CITY COMMISSION MEETING
AGENDA FOR JUNE 24, 2014
5:30 P.M.
CITY HALL COMMISSION CHAMBERS
300 SOUTH FIFTH ST

ROLL CALL

INVOCATION

PLEDGE OF ALLEGIANCE

ADDITIONS/DELETIONS

	I.	MINUTES
	II.	APPOINTMENTS
		A. Paducah-McCracken County Senior Citizens Board
	III.	MOTIONS
		A. R & F Documents
	IV.	Discussion of Proposals Submitted for 433-435 North 4th Street – **S. ERVIN**
	V.	MUNICIPAL ORDERS
		A. Approve Sale of Property Located at 433-435 North 4th Street – **S. ERVIN**
		B. KOHS 2014 Paducah Police Dept. Emergency Generator Project – **S. ERVIN/POLICE CHIEF BARNHILL**
		C. Authorizing Advertisement for Sale of Refunding/Refinancing Bond 2014B for Police and Fire Fighter Pension Fund Unfunded Liability – **J. PERKINS**
		D. Approve FY2015 Position and Pay Schedule Table – **C. MEDFORD**
	VI.	ORDINANCE – ADOPTION
		A. Approve FY2015 Budget – **J. PERKINS**
		B. Authorize Payment to Precision Machine for the Repair of Pump Number 2 located at Floodwall Pump Station Number 2 at 1416 North 6th Street – **R. MURPHY**
		C. Contract for Services with Paducah-McCracken County Convention and Visitors Bureau – **CITY MGR**

	VII.	**ORDINANCES – INTRODUCTION**
		A. 2005 Police & Fire Fighter Pension Bond Refinancing – **J. PERKINS**
		B. Industrial Building Revenue Bond for the Construction of the Hotel – **S. DOOLITTLE**
		C. 2014 -2015 Ky Household Hazardous Waste Grant Award – **S. ERVIN**
		D. Authorize an Agreement with Shawnee Professional Services for Engineering Services & Construction Administration for Olivet Church Road Improvement Project – **R. MURPHY**
		E. Authorize a Contract with Nichols Electric Co for the Fire Station No. 1 Generator Project – **R. MURPHY**
		F. Approving Lease and Revolving Loan Credit Agreement with Genova Products, Inc. for the Property Located at 5400 Commerce Drive – **CITY MGR**
	VIII.	**CITY MANAGER REPORT**
	IX.	**MAYOR & COMMISSIONER COMMENTS**
	X.	**PUBLIC COMMENTS**
	XI.	**EXECUTIVE SESSION**

BOARDS and COMMISSIONS
APPOINTMENTS and REAPPOINTMENTS
FOR CITY COMMISSION CONFIRMATION

☐ Appointment
☑ Reappointment
☐ Joint Appointment
☐ Joint Reappointment

NAME: Sherline Holland Cooper

NAME OF BOARD OR COMMISSION: Paducah-McCracken County Senior Citizens Board

DATE TO BE PLACED ON AGENDA: June 24, 2014

EXPIRATION OF TERM DATE: June 30, 2017

APPOINTEE'S HOME ADDRESS:

Street: 2131 North 13th Street

City/Zip: Paducah, KY 42001

Phone: 270-443-2658

Email Address: _____

Appointee's Business Name: _____

Address: _____

City/Zip: _____

Phone: _____

TO REPLACE ON BOARD: _____

☐ Thank you
☐ Resigned

ADDRESS: _____

☐ Term Expired
☐ Other (explain)

City/Zip: _____

Appointee Confirmation: Date: June 2014 By: Guelda Wooldridge

Board of Commission Approval: _____

Original to: Tammara S. Sanderson, City Clerk
Cc: file

BOARD CHAIRMAN:

_____

BOARDS and COMMISSIONS
APPOINTMENTS and REAPPOINTMENTS
FOR CITY COMMISSION CONFIRMATION

☐ Appointment
☑ Reappointment
☐ Joint Appointment
☐ Joint Reappointment

NAME: Jay M. Collins

NAME OF BOARD OR COMMISSION: Paducah-McCracken County Senior Citizens Board

DATE TO BE PLACED ON AGENDA: June 24, 2014

EXPIRATION OF TERM DATE: June 30, 2017

APPOINTEE'S HOME ADDRESS:

Street: 19 Martin Circle

City/Zip: Paducah, KY 42001

Phone: Home: 270-554-0678 Cell: 270-331-1953

Email Address: _____

Appointee's Business Name: _____

Address: _____

City/Zip: _____

Phone: _____

TO REPLACE ON BOARD: _____

☐ Thank you
☐ Resigned

ADDRESS: _____

☐ Term Expired
☐ Other (explain)

City/Zip: _____

Appointee Confirmation: Date: June 2014 By: Guelda Wooldridge

Board of Commission Approval: _____

Original to: Tammara S. Sanderson, City Clerk
Cc: file

BOARD CHAIRMAN:

_____

BOARDS and COMMISSIONS
APPOINTMENTS and REAPPOINTMENTS
FOR CITY COMMISSION CONFIRMATION

☑ Appointment
☐ Reappointment
☐ Joint Appointment
☐ Joint Reappointment

NAME: Melody LeCornu

NAME OF BOARD OR COMMISSION: Paducah-McCracken County Senior Citizens Board

DATE TO BE PLACED ON AGENDA: June 24, 2014

EXPIRATION OF TERM DATE: June 30, 2017

APPOINTEE'S HOME ADDRESS:

Street: 1951 Monroe Street

City/Zip: Paducah, KY 42001

Phone: Home: 270-442-7967 Cell: 270-994-3327

Email Address: _____

Appointee's Business Name: _____

Address: _____

City/Zip: _____

Phone: _____

TO REPLACE ON BOARD: Sadona Withrow Gray

☐ Thank you
☐ Resigned
☑ Term Expired
☐ Other (explain)

ADDRESS: 6205 Housen Road

City/Zip: Paducah, KY 42003

Appointee Confirmation: Date: June 2014 By: Guelda Wooldridge

Board of Commission Approval: _____

Original to: Tammara S. Sanderson, City Clerk
Cc: file

BOARD CHAIRMAN:

_____

JUNE 24, 2014

I move that the following documents, bids, and proposals be received and filed:

DOCUMENTS

1. Certificate of Liability Insurance for Hayden Construction Company

2. Right of Way Bond for S.C. Development, LLC.

3. Deed of Conveyance for 3400 Olivet Church Road for the Olivet Church Road Improvement Project (MO # 1775)

4. Quitclaim Deeds for the closing of a portion of Ridgewood Street between Topeka Avenue and Olympia Avenue (ORD 2014-05-8148)
   a. Charles & Linda Hayden
   b. David & Kristie Stuber
   c. Ron & Shirley Hagan
   d. Higdon Development, Inc.

5. Commissioner's Deeds:
   a. 433-435 North 4th Street
   b. 1115 North 12th Street
   c. 151 Clements Street

6. Contracts/Agreements:
   a. Change Order # 1 with A&K Construction for the TeleTech Call Center Project (ORD # 2014-06-8152)
   b. Agreement with Youngblood Excavating & Contracting, LLC for Noble Park Lake Bank Stabilization Project (ORD # 2014-06-8149)

7. Official Statement for the 2010 Build America Bond GOB as refinanced in May 2014 - Series 2014A (ORD # 2014-05-8144)

8. Paducah Water Works Financial Highlights and Balance Sheets for May & June 2014

BIDS FOR ENGINEERING-PUBLIC WORKS DEPARTMENT
FIRE STATION #1 GENERATOR PROJECT

1. Nichols Electric Co., LLC *
2. Story Electrical Service, Inc.

PROPOSALS FOR PLANNING DEPARTMENT
433-435 NORTH 4th STREET

1. Martin & Crystal Troutt
2. ETC Development, LLC **

* denotes winning bid
** denotes recommended proposal

Agenda Action Form
Paducah City Commission

Meeting Date: June 24, 2014

Short Title: Transfer of Property located @ 433-435 N. 4th Street

Ordinance ☒Emergency ☐ Municipal Order ☐ Resolution ☐
Staff Work By: Stephen Ervin, Charlie Doherty
Presentation By: Stephen Ervin

433-435 North 4th Street

This action would designate 433-435 North 4th Street as surplus property, owned by the City of Paducah, and authorize the transfer of the property to the best evaluated bidder.

Background Information:

The property at 433-435 North 4th Street was acquired by the City of Paducah on February 21st, 2014 at the Master Commissioner's Sale. According to City records, the two story brick structure was built around 1867 and has approximately 3,744 square feet of living space. Originally used as a four unit rental house, the property has most recently been converted into eight efficiency apartments and stands in dire need of repair. Shortly after acquisition, staff received demolition approval from the HARC Board to raze the structure should it prove in the best interest of the community to do so.

Staff published Requests for Proposals for this property in the Paducah Sun's Sunday edition on June 8th, 2014 requesting interested parties to submit a bid on or before 10 AM on Tuesday, June 17, 2014. A sign proclaiming the availability of this property was placed on site as per State statue. The following two bids were submitted by the deadline and opened at 10:05 AM on June 17th, 2014 in the office of the Planning Department:

- M. Chad Beyer, ETC Development LLC submitted a bid offering $1,000 for the property. He proposes to completely renovate the existing structure and create 4 upscale affordable one bedroom apartments of approximately 900 square feet per unit. His projected investment is $275,000 and a letter of financial support from the Paducah Bank was included in his proposal.

- Martin and Crystal Troutt submitted an offer to purchase the property for $1.00 and propose to demolish the existing structure. Their proposal includes the construction of 40' x 40' general store and market and includes the possible acquisition of the adjacent lot at 427 North 4th Street. Their projected investment is $254,000 and a letter of financial support from the Paducah Bank was included in their proposal.

Both bidders have presented complete and thorough proposals for the development of the property. Martin and Crystal Troutt have had a booth at the Downtown Farmer's Market for the last ten years and their vision to construct a new building to house a General Store and Market deserves serious consideration. ETC Development's proposal is equally deserving of serious consideration and has the added element of proposing to save an historic structure within the H-2 (Historical Residential) zone.

Staff Analysis:

The structure at 433-435 North 4th Street has been standing since 1867 and lies within the Historical Neighborhood Zone designated as the H-2 Zone. As stated in Chapter 126 of the City's Zoning Ordinance, the purpose of the H-2 Zone is "to encourage the development, redevelopment, and preservation of the city's historic neighborhood areas."

