, which pledge is made in SECTION IX herein.

2. Provide assistance to the Agency as needed with the annual report required of the Agency as provided in SECTION VII of this Agreement, and in computing the Incremental Revenues that are generated from the Development Area.

SECTION VI Duties and Responsibilities of PDS

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

1. Pledge fifty percent (50%) of the PDS' Incremental Revenues from PDS real property *ad valorem* taxes generated within the Development Area, and remit such Incremental Revenues to the Agency as required by this Agreement, for a thirty (30) year period to pay for Project Costs and/or Redevelopment Assistance within the Development Area, which pledge is made in SECTION IX herein.

2. Provide assistance to the Agency as needed with the annual report required of the Agency as provided in SECTION VII of this Agreement, and in computing the Incremental Revenues that are generated from the Development Area.

SECTION VII Duties and Responsibilities of the Agency

1. The Agency shall have the responsibility for the oversight, administration, and implementation of the Development Area Ordinance, including the obligation to maintain the Special Fund for the deposit and disbursement of Incremental Revenues in accordance with this Agreement, the Act, and any applicable Tax Incentive Agreement.

2. The Agency shall participate as necessary with the City, the Developer, and any other applicable developer in the required application to KEDFA seeking a

pledge of State Incremental Revenues for eligible projects pursuant to the Act within the Development Area. In the event KEDFA approves a pledge of State Incremental Revenues the Agency shall comply with any duties and responsibilities set forth within the terms of any applicable Tax Incentive Agreement.

3. The Agency, with approval of the City, shall expend Incremental Revenues on Project Costs and/or Redevelopment Assistance to promote the redevelopment of the Development, and shall have the authority to execute agreements with developers and other entities undertaking development projects within the Development Area, including agreeing to pay Project Costs or provide Redevelopment Assistance to one or more developers for specific projects to support the redevelopment of the Development Area.

4. The Agency shall prepare by no later than June 30 of each year during the term of this Agreement an annual report and provide same to the respective legislative bodies of the City, County, and PDS, that shall include, but not be limited to: (a) the total real property *ad valorem* taxes, and occupational taxes collected within the respective parts of the Development Area during the previous calendar year; (b) a determination of New Revenues collected within the Development Area during the previous calendar year; (c) a summary of debt service paid on outstanding Increment Bonds during the previous calendar year; (d) the amount, if any, of Increment Bonds issued during the previous calendar year, and (e) if no Increment Bonds are issued, the amount, if any, of Incremental Revenues spent from the Special Fund on Project Costs or Redevelopment Assistance.

5. On or before March 1, 2018, the Agency, with assistance from the City's City Administrator, the County Treasurer and the Executive Director of the PDS, shall certify the Old Revenues within the Development Area that were generated in calendar year 2016. Once certified and accepted by the City, County, PDS, and Agency, the certified Old Revenues shall become a part of this Agreement.

6. On or before June 1, 2018, and then each year thereafter by June 1, so long as the pledge of Incremental Revenues as provided in this Agreement is in effect, the Agency shall calculate the New Revenues from the Development Area for the previous calendar year to the City, County, and PDS, and shall calculate and provide written notice to the City, County, and PDS of the Incremental Revenues that are due from the City, County, and PDS by June 30, 2018, and each June 30 thereafter, so long as the pledge of Incremental Revenues as provided in this Agreement is in effect.

SECTION VIII Duties and Responsibilities of the Developer

1. The Developer shall be responsible for managing, coordinating, designing, obtaining necessary financings, and constructing the Project, as defined in the Development Agreement, within the Erlanger Commerce Center Area pursuant to the Development Agreement. The Developer shall meet with the City as requested to provide updates regarding the status of the Project and to coordinate any future phases thereof. The Developer, for as long as required by the Development Agreement, shall provide annually to the City a certified account of Infrastructure Costs, Site Development Costs, and Financing Costs, as defined therein, that have been expended on the Project.

SECTION IX
Identification and Pledge of Incremental Revenues

1. The City hereby pledges eighty percent (80%) of the City's Incremental Revenues, from City real property *ad valorem* taxes and occupational taxes generated within the Houston Road Area to pay for Project Costs and/or Redevelopment Assistance within the Development Area for a thirty (30) year period starting from the 1st day of the calendar year of Activation, which is January 1, 2018. The Incremental Revenues shall be determined by calculating the New Revenues collected from the Development Area, and subtracting the Old Revenues collected from within the Development Area for the base year, which is the calendar year 2016.

2. The City hereby pledges eighty percent (80%) of the City's Incremental Revenues from City occupational taxes generated within the Erlanger Commerce Center Area to reimburse the Developer for Infrastructure, Site Development, and Financing Costs, as identified and certified pursuant to the Development Agreement and Section VIII hereof for a period of not more than thirty (30) years starting from the 1st day of the calendar year of Activation, which is January 1, 2018. Provided, however, that the reimbursement to the Developer for such certified costs shall not exceed the Reimbursement Cap. Upon realization of the Reimbursement Cap, the City shall pledge the above mentioned Incremental Revenues to pay for Project Costs and/or Redevelopment Assistance within the entire Development Area for a period of not more than thirty (30) years following the date Activation, which is January 1, 2018. If any Incremental Revenues identified by this Section are pledged as security for Increment Bonds and result in Excess Incremental Revenues, such Excess Incremental Revenues shall be treated in the same manner as Incremental Revenues for purposes of this

Section.

3. A listing of the parcels within the Development Area for the calculation of Old Revenues collected by the City, County and PDS from within the Development Area is attached hereto on Exhibit C.

4. The County hereby pledges sixty percent (60%) of the County's Incremental Revenues, from County real property *ad valorem* taxes and occupational taxes generated within the Houston Road Area and sixty percent (60%) of the occupational taxes generated within the Erlanger Commerce Center Area, to pay for Project Costs and/or Redevelopment Assistance within the Development Area for a thirty (30) year period starting from the 1st day of the calendar year of Activation, which is January 1, 2018. The Incremental Revenues shall be determined by calculating the New Revenues collected from the Development Area, and subtracting the Old Revenues collected from within the Development Area for the base year, which is the calendar year 2016.

5. PDS hereby pledges fifty percent (50%) of PDS' Incremental Revenues, from PDS real property *ad valorem* taxes generated within the Development Area, to pay for Project Costs and/or Redevelopment Assistance within the Development Area for a thirty (30) year period starting from the 1st day of the calendar year of Activation, which is January 1, 2018. The Incremental Revenues shall be determined by calculating the New Revenues collected from the Development Area, and subtracting the Old Revenues collected from within the Development Area for the base year, which is the calendar year 2016.

6. Incremental Revenues pledged by the City and County and PDS in this

SECTION VIII shall be deposited annually, no later than each June 30 after the first calendar year of Activation (which as provided in Section XII of this Agreement Activation shall be January 1, 2018), to the Special Fund and used solely for the payment of Project Costs and Redevelopment Assistance within the Development Area. Such Special Fund shall be continued and maintained until the Termination Date as provided in Section XII of this Agreement. Amounts in the Special Fund, together with interest accruing thereon, are hereby irrevocably pledged for the payment of Project Costs and Redevelopment Assistance, including principal, interest and premium, if any, on Bonds issued to pay for Project Costs and Redevelopment Assistance in the event that Bonds are issued to pay for Project Costs and Redevelopment Assistance.

7. If Bonds are issued, this Agreement may be pledged and assigned by the Agency and City to a Trustee under a certain Trust Indenture for the Increment Bonds, by and between the City, Agency and the Trustee, as it may be amended or restated from time to time, and made a part of the trust estate established thereunder for the security of the Bonds as more particularly set forth therein.

8. If Bonds are not issued, or if Bonds are issued but there are Excess Incremental Revenues, Incremental Revenues may be utilized by the Agency to pay for Project Cost or Redevelopment Assistance and/or reimburse Project Costs that may be paid by a developer or developers undertaking specific projects within the Development Area pursuant to an agreement or agreements approved by the City and Agency.

9. At the Termination Date, as defined in the Act and as provided in Section XI of this Agreement, all amounts not needed to pay the Increment Bonds or to pay Project Costs or Redevelopment Assistance shall be transferred to the General Fund of

the City, County or PDS proportion to the respective contributions to the Special Fund by the City, County and PDS.