ETC Development's proposal is aimed at preserving the historical integrity of the building as evidenced by their intention to re-brick the original arched windows which have been obscured by previous "renovations". ETC Development plan proposes to restore the building according to the Secretary of the Interior's Standards for Historic Rehabilitations in full compliance with the design guidelines of the Historic and Architectural Review Commission (HARC) as they apply to the H-2 Zone. Given the existing shortage of affordable rental units in the downtown and Lowertown neighborhoods, converting this structure back to its' original use as a four-plex rental house seems to be a viable plan.

The development plan submitted by Martin and Crystal Troutt is also a solid proposal which includes documented community support for their vision of constructing an old time General Store and Market in the Downtown/Lowertown district. Before construction could begin on the proposed 40' x 40' building, it will be necessary to receive HARC approval for the design, to acquire the adjacent property at 427 North 4th Street, and to raze the existing structure.

Staff Recommendations:

After careful evaluation of both proposals, staff recommends awarding the bid to ETC Development, LLC for the purchase price of $1,000 based on the following justification:

- ETC Development's plan does not include the demolition of the building.
- ETC Development's proposal includes the preservation of the structure.
- ETC Development's proposal represents a substantial investment for the H-2 Zone.
- ETC Development's proposed renovations will maintain the historic fabric of the H-2 neighborhood.
- ETC Development's planned use for the renovated structure will bring new residents to the H-2 Zone.

Although staff does not recommend transfer of the property to Martin and Crystal Troutt, staff is eager to work with the Trout's and to assist them in finding an alternative location for their project.

Funds Available: Account Name: N/A
Account Number: N/A

Finance

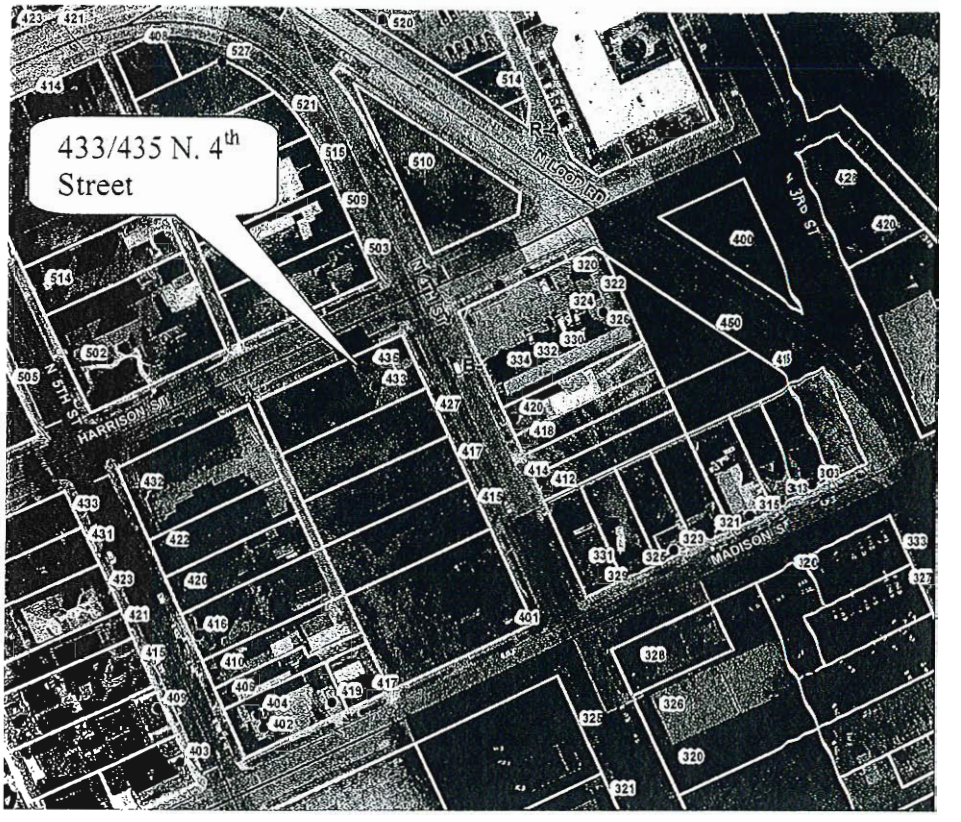
Motion:

Attachments:

Department Head	City Clerk	City Manager

Sec. 2-668. Disposition of surplus or excess property.

1. Description of property:



2. Its intended use at the time of acquisition:

This lot was acquired by the City of Paducah by Commissioner's Deed recorded in Deed Book 1278 Page 470 on June 2, 2014. The City has marketed the property in an attempt to find an interested buyer to invest due to the location of the property. The property is located in the Lower Town Historic District.

3. The reason why it is in the best interest of the City to dispose of the item:

The disposal of this lot will bring new investment into the neighborhood.

4. The method of disposition to be used:

The property was advertised per the City's code regarding the disposition of surplus property. Two bids were received. The property will be transferred to the best evaluated bidder as determined by the City Commission.

Steve Ervin,
Director Planning Department

Jeff Pederson,
City Manager

MUNICIPAL ORDER NO. _____

A MUNICIPAL ORDER ACCEPTING THE BID OF ETC DEVELOPMENT IN THE AMOUNT OF $1,000 FOR PURCHASE OF THE REAL PROPERTY LOCATED AT 433-435 NORTH 4TH STREET AND AUTHORIZING THE MAYOR TO EXECUTE A DEED FOR SAME

WHEREAS, pursuant to 2-668 of the Code of Ordinances of the City of Paducah, Kentucky, a written determination has been made by the City Manager that the City does not have any use at this time or in the future for property located at 433-435 North 4th Street, which constitutes surplus real estate; and

WHEREAS, the City advertised for Request for Proposals on June 8, 2014 and opened proposals on June 17, 2014; and

WHEREAS, two proposals were received from ETC Development, LLC and Martin and Crystal Troutt for the development of the property located at 433-435 North 4th Street; and

WHEREAS, the City desires to accept the recommendation of ETC Development, LLC.

BE IT ORDERED BY THE CITY OF PADUCAH, KENTUCKY:

SECTION 1. That the City of Paducah accepts the proposal of ETC Development, LLC in the amount of $1,000 for the purchase of real property located at 433-435 North 4th Street.

SECTION 2. The Mayor is hereby authorized to execute a deed and any necessary documents relating to same to complete the sale of the real property approved in Section 1 above.

SECTION 3. This Order shall be in full force and effect from and after the date of its adoption.

_____
Mayor

ATTEST:

_____
Tammara S. Sanderson, City Clerk

Adopted by the Board of Commissioners, June 24, 2014
Recorded by Tammara S. Sanderson, City Clerk, June 24, 2014
mo prop sale—433-435 North 4th St

MUNICIPAL ORDER NO. _____

A MUNICIPAL ORDER ACCEPTING THE PROPOSAL OF MARTIN AND CRYSTAL TROUTT IN THE AMOUNT OF $1 FOR PURCHASE OF THE REAL PROPERTY LOCATED AT 433-435 NORTH 4TH STREET AND AUTHORIZING THE MAYOR TO EXECUTE A DEED FOR SAME

WHEREAS, pursuant to 2-668 of the Code of Ordinances of the City of Paducah, Kentucky, a written determination has been made by the City Manager that the City does not have any use at this time or in the future for property located at 433-435 North 4th Street, which constitutes surplus real estate; and

WHEREAS, the City advertised for Request for Proposals on June 8, 2014 and opened proposals on June 17, 2014; and

WHEREAS, two proposals were received from ETC Development, LLC and Martin and Crystal Troutt for the development of the property located at 433-435 North 4th Street; and

WHEREAS, the City desires to accept the proposal of

_____.

BE IT ORDERED BY THE CITY OF PADUCAH, KENTUCKY:

SECTION 1. That the City of Paducah accepts the proposal of Crystal and Martin Troutt in the amount of $1 for the purchase of real property located at 433-435 North 4th Street.

SECTION 2. The Mayor is hereby authorized to execute a deed and any necessary documents relating to same to complete the sale of the real property approved in Section 1 above.

SECTION 3. This Order shall be in full force and effect from and after the date of its adoption.

_____
Mayor

ATTEST:

_____
Tammara S. Sanderson, City Clerk

Adopted by the Board of Commissioners, June 24, 2014
Recorded by Tammara S. Sanderson, City Clerk, June 24, 2014
mo prop sale–433-435 North 4th St-Troutt

[illegible]

BOUTIQUE APARTMENTS

433-435 N. 4th Street
Paducah, KY 42001

an

etd, llc

residential development

etd development, llc
401 Broadway, Paducah, KY 42001

BOUTIQUE APARTMENTS

Table of Contents

- Project Description
- Development Plan
  - Narrative
  - Concept Drawings 11x17
  - Renderings
- Construction Plan
  - Scope of Work
  - Estimate
  - Schedule
- Proposal
  - Offer
  - Paducah Bank Letter

400 Broadway, Paducah, KY 42001

BOUTIQUE APARTMENTS

Project Description

Project Description

etc Development, llc. is pleased to present this proposal for the development of 433-435 North 4th street. It is our intent to provide a complete remodel of the property and to provide four, one bedroom apartments; which will be known as **PATINA Boutique Apartments**. Additional details can be found under Development Plan and Construction Plan.