SECTION X
Anticipated Benefits to the City and County and PDS

1. The City, County, and PDS anticipate receiving substantial benefits as a result of the pledge of their Incremental Revenues to support development of the Development Area as set forth herein. Based upon Exhibit C of this Agreement, the taxable assessment for calendar year 2016 within Development Area was \$10,211,500, and that generated in calendar year 2016 approximately \$59,316 in City, \$60,543 in County, and 11,998 to PDS real property *ad valorem* taxes. The construction of the Project and related development will conservatively increase the taxable assessments within the Development Area by over \$125,000,000, which will generate significant new tax revenues to the City, County, and PDS, even with deducting the Incremental Revenues pledged in this Agreement to pay for Project Costs and/or Redevelopment Assistance. Based upon the applicable 2016 real property *ad valorem* tax rates for the City, County, and PDS, \$125,000,000 in increased taxable assessment will generate new real property *ad valorem* taxes annually to the City in the amount of \$173,750, to the County in the amount of \$185,000, and to PDS in the amount of \$36,662. In addition, the Project will generate significant new occupational taxes from the growth in employment and new businesses within the Development Area as a result of the Project. The new tax impact will increase over time as assessments and new payroll increase and as additional elements of the Project are constructed. In addition, the new tax impact to the City, County and PDS will also increase from tax revenues not subject

to the pledge of Incremental Revenues provided by this Agreement, including the tangible taxes, insurance premium taxes, etc.

2. The maximum amount of Incremental Revenues to be paid by the City shall be eighty percent (80%) of the Incremental Revenues from real property *ad valorem* taxes and occupational taxes generated from the respective parts of the Development Area; the maximum amount of Incremental Revenues to be paid by the County shall be sixty percent (60%) of the Incremental Revenues from real property *ad valorem* taxes and occupational taxes generated from the respective parts of the Development Area, and the maximum amount of Incremental Revenues to be paid by PDS shall be fifty percent (50%) of the Incremental Revenues from real property *ad valorem* taxes generated from the respective parts of the Development Area. The maximum number of years the payment of Incremental Revenues to support the payment of Project Costs and Redevelopment Assistance within the development of the Development Area is thirty (30) years.

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

SECTION XI Description of Project; Costs

The Project shall be the comprehensive development of the Development Area as described in the Development Plan approved by and attached to the Development Area Ordinance.

SECTION XII Financing Plan

It is anticipated by the Parties that the construction of the Project will take place over time and require a combination of funding from the Incremental Revenues pledge herein, private financing and equity, direct public funding, grants, and other incentives

and financing. In the event that Increment Bonds are issued to pay for Project Costs, any Incremental Revenues pledged by the City, County, and PDS under this Agreement shall first be used to pay any required debt service on the Increment Bonds as provided in the Bond Documents; and any Excess Incremental Revenues, may be expended to pay Project Costs and/or Redevelopment Assistance as determined by the Agency with approval of the City. It is understood that the Financing Plan for the Project may be modified as development of the Project progresses and that more specific details of the nature of each aspect of financing the Project shall be more particularly contained in the Bond Documents and other documents at the time that each aspect of the financing needed for the Project is obtained, subject to approval by the City and Agency.

IT IS UNDERSTOOD THAT UNLESS OTHERWISE SPECIFICALLY AGREED BY THE ISSUER, THE NOTES OR BONDS THAT MAY BE ISSUED BY THE CITY AND/OR AGENCY PURSUANT TO THIS AGREEMENT AND SECURED SOLELY BY INCREMENTAL REVENUES SHALL NOT CONSTITUTE A DEBT OF THE CITY, THE COUNTY, PDS OR THE AGENCY OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY , THE COUNTY OR PDS, AND THE CITY, THE COUNTY OR PDS SHALL HAVE NO OBLIGATION TOWARD THE PAYMENT OF SUCH BONDS BEYOND THE PLEDGE OF INCREMENTAL REVENUES AS PROVIDED IN THIS AGREEMENT.

SECTION XIII

Commencement Date; Activation Date; Termination Date

This Agreement shall commence and be effective on November 1, 2017. The Activation for the pledge of Incremental Revenues as set forth in SECTION IX hereof shall be January 1, 2018. This Agreement shall terminate thirty (30) years after the

Activation as set forth above. This Agreement shall not terminate upon the execution of any deeds or other agreements required or contemplated by this Agreement, or referred to herein, and the provisions of this Agreement shall not be deemed to be merged into the deeds, or any other such deeds or other agreements, it being the intent of the parties hereto that this Agreement shall survive the execution and delivery of any such agreements.

SECTION XIV Default

If the City, County, or PDS (a “Defaulting Party”) shall default in its obligation to make payments of Incremental Revenues set forth herein or in the Bond Documents, the Agency and/or the Developer (unless either is the Defaulting Party) and/or the indenture trustee or trustees for outstanding Bonds secured by such Incremental Revenues shall have the power to enforce the provisions of this Agreement or the Bond Documents against the Defaulting Party. If the City, County, or PDS materially breaches or defaults on any of its obligations under this Agreement, any other party and/or the indenture trustee or trustees for the outstanding Bonds may give notice that remedial action must be taken within thirty (30) days. The Defaulting Party shall correct such breach or default within thirty (30) days after such notice, provided however that if (i) the default is one which cannot with due diligence be remedied by the Defaulting Party within thirty (30) days and (ii) the Defaulting Party proceeds as promptly as reasonably possible after such notice and with all due diligence to remedy such default, the period after such notice within which to remedy the default shall be extended for such period of time as may be necessary to remedy the same with all due diligence.

However, notwithstanding any other provision of this Agreement in the event of a

default, no remedy shall permit the withholding by the City, County, or PDS of the payment of any Incremental Revenues pledged as security for outstanding Increment Bonds.

SECTION XV
Governing Law

The laws of the State shall govern as to the interpretation, validity and effect of this Agreement.

SECTION XVI
Severability

If any provision of this Agreement or the application thereof to any person or circumstance shall to any extent be held in any proceeding to be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it was held to be invalid or unenforceable, shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law, but only if and to the extent such enforcement would not materially and adversely frustrate the parties essential objectives as expressed herein.

SECTION XVII
Force Majeure

The City, County, PDS, the Developer, or Agency shall not be deemed to be in default in the performance of any obligation on such parties' part to be performed under this Agreement, other than an obligation requiring the payment of a sum of money, if and so long as the non performance of such obligation shall be directly caused by Unavoidable Delays; provided, that within fifteen (15) days after the commencement of such Unavoidable Delay, the non performing party shall notify the other party in writing of the existence and nature of any such Unavoidable Delay and the steps, if any, which

the non-performing party shall have taken or planned to take to eliminate such Unavoidable Delay. Thereafter, the non-performing party shall, from time to time, on written request of the other party, keep the other party fully informed, in writing, of further developments concerning such Unavoidable Delay and the effort being made by the non-performing party to perform such obligation as to which it is in default. All provisions of any construction schedule shall be adjusted in accordance with such Unavoidable Delay.

SECTION XVIII
Notices

Any notice to be given under this Agreement shall be in writing, shall be addressed to the party to be notified at the address set forth below or at such other address as each party may designate for itself from time to time by notice hereunder, and shall be deemed to have been given upon the earliest of (i) three (3) days following deposit in the U.S. Mail with proper postage prepaid, Certified or Registered, (ii) the next business day after delivery to a regularly scheduled overnight delivery carrier with delivery fees either prepaid or an arrangement, satisfactory with such carrier, made for the payment of such fees, or (iii) receipt of notice given by telecopy or personal delivery:

If to the City:	Office of the Mayor 2355 Dixie Highway Erlanger, Kentucky 41017
With a Copy to:	City Attorney 2355 Dixie Highway Erlanger, Kentucky 41017
If to the County:	Kenton County Judge/Executive 303 Court Street Covington, Kentucky 41011
With a Copy to:	County Attorney 303 Court Street

	Covington, Kentucky 41011
If to PDS	Executive Director of PDS 2332 Royal Drive Erlanger, Kentucky 41017
If to the Agency	Office of the Mayor 2355 Dixie Highway Erlanger, Kentucky 41017
If to Erlanger, AN USICIV, LLC	Erlanger, AN USICIV, LLC 300 Turtle Creek Boulevard Dallas, Texas 75219 Attention: _____

SECTION XIX
Approvals

Whenever a party to this Agreement is required to consent to, or approve, an action by the other party, or to approve any such action to be taken by another party, unless the context clearly specifies a contrary intention, or a specific time limitation, such approval or consent shall be given within thirty (30) business days and shall not be unreasonably withheld or delayed by the party from whom such approval or consent is required.