Patina is the merging of old and new, uniquely situated adjacent to Historic Lowertown and Downtown and within walking distance to some of Paducah's newest development projects including; the new hotel, the Marina, the Greenway Trail, and Downtown Paducah's shops and restaurants.

specs and space:

- **Four 1 Bedroom, all corner units**
- **Completely Remodeled**
- **Stainless Appliances**
- **Refrigerator & Stove**
- **Dishwasher & Microwave**
- **Washer & Dryer**
- **Espresso wood cabinets**
- **Private Decks**
- **"Community" Fire Pit/Patio**

Each completely renovated Patina – one Bedroom apartment will provide a unique upscale yet affordable living experience. Every Kitchen will feature stainless appliances including stove, microwave, refrigerator and dishwasher, along with espresso finish cabinetry. Each apartment will be a corner unit with plenty of natural light and direct access to a private deck and shared outdoor fire pit and the large lot will provide for ample landscaping and green space for the property.

llc

401 Broadway, Paducah, KY 42001

BOUTIQUE APARTMENTS

Development Plan

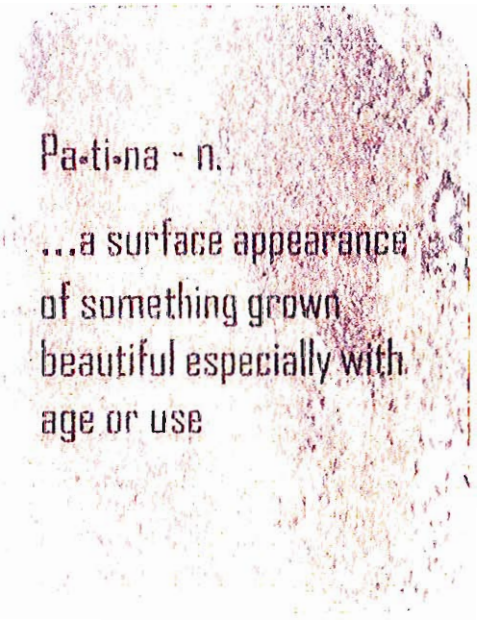
Proposed Changes and Improvements: Exterior

The building located at 433 -435 North 4th is a two story structure constructed circa 1867. Each floor of the structure is approximately 1800 SF, for a total square footage of approximately 3600 SF.

We intend to tuck-point the existing brick as required, and provide masonry repairs as needed including rebuilding brick arches over windows that have been lost through previous renovations. With completion of tuck-pointing we intend to repaint the entire structure. It is our intent (budget allowing) to apply rain screen siding in the center portion of the front façade and to build a new canopy over the existing front porch.

Minor structural repairs will be made in the floor system of the structure.

We will provide new windows in keeping with the style of the structure, and new exterior doors as well. Windows will be new energy efficient double pane, aluminum clad windows.



We have had the roofing on the structure inspected and we plan to replace the existing roofing with asphalt shingles, and repair decking as needed.

It is our intent to construct four private decks on the rear of the building; one for each one bedroom unit, and we hope to provide a shared patio and fire pit area in the back yard. We will landscape the front of the building.

We plan to provide 4 parking spaces directly off of the alley as indicated on the proposed site plan.

We are familiar with the design guidelines for Lowertown and will adhere to those requirements for all exterior renovations.

401 Broadway, Paducah, KY 42001

BOUTIQUE APARTMENTS

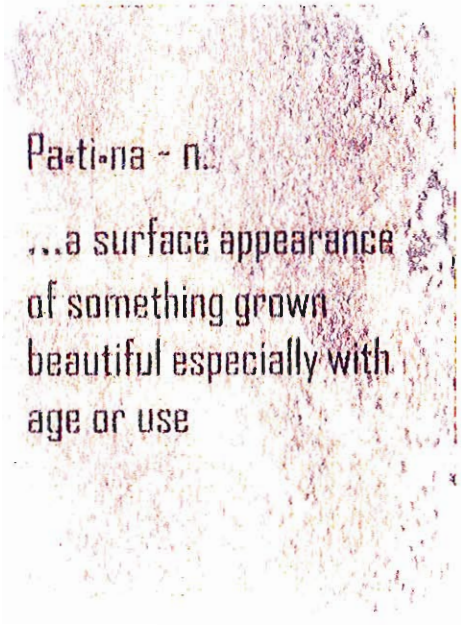
Development Plan

Proposed Changes and Improvements: Interior

The interior of this structure is in considerable disrepair. It is our intent to demolish all existing interior walls and ceilings with the exception of the center brick bearing wall. New walls will be constructed as indicated on the attached plan; all walls will be wood construction with ½' drywall. Fire separations will be provided as required by KBC.

All existing flooring will be demolished, it is our hope that existing floor boards can be sanded and refinished to provide a historic look in the renovated apartments.

One set of interior stairs would be demolished; leaving one for access to second floor units, this set of stairs will be refinished. Interior perimeter plaster walls will remain though they will be laminated with ¼" drywall to provide a consistent finish. Laminating will allow partial demolition to for easier access to rewire.



The electrical system will be replaced in its entirety. With service being moved from the front of the structure to the back or side; we intend to provide a meter to each unit.

The structure will be re-plumbed in its entirety all exiting fixtures and piping will be demolished. Each unit will provide one bathroom, kitchen and utility room.

There are currently no functioning HVAC systems in the structure; any remnants of previous systems will be demolished. All new HVAC systems will be provided.

We have submitted floor plans elevations, and conceptual renderings of the proposed renovation. We have also submitted a detailed estimate and scope of work for your review.

400 Broadway, Paducah, KY 42001

Proposal

for

433-435 N. 4th Street

Paducah, Ky.

Submitted by

Martin and Crystal Troutt

(Troutt Old Time General Store and Market)

6/11/14

Submitted by
Martin and Crystal Troutt
RE: 433-435 N. 4th Street
Paducah, Ky.

Dear Commission Members,

We are excited to present our bid for the property at 433-435 N. 4th Street. Thank you for your time in reviewing our bid. We are interested in purchasing said property for the price of $1. We will be taking on the expense to demolish the existing building that has been approved for demolition. The amount that we will be investing in this project is $254,000. When the currant condemned building is taken down we would like to retain some of the brick from this building to reuse for possible borders, court yards or patios in our landscaping. Our vision for this property, as well as the possible purchase of adjoining ¼ acre property, is to build a store called Troutt Old Time General Store and Market. Our building would be a 40 X 40 structure. We will be putting in a small kitchen and handicap accessible restroom. Our parking lot will feature 6 parking spaces, including 1 handicap accessible space. We are working with Vanguard Contractors on this project. It is our goal to finish this project in a timely manner, with completion by 120 days from beginning demolition of existing building.

We are very excited about our vision for this store. We very much want the community to fee as though this is their store. We have had a booth at the Downtown Farmers Market for 10 years. Our current customers have unanimously said that this is the location that they want our store to be. We love the feel of the Lowertown/Downtown area. We really cannot see our store in any other location. It is just perfect for what we want our store to be a part of. Our customers will consist of local residence within the Lowertown Arts District who will be able to walk to the store, as well as customers within the local community and surrounding region. We believe that our store will be a draw to the Lowertown/Downtown area benefiting the whole community. Our store will also be the closest to the new hotel that is coming. We hope to be an additional benefit to the hotel customers as well.

Our store will offer a wide array of items. These items consist of quality nutritional foods, light lunch and dessert items, nostalgic foods, locally grown produce, non-GMO heirloom seeds, annual and perennial plants, locally made products, and hand-crafted items. We want to offer unique items not found locally or items made/grown/produced in the local area. We will be offering to our Lowertown and Downtown professionals a healthier lighter lunch on the go. We will be supplying salads, soups and sandwiches that they can come in, pick up and go or enjoy eating on our large porch. Locally grown produce will be used in our lunches and sold individually as well. We know this will appeal to those looking for locally grown fruits and vegetables. This is an added benefit where customers can speak to and ask questions of the grower. We will also be offering baked goods that are ready to pick up and take. We will supply our gardening customers with quality non-GMO heirloom seeds and plants during the Spring, Summer and Fall. Our store will also offer herbs, annuals, perennials and cut flowers. We will

also have in stock many items from varies venders. These items include old fashioned candies, Gluten-free items, specialty noodles, old fashioned snack items, pickled vegetables, salsas, jams, jellies, relishes, molasses, sorghum, and local honey. We will also offer handmade specialty soaps and lotions, Moon Pies and old fashioned sodas. One of our current items will also be featured: Amish Country popcorn, seasonings, popcorn flour, popcorn meal, coconut oil and popcorn poppers. We will also offer many varieties of specialty mixes: soups, dips, desserts, breads, and many others. We will be offering specialty knives and serving pieces. Our store will offer Gooseberry cookbooks and specialty candle products. We are looking forward to offering fair-trade items as well. These items are a benefit to many. A unique part of our store is the early 20th century antique items that will be on display and for sale. We will also be offering repurposed/refurbished items. We look forward to growing and expanding our fresh foods area in the future.

We are looking forward to providing jobs for local residents. We will be evaluating the number of employees by sales and growth. We hope to provide at least 4 job openings in the next 3 years. We would be very happy to exceed that goal. We feel that our store would be a tax revenue benefit to the city. Most importantly we want to be a benefit to the city as a whole. We look forward to working with the city to grow our community.

We have included in this bid letters from just a few of our customers. This gave them the opportunity to express their excitement and feelings about our project. We hope that you will feel the same way after reviewing our entire proposal. We cannot express enough how much we appreciate your consideration and look forward to hearing your decision. Please feel free to contact us if there are any questions that you have about our proposal. Thank you again for your valuable time.

Sincerely,

Martin and Crystal Troutt

Vanguard Contractors is pleased to provide the following cost proposal for the new Troutt Old Time General Store & Market. Our proposal includes the following.

1. Sitework and exterior improvements
   - Earthwork, grading, building pad
   - Site parking asphalt (2" base, 1" top), curb and gutter
   - Pavement markings.

2. Building
   - 40 x 40 x 10 Building (exterior wall). Poles are 6 x 6 CCA treated set on 8 Centers. Trusses are set on 4 Centers. Roof pitch is 3/12
   - 1 Ft Overhang around the building.
   - 6" Gutter & Downspout & snow blocks
   - Roof is 26 gauge mechanical standing seam
   - Cedar siding –not stained.
   - Concrete foundations and slab
   - 6 exterior windows solid wood clad in aluminum, 1 front wood door, and 1 double wooden doors for receiving. Two interior wood doors.
   - Drywall all interior walls, one kitchen and one bathroom. Exterior wall and ceiling batt insulation
   - Acoustical ceiling tile at 10Ft.
   - Building Permit fee

3. Mechanical & Plumbing:
   - Set owner furnished fixtures in kitchen
   - Includes bathroom fixtures
   - Soil waste and vents
   - Domestic water, pipe insulation, Natural gas
   - Exterior Sanitary Sewer, exterior water, exterior gas, and tap on fees
   - 5 Ton Gas-Pack
   - Honeywell Thermostat
   - Ductwork
   - Volume Dampers
   - Registers/Grilles
   - Restroom Fan with Ducting
   - Start-Up, Test & Balance
   - HVAC and Plumbing Permits

4. Electrical

   Front Porch
   - Furnish and install three (3) 8' fluorescent strip lights with wall switch, and two (2) GFCI receptacles

Sales Floor Area

- Furnish and install twelve (12) 2' x 4' lay-in light fixtures with wall switch, three (3) floor box receptacles for fresh food counter, one (1) power drop to old store counter, one (1) duplex receptacle for fireplace, fourteen (14) duplex receptacles for general purpose use

Restroom:

- Furnish and install one (1) 2' x 4' lay-in light fixtures with wall switch, one (1) GFCI receptacle Connect one (1) exhaust fan

Kitchen.