SECTION XX
Entirety of Agreement

As used herein, the term "Agreement" shall mean this Local Participation Agreement and the Exhibits attached hereto. This Agreement embodies the entire agreement and understanding of the Parties hereto with respect to the subject matter herein contained, and supersedes all prior agreements, correspondence, arrangements, and understandings relating to the subject matter hereof. No representation, promise, inducement, or statement of intention has been made by any party which has not been embodied in this Agreement, and no party shall be bound by or be liable for any alleged

representation, promise, inducement, or statement of intention not so set forth. This Agreement may be amended, modified, superseded, or cancelled only by a written instrument signed by all of the parties hereto, and any of the terms, provisions, and conditions hereof may be waived only by a written instrument signed by the waiving party. Failure of any party at any time or times to require performance of any provision hereof shall not be considered to be a waiver of any succeeding breach of any such provision by any part.

SECTION XXI
Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. The Developer shall have full discretion to assign any of its benefits under this Agreement to third parties.

SECTION XXII
Headings and Index

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

SECTION XXIII
Exhibits

All exhibits to this Agreement shall be deemed to be incorporated herein by reference and made a part hereof, above the signatures of the parties hereto, as if set out in full herein.

SECTION XXIV
No Waiver

No waiver of any condition or covenant of this Agreement to be satisfied or performed by the City, County, PDS or Agency shall be deemed to imply or constitute a

further waiver of the same, or any like condition or covenant, and nothing contained in this Agreement nor any act of any party, except a written waiver signed by such party, shall be construed to be a waiver of any condition or covenant to be performed by the other party.

SECTION XXV
Construction

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

SECTION XXVI
Multiple Counterparts

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

SECTION XXVII
Relationship of the Parties

Except as expressly stated and provided for herein, neither anything contained in this Agreement nor any acts of the Parties hereto shall be deemed or construed by the Parties hereto, or any of them, or by any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or of association among any of the Parties of this Agreement.

SECTION XXVIII
No Third Party Beneficiary

Except as otherwise specified herein, the provisions of this Agreement are for the exclusive benefit of the Parties and their successors and assigns, and not for the benefit of any other person or entity, nor shall this Agreement be deemed to have conferred any rights, express or implied, upon any other person or entity.

SECTION XXIX
Diligent Performance

With respect to any duty or obligation imposed on a party to this Agreement, unless a time limit is specified for the performance of such duty or obligation, it shall be the duty or obligation of such party to commence and perform the same in a diligent and workmanlike manner and to complete the performance of such duty or obligation as soon as reasonably practicable after commencement of the performance thereof. Notwithstanding the above, time is of the essence with respect to any time limit specified herein.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties hereto have hereunto set their hands on the date and year first above set forth herein, to be effective as of the Effective Date.

CITY OF ERLANGER, KENTUCKY

By: _____
Tyson Hermes
Mayor

COUNTY OF KENTON, KENTUCKY

By: _____
Kris Knochelmann
County Judge/Executive

PLANNING AND DEVELOPMENT SERVICES OF
KENTON COUNTY

By: _____
Tom Litzler
Chairman

ERLANGER, AN USICIV, LLC, a Delaware limited liability company.

By: _____

EXHIBITS

Exhibit A: The Development Area

EXHIBIT B: Map of Houston Road Area and Erlanger Commerce Center Area

Exhibit C: Listing of Parcels Within Development Area

Exhibit D: Development Agreement

EXHIBIT A (Development Area Map)

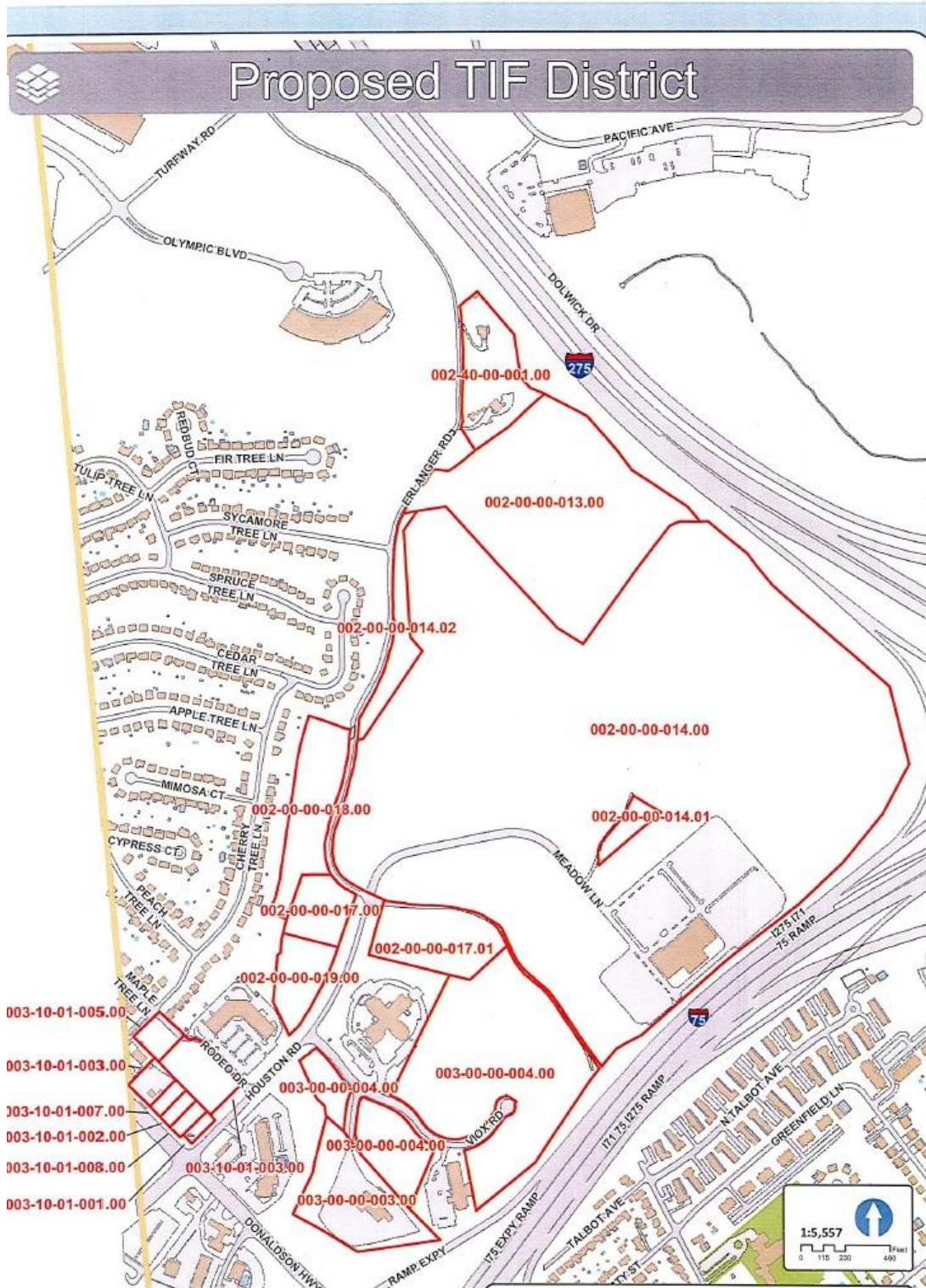


Exhibit B
(Map of Houston Road Area and Erlanger Commerce Center Area within the Development Area)