- Furnish and install four (4) 2' x 4' lay-in light fixtures with wall switch, one (1) ceiling fan with light kit, seven (7) duplex receptacles for general purpose use
- Connect one (1) 2 pole 30 amp water heater and one (1) 2 pole 60 amp HVAC unit.

Service Entrance.

- Furnish and install one (1) 200a service panel with 5' conduit stub out.
- Furnish and install exit and emergency lighting as required by code

*Excludes Power Company Fee

The estimated cost based on the information we currently have is $179,948.00

This includes

Survey & Waiver of Subdivision
Permitting fees
Earthwork and asphalt paving, including concrete curbs
Complete building package per above narrative of construction
Fire extinguisher
Toilet accessories

Excludes design fees

I appreciate letting us work on this project for you. Do not hesitate to contact me if you have any questions

Sincerely,

Ines M Rivas-Hutchins
Project Manager

Search Mail | Search Web | Crystal | Profile

Inbox | Contacts | Notepad | Calendar | Switch to the newest Yahoo Mail

Compose | Delete | Reply | Reply All | Forward | Actions | Apply

Inbox

Drafts

Sent

Spam [Empty]

Trash (1) [Empty]

My Folders [Edit]

Sponsored

LendingTree
An Interesting Method to Pay Off Mortgage

Outlander Sport 2014 Outlander Sport Sponsored

Demo Quote for Existing Building at 4th & Harrison Streets in Paducah

Thursday June 2, 2014 5:49 PM

From: "Kevin Cissell" <KCissell@vanguard1.com>

To: "ctroutt2101@yahoo.com" <ctroutt2101@yahoo.com>

Cc: "Craig Guess" <CGuess@vanguard1.com>

Full Headers Printable View

1 Files 17KB Download All

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Quote from Heflin

Save

Crystal

Good afternoon

Please find attached the quote from Heflin, Inc. to demo the existing building at 4th & Harrison Streets in Paducah

Also, the construction duration for your general store project is 120 calendar days. This listed construction duration does not include any durations for design or for drawing approval/permitting by the City of Paducah.

If you have any questions, please contact us.

Thank you

Kevin Cissell | Estimator II | Vanguard Contractors
POB 2850, Paducah KY 42002-2850 | 218 N 5th Street, Paducah KY 42001
T 270-442-8620 ext 232 | F 270-442-0313 | www.vanguard1.com

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Compose | Delete | Reply | Reply All | Forward | Actions | Apply

HEFLIN, INC.

4371 Oak Level Road, Benton, KY 42025
(270) 527-2552, CELL 270-556-9021

BID

DATE: 6/12/2014

TO: Att: Kevin
Vanguard Contractors, Inc.

Job: 4th & Harrison Demo
Building to be demo is next to Heflin Lowertown Apts.

Scope of Work
Will demo and haul off debris. Remove footers
Will level lot with no holes if site has fill. $ 8,000.00

NOT INCLUDED
Environmental, fill material, grading or sewer disconnect.

$1,000.00 to 1,200.00 for environmental survey $ 1,200.00

TOTAL $ 9,200.00

i5 design group, inc.

MORE SOLUTIONS PER SQUARE FOOT

		concept	design development	construction documents	total hours	value
Project: General Store		35%	65%	100%		
Hourly Rate:	$ 85.00					
General						
programming		1	0	0	1	$ 85.00
design criteria		0	1	1	2	$ 170.00
design review meetings		1	0.5	0.5	2	$ 170.00
Floor plans						
dimensioned floor plan		1	1	2	4	$ 340.00
roof framing plan		0	1	2	3	$ 255.00
foundation plan		0	1	2	3	$ 255.00
roof plan		0	1	1	2	$ 170.00
wall types		0	0.5	0.5	1	$ 85.00
life safety plan		0	0.5	0	0.5	$ 42.50
power/lighting plan		0	1	1	2	$ 170.00
Elevations/Sections						
interior elevations		0	1	1	2	$ 170.00
exterior elevations		0.5	0.5	2	3	$ 255.00
sections		0	1	2	3	$ 255.00
Schedules, details, etc.						
door/window schedule		0	1	1	2	$ 170.00
finish schedules		0	1	1	2	$ 170.00
ADA Details		0	1	0.5	1.5	$ 127.50
COMcheck Report		0	0.5	2	2.5	$ 212.50
Material and Finish Selections						
interior finish selections/plans		0	0.5	1	1.5	$ 127.50
exterior materials		0	0.5	0.5	1	$ 85.00
Subtotal					39	$ 3,315.00
Structural Engineer		0	0	0	0	$ 650.00
Civil Design/Site Plan		0	0	0	0	$ 7,540.00 ☆
MEP Engineering Fees - allowance		0	0	0	0	$ 2,300.00
Hours by Phase		3.5	14.5	21	39	
Proposed Design Fee						$ 13,805.00
Exclusions			**Reimbursables Charged at Cost Plus**			

CONTACT: CHAD BEVER CHAD@ I5 DESIGNGROUP.COM
CELL: 271.559.5718

WOW!
PADUCAH BANK
MEMBER FDIC
Post Office Box 2600 • Paducah, Kentucky 42002-2600 • 270.575.5700 • 270.575.5789 Fax • www.paducahbank.com

June 2, 2014

Urban Renewal Community and Development Agency City of Paducah City Hall Paducah KY 42001

Re: Martin and Crystal Troutt

Dear Board Members,

Paducah Bank and Trust Company is pleased to inform you that the above referenced individuals have been approved for funding of their planned building project located at 433/435/427 4th St. Paducah, Ky. The project is in conjunction with the Troutt Old Time General Store and Market. The total project cost will be $254,000.

Should you require additional information, don't hesitate to contact me at 270-575-5785.

Sincerely,

Bob Bloomingburg
AVP
Paducah Bank and Trust

Agenda Action Form
Paducah City Commission

Meeting Date: June 24, 2014

Short Title: KOHS 2014 Paducah Police Department Emergency Generator Project

☐ Ordinance ☐ Emergency ☒ Municipal Order ☐ Resolution ☐ Motion

Staff Work By: Chief Brandon Barnhill, Angie Weeks, Sheryl Chino
Presentation By: Steve Ervin

Background Information: The Kentucky Office of Homeland Security (KOHS) grant program, funded by the U.S. Department of Homeland Security, can be used by city and county governments, area development districts and public universities to purchase first-responder equipment, communications, cyber security and critical infrastructure protection. In 2013, the City of Paducah received $32,000 for the purchase of 10 portable radios for the Paducah Police Department.

For the 2014 KOHS funding cycle, the Paducah Police Department proposes to apply for $75,000 for the purchase of an emergency generator. The total estimated cost is $180,765.00. The police department plans to set aside $105,765 in the FY2015 general budget to match the KOHS grant.

If the Commission chooses to support this grant application, it must authorize and direct the Mayor or Mayor's designee to execute all required grant application documents. If an award is offered, it will be brought before the Commission for consideration.

Goal: ☐ Strong Economy ☒ Quality Services ☐ Vital Neighborhoods ☐ Restored Downtowns

Funds Available: Account Name:
Account Number: 040-1616-521-2307
Project Number: P0000XX
CFDA:

6/19/2014
Finance

Staff Recommendation: Approval
Attachments:

Department Head	City Clerk	City Manager

MUNICIPAL ORDER NO. _____

A MUNICIPAL ORDER AUTHORIZING THE MAYOR TO EXECUTE A GRANT APPLICATION AND ALL DOCUMENTS NECESSARY THROUGH THE KENTUCKY OFFICE OF HOMELAND SECURITY FOR FUNDS IN THE AMOUNT OF $75,000. FOR THE PADUCAH POLICE DEPARTMENT EMERGENCY GENERATOR PROJECT

BE IT ORDERED BY THE CITY OF PADUCAH, KENTUCKY:

SECTION 1. The Mayor is hereby authorized to execute a grant application and all documents necessary to obtain a 2014 Emergency Generator Project grant through the Kentucky Office of Homeland Security in the amount of $75,000. for funding the Paducah Police Department Emergency Generator Project. Total estimated cost for the project is $180,765.00. The Police Department has set aside $105,765 in the FY2015 general budget to match the grant.

SECTION 2. This order shall be in full force and effect from and after the date of its adoption.

_____
Mayor

ATTEST:

_____
Tammara S. Sanderson, City Clerk

Adopted by the Board of Commissioners, June 24, 2014
Recorded by Tammara S. Sanderson, City Clerk, June 24, 2014
\mo\grants\KOHS emergency generator –police

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Agenda Action Form
Paducah City Commission

Meeting Date: June 24, 2014

Short Title: 2005 Taxable Police & Firefighter Pension Fund (PFPF) Unfunded Pension Liability General Obligation Bonds (GOB), Refinancing Bonds authorization – Taxable Series 2014B

☒Ordinance ☐ Emergency ☐ Municipal Order ☐ Resolution ☐ Motion

Staff Work By: Jonathan Perkins, Audra Hemdon
Presentation By: Jonathan Perkins

Background Information:

The **2005 taxable Police and Firefighter Pension Fund (PFPF) Unfunded Pension Liability General Obligation Bonds (GOB)** were originally sold November 8, 2005. The proceeds were used to fully fund all unfunded PFPF pension liability* as reported in the Bryan, Pendleton, Swats & McAllister actuary valuation report as of July 1, 2005 on page 10, net amount $5,992,751. The 20-year PFPF GOB issue was scheduled to be paid in full in 2025.

It is our intention to refinance the 2005 taxable PFPF GOBs with proceeds from another bond sale scheduled for July 9, 2014. We will use bond proceeds from the July 9, 2014 taxable bond sale to pay off (retire) the outstanding 2005 PFPF GOB taxable issue. A second reading of this ordinance is scheduled for July 1, 2014.

By refinancing the 2005 PFPF taxable GOB issue, it is our intention to reduce the cost of borrowing money. The issue was first put in place in 2005 to eliminate the City's Police and Firefighter Pension Fund's unfunded liability, approaching $6.1 million (including the cost of issuance).