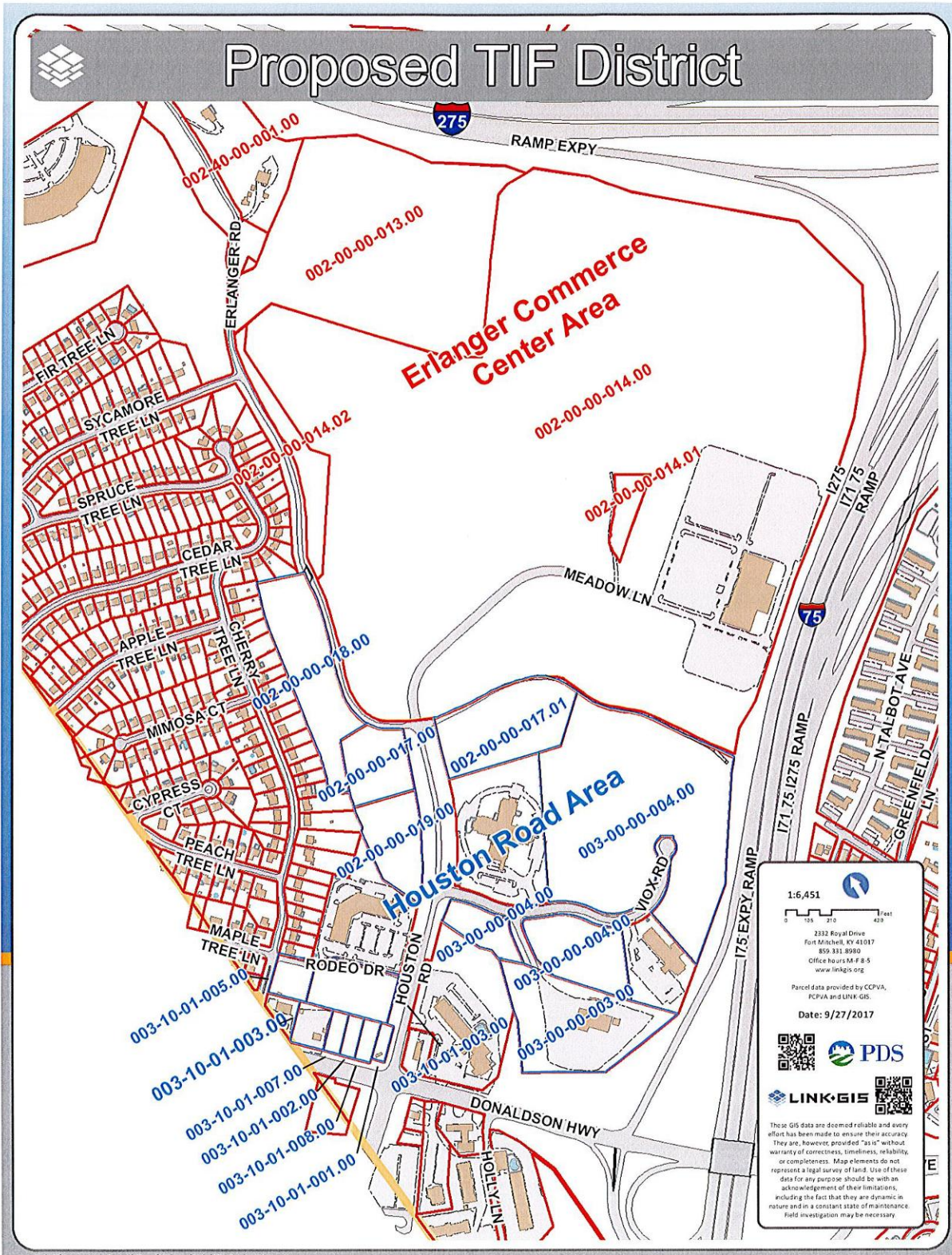


Exhibit C
(Listing of Parcels within the Development Area)

Parcels within Erlanger Commerce Center Area:

PIDN:	Taxable Assessed Property Value:
002-40-00-001.00	\$0
002-00-00-013.00	\$0
002-00-00-014.02	\$0
002-00-00-014.00	\$0
002-00-00-014.01	(to be consolidated into new parcel 002-00-00-014.03) \$0

2016 Erlanger Commerce Center Area Old Revenues:

2016 Occupational Tax Revenues: \$0

Parcels within Houston Road Area:

PIDN:	Taxable Assessed Property Value:
002-00-00-018.00	\$0
002-00-00-017.00	\$0
002-00-00-017.01	\$0
002-00-00-019.00	\$0
003-10-01-005.00	\$190,000.00
003-10-01-003.00	\$247,500.00
003-10-01-007.00	\$400,000.00
003-10-01-002.00	\$110,000.00
003-10-01-008.00	\$85,000.00
003-10-01-006.00	\$85,000.00
003-10-01-001.00	\$62,500.00
003-00-00-004.00	\$2,695,000.00
003-00-00-003.00	\$1,200,000.00

2016 Houston Road Area Old Revenues:

2016 Occupational Tax Revenues: \$12,470.51

2016 *ad valorem* real property tax revenues: \$26,085.50 (County: \$7,511.00; PDS: \$1,471.75; City: \$17,102.75)

Total Development Area Old Revenues: \$38,556.01

**Exhibit D
(Development Agreement)**

To be Attached