The bond market appears to be favorable to refinance the entire bond issue over the remaining life of the issue (to 2025) at an interest savings estimated to exceed $200,000. The savings is driven by the fact that the market is such that interest rates in general may be more attractive now than in the past.

Goal: ☒Strong Economy ☐ Quality Services ☐ Vital Neighborhoods ☐ Restored Downtowns

Funds Available: Account Name: Bond Issue (PFPF) - 2014B
Account Number: Bond Fund

06/13/2014
Finance

Staff Recommendation: That the Commission approve ordinance and all appropriate related agreements to refinance the 2005 Taxable PFPF GOBs and reduce the amount of interest expense over the life of the remaining debt issue through 2025.

Attachments: Draft of Ordinance

Department Head	City Clerk	City Manager

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* - The following excerpt was taken from the City of Paducah Police and Firefighters Pension Fund valuation as of July 1, 2006 dated November 9, 2006.

> *"...If actual experience results in future unfunded Past Service Liability, the City will be responsible for making additional contributions to eliminate the unfunded liability. Further, the City will* ***not*** *be responsible for future unfunded Past Service Liability that arises due to the Pension Board's granting of cost-of-living increases when not supported on an actuarially sound basis as determined by the annual actuarial valuation."*

In other words, the City will continue to be financially responsible to fund any liability caused by unfavorable investment experiences; but not for COLAs given when the fund is not actuarially sound to support it.

MUNICIPAL ORDER NO. ___

MUNICIPAL ORDER APPROVING THE ADVERTISEMENT FOR BID AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT FOR THE PURCHASE OF CITY OF PADUCAH, KENTUCKY TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014B (POLICE AND FIREFIGHTERS PENSION PLAN) IN THE AGGREGATE PRINCIPAL AMOUNT OF APPROXIMATELY $4,230,000.

WHEREAS, the City of Paducah, Kentucky (the "City"), heretofore issued its $6,100,000 Taxable General Obligation Bonds (Police and Firefighters Pension Plan), Series 2005 (the "Prior Bonds"), the proceeds of which were used to finance unfunded liabilities in the City's police and firefighters pension fund (the "Pension Fund"); and

WHEREAS, the City has determined that the present conditions of the municipal market are such that it is advantageous and in the best interests of the City for the City to proceed with the issuance of its Taxable General Obligation Refunding Bonds, Series 2014B (Police and Firefighters Pension Plan) in the aggregate principal amount of $4,230,000 (the "Bonds"), subject to a permitted adjustment increasing or decreasing the principal amount of the Bonds by up to $425,000 (the "Permitted Adjustment"), to refund in advance of maturity the Prior Bonds maturing on or after November 1, 2016 (the "Refunded Prior Bonds"), thereby enabling the City to realize debt service savings; and

WHEREAS, on the 17th day of June, 2014 the City gave first reading to, and on the 1st day of July, 2014 proposes to give second reading to and adopt, an ordinance providing for the issuance of the Bonds in order to provide funds to pay the costs, not otherwise provided for, of the refunding and retirement of the Refunded Prior Bonds, which ordinance is titled as follows:

AN ORDINANCE OF THE CITY OF PADUCAH, KENTUCKY AUTHORIZING THE ISSUANCE OF CITY OF PADUCAH, KENTUCKY TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014B (POLICE AND FIREFIGHTERS PENSION PLAN) IN THE AGGREGATE PRINCIPAL AMOUNT OF $4,085,000 (SUBJECT TO A PERMITTED ADJUSTMENT INCREASING OR DECREASING THE SIZE OF SAID BONDS BY UP TO $405,000), FOR THE PURPOSE OF REFUNDING IN ADVANCE OF MATURITY A PORTION OF THE OUTSTANDING CITY OF PADUCAH, KENTUCKY TAXABLE GENERAL OBLIGATION BONDS (POLICE AND FIREFIGHTERS PENSION PLAN), SERIES 2005; AUTHORIZING AND APPROVING THE ENGAGEMENT OF THE FINANCIAL ADVISOR AND BOND COUNSEL IN CONNECTION WITH THE ISSUANCE AND SALE OF THE BONDS; APPROVING THE FORM OF THE BONDS; AUTHORIZING DESIGNATED OFFICERS TO EXECUTE AND DELIVER THE BONDS; AUTHORIZING AND DIRECTING FILINGS WITH THE STATE LOCAL DEBT OFFICER AND DEPARTMENT FOR LOCAL GOVERNMENT; PROVIDING FOR THE PAYMENT AND SECURITY OF THE BONDS; CREATING A BOND PAYMENT FUND; MAINTAINING THE HERETOFORE ESTABLISHED SINKING FUND;

AUTHORIZING ACCEPTANCE OF THE BID OF THE BOND PURCHASER FOR THE PURCHASE OF THE BONDS; AND REPEALING INCONSISTENT ORDINANCES.

WHEREAS, it is appropriate at this time that the City authorize the advertisement for bid for the purchase of the Bonds.

NOW, THEREFORE, BE IT ORDERED BY THE CITY OF PADUCAH, KENTUCKY, AS FOLLOWS:

SECTION 1. The City of Paducah, a municipal corporation and political subdivision of the Commonwealth of Kentucky, shall issue its "Taxable General Obligation Refunding Bonds, Series 2014B (Police and firefighters Pension Plan) (the "Bonds") in the aggregate principal amount of approximately $4,230,000.

SECTION 2. The City shall comply with the requirements of KRS Chapters 66 and 424 by advertising for bids for the purchase of the Bonds. Actions heretofore taken by the City in connection with the preparation of such instruments and the distribution of such information by the City as shall be necessary to accomplish the foregoing, including the preparation of a Preliminary Official Statement (the "Preliminary Official Statement") which Preliminary Official Statement shall be deemed final by the Mayor of the City in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), are hereby ratified and approved. In order to enable prospective purchasers to submit a bid for the purchase of the Bonds, the City hereby covenants and agrees that it will execute, comply with and carry out all of the provisions of a continuing disclosure undertaking (the "Continuing Disclosure Undertaking") in connection with the issuance of the Bonds. Failure to comply with any such provisions of the Continuing Disclosure Undertaking shall not constitute a default on the Bonds; however, any holder of the Bonds, including the beneficial owners of the Bonds, may take such action as may be necessary and appropriate, including seeking specific performance, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking.

SECTION 3. Proposals for the purchase of the Bonds shall be opened and reviewed by the Finance Director of the City, and shall be acted upon by the Mayor, City Manager or Finance Director on that same day, based upon the advice of the City's financial advisor, Raymond James & Associates, Inc., without the need for further action by this City Commission. The City hereby ratifies and approves the use of the "Notice of Bond Sale," substantially in the form attached hereto, which shall be published as required by law.

SECTION 4. The Mayor, City Manager or Finance Director shall, in a certificate of award accepting the successful bid or bids for the Bonds (the "Certificate of Award"), determine the exact principal amount of Bonds to be awarded and the exact rate or rates of interest which said Bonds shall bear, and the interest rate or rates on said Bonds shall be automatically fixed at the rate or rates set out in the successful bid accepted by said Certificate of Award. The proceeds of the sale of said Bonds shall be applied to the costs of refunding the Refunded Prior Bonds and the costs of issuing the Bonds and shall be expended as provided in the Ordinance authorizing the Bonds.

SECTION 5. In the event that no bid shall be accepted for the purchase of the Bonds, bids may again be solicited for the purchase of the Bonds at a future date and hour at the discretion of the Mayor, without the necessity of further authorization by the City.

SECTION 6. All motions, orders, resolutions and parts thereof in conflict herewith, are hereby repealed to the extent of such conflict, and this Municipal Order shall be effective immediately.

SECTION 7. This Municipal Order shall be in full force and effect immediately upon its adoption.

INTRODUCED, PUBLICLY READ, AND FINALLY APPROVED on one reading, this 24th day of June, 2014.

_____
Gayle Kaler, Mayor

Attest:

_____
Tammy Sanderson, City Clerk

CERTIFICATE

I, Tammy Sanderson, hereby certify that I am the duly qualified and acting City Clerk of the City of Paducah, Kentucky, that the foregoing is a full, true, and correct copy of a Municipal Order adopted by the City Commission of the City, at a meeting duly held on June 17, 2014, that said Municipal Order (together with the Notice of Bond Sale approved therein) appears as a matter of public record in the official records of the City, that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820, and 61.823, that a quorum was present at said meeting, that said Municipal Order has not been modified, amended, revoked, or repealed; and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature on this ____ day of _____, 2014.

_____
City Clerk

EXHIBIT A

NOTICE OF BOND SALE

Notice is hereby given that electronic bids will be received by the City of Paducah, Kentucky (the "City"), until 10:00 a.m., C.T. on July 9, 2014 (or at such later time and date announced at least forty-eight hours in advance via the **BiDCOMP™/PARITY™** system) for the purchase of approximately $4,230,000 of the City's Taxable General Obligation Refunding Bonds, Series 2014B (Police and Firefighters Pension Plan) (the "Bonds"). Alternatively, written sealed or facsimile bids for the Bonds by the designated time will be received by the Finance Director, 300 South Fifth Street, Paducah, Kentucky 42002 (FAX: (270) 440-8589).

The Bonds will each be dated their date of initial delivery, will be issued as fully registered bonds in denominations in multiples of $5,000 (within the same maturity), will mature on November 1 of the years 2014 through 2025. Electronic bids may be submitted via BiDCOMP™/PARITY™, in the manner described below.

Additional information, including the Preliminary Official Statement, the Official Terms and Conditions of Bond Sale and the Official Bid Form, may be obtained from the City's Financial Advisor, Raymond James & Associates, Inc.; 400 West Market Street, Suite 2050, Louisville, Kentucky 40202, Telephone (502) 560-1274. Further information regarding BiDCOMP™/PARITY™ may be obtained from BiDCOMP™/PARITY™, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422.

Sale of Bonds on taxable basis. Issuance of Bonds subject to approving legal opinion of Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP, Bond Counsel, Covington, Kentucky. Right to reject bids or waive informality reserved.

CITY OF PADUCAH, KENTUCKY

By /s/ Gayle Kaler
Mayor

4008637v1
5/27/2014

Agenda Action Form
Paducah City Commission

Meeting Date: June 24, 2014

Short Title: Amend Position & Pay Schedule all sections

☐ Ordinance ☐ Emergency ☒ Municipal Order ☐ Resolution ☐ Motion

Staff Work By: Martin Russell
Presentation By: Cindy Medford

Background Information: The commission adopted the previous Position and Pay schedule on December 10, 2013. This action will amend the current Position & Pay Schedule with the annual wage adjustments effective June 26, 2014.

FOP – 1.0%
IAFF – 1.0%
AFSCME – 1.75%
Non-Bargaining Employees 1.75%

- This amendment also includes clean-up and audit necessary to reflect the correct, current number of vacant and filled positions.

Goal: ☒ Strong Economy ☒ Quality Services ☐ Vital Neighborhoods ☐ Restored Downtowns

Funds Available: Account Name:
Account Number:

Finance

Staff Recommendation: Adopt the amended Position & Pay Schedule.

Attachments: Position & Pay Schedule

Department Head	City Clerk	City Manager

MUNICIPAL ORDER NO. _____

A MUNICIPAL ORDER ADOPTING THE FY2014-2015 POSITION AND PAY SCHEDULE FOR THE FULL-TIME EMPLOYEES OF THE CITY OF PADUCAH, KENTUCKY

WHEREAS, the City of Paducah desires to implement annual wage adjustments as listed below for full-time employees, effective June 26, 2014 for the July 18, 2014 pay date; and

- FOP – 1.0%
- IAFF – 1.0%
- AFSCME – 1.75 %
- Non-Bargaining Employees – 1.75%

WHEREAS, in order to implement the changes it is necessary to adopt the FY2014-2015 Position and Pay Schedule.

BE IT ORDERED BY THE CITY OF PADUCAH, KENTUCKY:

SECTION 1. That the City of Paducah hereby approves and adopts the FY2014-2015 Position and Pay Schedule for the employees of the City of Paducah as attached hereto.

SECTION 2. That the FY2014-2015 Position and Pay Schedule wage adjustments approved in Section 1 above shall become effective June 26, 2014 for the July 18, 2014 pay date.

SECTION 3. This Order will be in full force and effect from and after the date of its adoption.

_____
Mayor

ATTEST:

_____
Tammara S. Sanderson, City Clerk

Adopted by the Board of Commissioners, June 24, 2014
Recorded by Tammara S. Sanderson, City Clerk, June 24, 2014
mo Position and Pay Schedule 6-24-14
table for position and pay schedule is in excel and named- position&pay schedule 6 24 14

Section A.

GENERAL GOVERNMENT

POSITIONS	AUTHORIZED POSITIONS BUDGET TOTAL	FILLED NON-CS	FILLED RCSS/CS	VACANT	FY 13/14 HOURLY WAGE ADJ. RATE	FY 14/15 HOURLY WAGE ADJ. RATE	HOURS WORK	EXEMPT NON-EXEMPT	PAY GRADE
City Manager	1	1			68.37	69.56	40	E	AA
Assistant City Manager									Z
Assistant to the City Manager									O
City Clerk	1		1		31.34	31.89	40	E	P
Asst. City Clerk							40	NE	F
Executive Assistant II	1	1			19.91	20.26	40	NE	I
Administrative Assistant III	1	1			14.35	14.60	40	NE	D
Public Information Officer	1	1			26.83	27.30	40	E	P
Total Budgeted/Filled for Department	5	4	1	0					

Section B.

FINANCE DEPARTMENT

POSITIONS	AUTHORIZED POSITIONS BUDGET TOTAL	FILLED NON-CS	FILLED RCSS/CS	VACANT	FY 13/14 HOURLY WAGE ADJ. RATE	FY 14/15 HOURLY WAGE ADJ. RATE	HOURS WORK	EXEMPT NON-EXEMPT	PAY GRADE
Administration									
Director of Finance	1	1			58.57	59.59	40	E	Z
Executive Assistant I	1	1			16.02	16.30	40	NE	F
Accounting/Payroll									
Controller	1	1			31.58	32.13	40	E	T
Accounts Payable Clerk	1	1			18.01	18.32	40	NE	C
Accountant	2	1			19.81	20.15	40	E	J
		1			18.11	18.42	40	E	J
Revenue									
Revenue Manager	1	1			27.87	28.36	40	E	S
Account Clerk	2	1			14.32	14.57	40	NE	B
		1			12.98	13.21	40	NE	B
Revenue Tech	1	1			16.15	16.44	40	NE	C
Revenue Auditor	1	1			20.91	21.28	40	E	J
Total Budgeted/Filled for Department	11	11	0	0					

Note: As the Executive Assistant I position is eliminated through attrition it will be filled as a Non-Civil Service position

Reference Ordinance 2002-5-6519

Note: RCSS - Individuals Retain Civil Service Status

Section C.

PADUCAH RIVERFRONT DEVELOPMENT

AUTHORITY POSITIONS	AUTHORIZED POSITIONS BUDGET TOTAL	FILLED NON-CS	FILLED RCSS/CS	VACANT	FY 13/14 HOURLY WAGE ADJ. RATE	FY 14/15 HOURLY WAGE ADJ. RATE	HOURS WORK	EXEMPT NONEXEMPT	PAY GRADE
Executive Director	1	1			40.06	40.76	40	E	T
Total Budgeted/Filled for Department	1	1	0	0					

Section D.

INFORMATION TECHNOLOGY

POSITIONS	AUTHORIZED POSITIONS BUDGET TOTAL	FILLED NON-CS	FILLED RCSS/CS	VACANT	FY 13/14 HOURLY WAGE ADJ. RATE	FY 14/15 HOURLY WAGE ADJ. RATE	HOURS WORK	EXEMPT NONEXEMPT	PAY GRADE
Director Information Technology	1	1			44.89	45.68	40	E	U
Network Administrator	1	1			31.12	31.67	40	E	P
Help Desk Technician	1	1			19.16	19.50	40	NE	H
Network Technician							40	NE	J
GIS Specialist	1	1			26.33	26.80	40	E	P
GIS/Planner	1	1			29.02	29.53	40	E	P
Total Budgeted/Filled for Department	5	5	0	0					

** Temporary assigned to Information Services Land Record Database Project.

Section E.

PLANNING DEPARTMENT

POSITIONS	BUDGET TOTAL	FILLED NON-CS	FILLED RCSS/CS	VACANT	FY 13/14 HOURLY WAGE ADJ. RATE	FY 14/15 HOURLY WAGE ADJ. RATE	HOURS WORK	EXEMPT NONEXEMPT	PAY GRADE
	AUTHORIZED POSITIONS								
Director of Planning	1	1			42.09	42.82	40	E	V
Executive Assistant I	1	1			20.83	21.19	40	NE	F
Admin Asst II	1	1			17.43	17.73	40	NE	C
Planner I	1	1			23.17	23.58	40	E	L
Planner II									M
Downtown Development Specialist	1	1			24.76	25.19	40	E	M
Grants Administrator	1	1			24.76	25.19	40	E	L
Community Development Planner	1	1			25.18	25.62	40	E	M
Section 8 Program Administrator	1	1			33.78	34 37	40	E	P
Housing Specialist	2	1			20.16	20.51	40	NE	H
		1			16.39	16.68	40	NE	H
Total Budgeted/Filled for Department	10	10	0	0					

Section F.

POLICE DEPARTMENT

POSITIONS	BUDGET TOTAL	FILLED NON-CS	FILLED RCSS/CS	VACANT	FY 13/14 HOURLY WAGE ADJ. RATE	FY 14/15 HOURLY WAGE ADJ. RATE	HOURS WORK	EXEMPT NON-EXEMPT	PAY GRADE
	AUTHORIZED POSITIONS								
Police Chief	1	1			42.03	42.77	40	E	Z
Police Assistant Chief	2						40	E	S
Step 1					30.94	31.49			
Step 2		1			34.77	35.38			
Step 3		1			36 31	36.94			
Step 4									
Captains	6						40	E	Q
<5 years					28 77	29 27			
5 years					28.92	29.42			
9 years					29.05	29 56			
12 years		4 2			30.64	31.17			
15 years		2 1			30.80	31.34			
19 years		3			30.93	31.48			
22 years									
25 years									
Records Division Manager	1	1			20.08	20.43	40	E	K
Sergeants	9						40	NE	P
5 years					24.32	24.56			
6 years					24 41	24.65			
7 years		1			24.52	24.76			
8 years					24.61	24.86			
9 years		1			24.72	24.96			
10 years					24.82	25.07			
11 years		2			24.91	25.16			
12 years		3			25.01	25.26			
13 years					25.11	25.36			
14 years		2			25.20	25.46			
15 years					25.31	25.57			
16 years					25.42	25.67			
17 years					25 51	25.77			
18 years					25.60	25 86			
19 years					25.70	25.96			
20 years					25 80	26.06			
21 years					25.91	26.17			
22 years					26.02	26.28			
23 years					26.12	26.38			
24 years					26.22	26.48			
25 years					26 31	26.58			

Police Officer	60		3 2			40	NE	J
Police Officer - Recruit		4 3		19.78	19.98			
1 year		3 1		20.86	21.07			
2 years		2 5		20.96	21.17			
3 years		4 3		21.96	22.18			
4 years		3 4		22.01	22.23			
5 years		7 3		22.72	22.94			
6 years		5 7		22.78	23.01			
7 years		3		22.83	23.06			
8 years		4 3		23.10	23.33			
9 years		5 7		23.21	23.44			
10 years		5		23.30	23.53			
11 years		2		23.41	23.65			
12 years		5 2		23.50	23.74			
13 years		3 5		23.61	23.85			
14 years		2		23.71	23.94			
15 years				23.81	24.05			
16 years				23.91	24.15			
17 years				24.00	24.24			
18 years		2 1		24.11	24.36			
19 years		1		24.21	24.45			
20 years				24.32	24.56			
21 years				24.41	24.65			
22 years				24.52	24.77			
23 years		4		24.61	24.86			
24 years		1		24.72	24.96			
25 years				24.82	25.07			
Executive Assistant II	1	1		21.62	22.00	40	NE	I
Administrative Assistant III						40	NE	D
Administrative Assistant II						40	NE	C
Records Clerk I	3	3		13.35	13.58	40	NE	C
Investigative Assistant	1	1		17.10	17.40	40	NE	G
Records Clerk II						40	NE	D
Records Clerk III	1	1		15.25	15.52	40	NE	E
						40	NE	C
Evidence Technician II	1	1		15.63	15.90	40	NE	F
Evidence Technician I	1	1		13.25	13.48	40	NE	C

* $1.00 per hr. shift differential when they work the evening and graveyard shift

Note: Police Department Secretary/Public Information Officer is provided two hours minimum call-out pay

Total Budgeted/Filled for Police Department	87	85	0	2

Section G.

FIRE DEPARTMENT	AUTHORIZED POSITIONS				FY 13/14 HOURLY WAGE ADJ.	FY 14/15 HOURLY WAGE ADJ.			
POSITIONS	BUDGET TOTAL	FILLED NON-CS	FILLED RCSS/CS	VACANT	RATE	RATE	HOURS WORK	EXEMPT NONEXEMPT	PAY GRADE
Administrative Division									
Fire Chief	1	1			45.83	46.63	40	E	X
Deputy Fire Chief - Fire Prevention	1	1			34.00	34.59			T
Deputy Fire Chief - Operations									T
Office Manager							40	NE	I
Executive Assistant I	2				19.54	19.88		NE	F
					19.32	19.66			
Training Division									
Battalion Chief/ Training Officer	1	1			27.80	28.28		E	N
Fire Prevention Division									
Battalion Chief/ Fire Marshal								E	N
Fire Marshal								E	N
Deputy Fire Marshal III									M
Deputy Fire Marshal II									L
Deputy Fire Marshal I	2	2 1		1	19.77	20.12		NE	J
Code Enforcement Supervisor									L
Code Enforcement Officer II								NE	J
Code Enforcement Officer I	3	3			19.77	20.12	40	NE	G

Code Enforcement Assistant	1	1		12.95	13.17	40	NE	C
Permit Technician	1	1		16.65	16.94			E
Permit Specialist	1	1		~~15.12~~		40	NE	C
						40	NE	F
Chief Building Inspector			1	28.72	29.23			N
Deputy Building Inspectors								
Level I						40	NE	J
Level II	1	1		21.19	21.56	40	NE	L
Level III+Plans Review						40	NE	M
Chief Electrical Inspector	1	1		27.42	27.90	40	NE	M
Deputy Electrical Inspectors								
Inspector Level I	1	1		21.19	21.56	40	NE	J
Inspector II+Plans Review						40	NE	L
Suppression Division								
Fire Assistant Chief	3					40	E	P
Step 1				19.57	19.91			
Step 2				20.26	20.61			
Step 3				20.97	21.34			
Step 4				21.70	22.08			
Step 5		1		22.46	22.85			
Step 6				23.25	23.66			
Step 7		1		24.06	24.48			
Step 8		1		24.90	25.34			
Step 9				25.78	26.23			
Captains	15						NE	I
<10 years				16.47	16.64			
10 years				16.49	16.65			
11 years				16.50	16.67			
12 years				16.52	16.69			
13 years				16.54	16.70			
14 years				16.57	16.73			
15 years		1 ~~4~~		16.58	16.75			
16 years		~~6~~ 1		16.60	16.77			
17 years		6		16.62	16.78			
18 years				16.63	16.80			
19 years				16.65	16.82			
20 years				16.66	16.83			
21 years				16.68	16.85			
22 years		4		16.70	16.86			
23 years		1		16.71	16.88			
24 years				16.73	16.90			
25 years				16.75	16.91			
26 years		2		16.76	16.93			
27 years				16.78	16.95			
28 years		1		16.79	16.96			
29 years				16.81	16.98			
30 years				16.83	16.99			
Lieutenants	15						NE	H
<10 years		~~1~~		15.61	15.76			
10 years		1		15.66	15.81			
11 years		1		15.69	15.85			
12 years				15.74	15.89			
13 years				15.77	15.93			
14 years		~~8~~		15.78	15.94			
15 years		~~2~~ 8		15.80	15.96			
16 years		2		15.82	15.97			
17 years		2		15.83	15.99			
18 years				15.85	16.01			
19 years				15.86	16.02			
20 years				15.90	16.06			
21 years				15.91	16.07			
22 years				15.93	16.09			
23 years				15.95	16.10			
24 years		1		15.96	16.12			
25 years				15.98	16.14			

26 years					15.99	16.15		
27 years					16.01	16.17		
28 years					16.03	16.19		
29 years					16.04	16.20		
30 years					16.06	16.22		
Firefighter	29			4 5			NE	E
Firefighter (Appointee)					12.01	12.13		
Firefighter (On Floor)					12.01	12.13		
6 months		4			12.96	13.09		
1 year		4			13.23	13.37		
2 years					13.41	13.54		
3 years		6			13.60	13.74		
4 years		4			13.65	13.79		
5 years					13.68	13.82		
6 years		1			13.71	13.85		
7 years					13.75	13.88		
8 years					13.76	13.90		
9 years					13.81	13.95		
10 years					13.86	14.00		
11 years					13.91	14.05		
12 years					13.92	14.06		
13 years					13.94	14.08		
14 years					13.95	14.09		
15 years					13.97	14.11		
16 years					13.99	14.13		
17 years					14.00	14.14		
18 years					14.03	14.17		
19 years					14.05	14.19		
20 years					14.07	14.21		
Firefighter (Relief Driver)							NE	F
3% COLA + $0.39 + $0.10								
1 year					13.82	13.96		
2 years					14.00	14.14		
3 years					14.19	14.33		
4 years		1			14.24	14.38		
5 years		2			14.27	14.41		
6 years		2 3			14.30	14.44		
7 years					14.33	14.48		
8 years		2			14.35	14.49		
9 years		5 2			14.40	14.54		
10 years		2 5			14.44	14.59		
11 years		2			14.49	14.64		
12 years					14.51	14.65		
13 years					14.52	14.67		
14 years		4			14.54	14.69		
15 years		1			14.56	14.70		
16 years		1			14.57	14.72		
17 years					14.62	14.77		
19 years					14.64	14.78		
20 years					14.65	14.80		
Total Budgeted/Filled for Department	78	71	1	6				

Note: Firefighter Relief Driver is not a new position. $0.10 is factored in the pay rate

Note: A person may hold the position of Deputy Building Inspector Level I for a period not to exceed two years without becoming certified

Note: A person may hold the position of Deputy Electrical Inspector Level I for a period not to exceed one year without becoming certified

Note: Building Inspector levels are equivalent to steps. These levels are dictated by state certification

Note: As Inspection's Civil Service positions are eliminated through attrition they will be filled as Non-Civil Service positions

Note: RCSS - Individuals Retain Civil Service Status

Section H. AUTHORIZED POSITIONS

ENGINEERING/PUBLIC WORKS DEPT.	BUDGET	FILLED	VACANT	HOURLY WAGE ADJ.	HOURLY WAGE ADJ.	HOURS	EXEMPT	PAY

POSITIONS	TOTAL	NON-CS	RCSS/CS		RATE	RATE	WORK	NONEXEMPT	GRADE
City Engineer & Public Works Director	1	1			54.81	55.77	40	E	Z
Storm Water & Drainage Engineer	1	1			25.97	26.42	40	E	R
Engineering Project Manager	1	1			28.35	28.85	37 5	NE	N
EPW Operations Manager	1	1			26.57	27.04	40	E	O
Engineering Assistant III							40	E	M
Engineering Assistant II									L
Engineering Assistant I	1			1					J
Executive Assistant I	1	1			16 45	16.74	40	NE	F
Administrative Assistant III	1	1			14.24	14.49	40	NE	D
Floodwall Division									
EPW Floodwall Superintendent	1	1			29.81	30.33	40	E	N
Floodwall Operator	4			1			40	NE	F
80%					14 65	14.90			
85%					15 56	15.84			
90%					16 48	16.77			
95%					17 39	17.70			
100%			4 3		18 32	18.64			
Street Division									
EPW Street Superintendent	1	1			31.25	31.80	40	E	N
EPW Street Supervisor	2	4 1		4	22.50	22.89		E	L
		1			21.53	21.90		E	L
Equipment Operator	4							NE	E
80%					14.53	14.78			
85%					15.43	15.70			
90%					16 34	16.63			
95%					17.25	17.55			
100%			4		18.16	18.48			
Concrete Finisher	3			2 1				NE	E
80%					14.52	14.78			
85%					15.43	15.70			
90%					16.35	16.63			
95%		1			17.25	17.55			
100%		1			18.16	18.47			
Right-Of-Way Maintenance Person	10			1				NE	C
80%		4			13.74	13.98			
85%		4 3			14.59	14.85			
90%		1			15 45	15.72			
95%		4			16 31	16.60			
100%		3	2		17 17	17.47			
Maintenance Division									
EPW Fleet / Maintenance Superintende	1	1			33 56	34.15	40	E	O
EPW Maintenance Supervisor	1	1			21 90	22 28		E	L
Laborer	7			1				NE	C
80%					12 79	13.01			
85%					13.59	13.82			
90%					14.39	14.64			
95%					15 18	15.45			
100%		3	3		15.98	16 26			
Traffic Technician	2							NE	E
80%					14.65	14.90			
85%					15 56	15.84			
90%					16.48	16.77			
95%					17.39	17.70			
100%			2		18.31	18.63			
Master Electrician	1	1			22.69	23.08		NE	L
Maintenance Technician	2							NE	E
80%					14 65	14 90			
85%					15.56	15.84			
90%					16.48	16.77			
95%					17 39	17.70			

100%			2	18.31	18.63			
Fleet Maintenance Division								
EPW Fleet Supervisor		1		22.90	23.30		E	L
Administrative Assistant III		1		18 39	18.71	40	NE	D
Fleet Mechanic I							NE	G
Fleet Mechanic II	4						NE	I
		1		17.94	18.25			
		1		19.07	19.40			
		1		19.74	20.08			
		1		20.01	20.37			
Solid Waste Division								
EPW Solid Waste Superintendent		1		27.67	28 15	40	E	N
EPW Solid Waste Supervisor		1		22.31	22.70		E	L
EPW Compost Operations Supervisor		1		21.53	21.90		E	L
Administrative Assistant III		1		16.63	16.93	40	NE	D
Laborer	7						NE	C
80%				12.79	13.01			
85%				13.59	13.82			
90%		1		14.39	14 64			
95%		1		15.18	15.45			
100%		4	2	15.98	16.26			
Truck Driver	10						NE	C
80%				13.64	13.87			
85%				14.49	14.74			
90%				15.34	15.61			
95%				16 19	16.48			
100%		5	5	17.04	17.34			
Right-Of-Way Maintenance Person	3						NE	C
80%				13.74	13.98			
85%				14.59	14.85			
90%				15.45	15.72			
95%				16 31	16.60			
100%		2	1	17.17	17.47			
Compost Equipment Operator	1						NE	F
80%				14.86	15.12			
85%				15 79	16.07			
90%				16.72	17.01			
95%				17.65	17.96			
100%			1	18.58	18.90			

Total Budgeted/Filled for Department	77	47	25	5

Note positions are eliminated through attrition they will be filled as a Non-Civil Service positions

Note: RCSS - Individuals Retain Civil Service Status

Note As the Floodwall Operators' CS positions are eliminated through attrition they will be filled as Non-Civil Service positions

Note: AFSCME employees in the classificaton above shall be eligible to receive 'Shift Differential' of $0.35/Hr

Note AFSCME employees in the above classification shall be eligible to receive $0.50/Hr as a "Work Leader"

Section I.

PARKS SERVICES DEPARTMENT	AUTHORIZED POSITIONS						HOURS	EXEMPT	PAY
	BUDGET	FILLED		VACANT			WORK	NON-EXEMPT	GRADE
POSITION	TOTAL	NON-CS	RCSS/CS						
Director of Parks Services	1	1			44.04	44.82		E	V
Recreation Superintendent	1	1			22.79	23.19	E	N	
Parks Maintenance Superintendent	1	1			25.08	25.52	E	N	
Cemetery Sexton	1	1			19.58	19.92	E	F	
Special Events Coordinator	1	1		4	22.79	23.19	E	M	
Recreation Specialist	2						E	E	
		1			13 85	14.09			
		1			14 39	14.64			
Executive Assistant I	1	1			18.22	18.54		NE	F

Administrative Assistant III	1	1			14.75	15.01	NE	D
Administrative Assistant II	1	1			14.45	14.71	NE	C
Maintenance Division								
Supervisor	1	1			21.05	21.42	E	L L
Laborer	11			1			NE	C
80%					12.79	13.01		
85%					13.59	13.82		
90%					14 39	14.64		
95%		4			15.18	15.45		
100%		6	4		15.98	16.26		
Right-Of-Way Maintenance Person	3						NE	C
80%					13.74	13 98		
85%					14.59	14.85		
90%					15 45	15.72		
95%					16.31	16.60		
100%		1	2		17.17	17.47		
Total Budgeted/Filled for Department	**25**	**18**	**6**	**1**				

Note: As positions are eliminated through attrition they will be filled as Non-Civil Service positions

Note: RCSS - Individuals Retain Civil Service Status

Note AFSCME employees in the classificaton above shall be eligible to receive "Shift Differential" of $0 35/Hr

Note AFSCME employees in the above classification shall be eligible to receive $0.50/Hr as a "Work Leader".

Section J.

HUMAN RESOURCES	AUTHORIZED POSITIONS								
	BUDGET	FILLED		VACANT			HOURS	EXEMPT	PAY
POSITIONS	TOTAL	NON-CS	RCSS/CS				WORK	NON-EXEMPT	GRADE
Director of Human Resources	1	1			40.61	41 32	40	E	V
Risk Manager									O
H R Generalist	2	2			17.21	17 51	40	E	G
Total Budgeted/Filled for Department	**3**	**3**	**0**	**0**					

Section K.

AUTHORIZED POSITIONS

PADUCAH RENAISSANCE ALLIANCE	BUDGET	FILLED		VACANT	HOURS	EXEMPT	PAY
POSITIONS	TOTAL	NON-CS	RCSS/CS		WORK	NONEXEMPT	GRADE
Executive Director					40	E	T
Marketing Specialist					40	E	H
Events & Promotion Specialist					40	E	H
Executive Assistant I					40	NE	F
Total Budgeted/Filled for Department	**0**	**0**	**0**	**0**			

Agenda Action Form
Paducah City Commission

Meeting Date: June 10, 2014

Short Title: City of Paducah, Kentucky's Fiscal Year 2014-2015 budget

☒Ordinance ☐ Emergency ☐ Municipal Order ☐ Resolution ☐ Motion

Staff Work By: Jonathan Perkins, Audra Herndon, Stacee Young
Presentation By: Jeff Pederson, Jonathan Perkins

Background Information:

The FY2015 budget ordinance implements the decisions made at the Commission's May 27th budget workshop.

Goal: ☒Strong Economy ☒ Quality Services ☒ Vital Neighborhoods ☒ Restored Downtowns

Funds Available: Account Name:
Account Number:

6/6/2014
Finance

Staff Recommendation:

Approve the FY2015 Budget Ordinance

Attachments:
FY2015 Budget Ordinance

Department Head	City Clerk	City Manager

Agenda Action Form
Paducah City Commission

Meeting Date: June 10, 2014

Short Title: Authorize Payment to Precision Machine, Inc., for the Repair/ Total Reconstruction of Pump Number 2 located at Floodwall Pump Station Number 2

☐ Ordinance ☐ Emergency ☐ Municipal Order ☐ Resolution ☐ Motion

Staff Work By: Angela Weeks, EPW Proj Mgr
Presentation By: Rick Murphy, P.E., City Engineer-Public Works Director

Background Information:

On May 19, 2013, Number 2 Pump, located at Floodwall Pump Station Number 2, 1416 North 6th Street, became disabled. Repair of the Number2 Pump is paramount to prohibit and/or reduce possible flooding to the City, posing an imminent safety threat to property and citizens.

Inspection of the Number 2 Pump was delayed until July 26, 2013, as the Ohio River elevations did not allow safe entry/access into the Pump Station's wet well prior to the aforementioned date. On August 22, 2013, the City initiated a permitted confined space entry into the Pump Station's wet well to begin diagnosis and plan of action for the Number 2 Pump's repair. On August 22, 2013, Engineering-Public Works, Floodwall Division personnel assisted Triangle Industries to install scaffolding in the Pump Station's wet well for the pump's safe removal. On the same day, the Number 2 Pump was removed and the Pump's inspection/diagnosis was initiation. At this time, it was diagnosed by US Army Corps of Engineer's Pump Subject Matter Experts that the pump was in need of "rebuilding."

Immediate repair of the Number 2 Pump was essential to prohibit and/or reduce possible flooding within the City which would be an imminent safety threat to property and Paducah Citizens. Therefore, on September 5, 2013, pursuant to Section 2-659(1) of the City of Paducah Procurement Code, an Emergency was declared by the City Manager to exist necessitating the immediate repair of the Number 2 Pump located at Floodwall Pump Station Number 2 at 1416 North 6th Street.

The emergency repair/total reconstruction of the Number 2 Pump has been substantially completed by Precision Machine, Inc., and is being prepared for installation. Precision Machine, Inc., has agreed to re-install the pump at Pump Station Number 2 at no expense to the City. Now that the pump has been repaired/reconstructed, approval is requested to pay Precision Machine, Inc., in the amount of $134,673.00 for the emergency repair/reconstruction work to the Number 2 Pump located at Floodwall Pump Station Number 2 at 1416 North 6th Street.

In order to issue payment for this work, it is requested that the transfer of funds be authorized to the Floodwall Repairs/Upkeep Property/Plant Account as follows:

$ 50,000.00 from the Commission Contingency
$ 23,500.00 from the Administrative Contingency
$ 61,173.00 from the EPW's residual operational accounts
$134,673.00 = Total Funds to be Transferred

Goal: ☐Strong Economy ☒Quality Services ☐Vital Neighborhoods ☐Restored Downtowns

Funds Available: Account Name: Floodwall Repairs/Upkeep Property/Plant
Account Number: 001-3308-532-3305

6-6-14
Finance

Staff Recommendation:

To adopt an Ordinance authorizing the following transfer of funds to the Floodwall Repairs/Upkeep Property/Plant Account:

$ 50,000.00 from the Commission Contingency
$ 23,500.00 from the Administrative Contingency
$ 61,173.00 from the EPW's residual operational accounts
$134,673.00 = Total Funds to be Transferred

and to authorize the Finance Director to pay Precision Machine, Inc., in the amount of $134,673.00 for the emergency repair/total reconstruction work to the Number 2 Pump located at Floodwall Pump Station Number 2 at 1416 North 6th Street.

Attachments:

Emergency Declaration and copy of the Invoice.

Department Head	City Clerk	City Manager

Agenda Action Form
Paducah City Commission

Meeting Date: June 10, 2014

Short Title: Contract with Paducah Convention & Visitors Bureau - $25,000 (conduit for AQS)

☒Ordinance ☐ Emergency ☐ Municipal Order ☐ Resolution ☐ Motion

Staff Work By: Claudia Meeks, Jonathan Perkins
Presentation By: Jeff Pederson, City Manager

Background Information:

As part of the Investment Fund Decision Items for FY2014 (current year), the Commission approved appropriation to fund the American Quilters Society for the 2014 Quilt Show in the amount of $25,000.

When the City provides funds to any organization, we prepare a simple Contract for Services agreement that describes the public services the organization will provide as a result of receiving the City funds.

In order to expedite and simplify the process, the Paducah-McCracken County Convention Visitor Bureau (CVB) has agreed to act as a conduit through which local agency funds may flow. Therefore, the City will need to execute a contract with the CVB to handle the $25,000 payment.

History - In July 2007, the City verbally committed to a cash incentive of $25,000 for the spring 2008 American Quilter Society (AQS) Show. Other local agencies also committed funds to the AQS show. The funds were to be used to market and promote events and venues related to the 2008 show.

On March 18, 2008 the City Commission authorized a municipal order committing $25,000 in Commission contingency funds to the 2008 AQS show.

This process was repeated in 2009, 2010 2011, 2012 and again in 2013. This payment request/contract is for 2014.

Goal: ☐Strong Economy ☒ Quality Services☐ Vital Neighborhoods☐ Restored Downtowns

Funds Available: This expenditure was appropriated in the FY2014 Budget.

Account Name: Services-Other
Account Number: 004-0401-536-8072

6/10/2014
Finance

Staff Recommendation:

Authorize the Mayor to execute all necessary documents to execute an agreement (and a one-time written Contract for Services) with the Paducah Convention & Visitors Bureau in the amount of $25,000 on behalf of the AQS to be used for marketing and promoting events and venues related to the 2014 AQS Show.

Attachments:

Ordinance
Contract

Department Head	City Clerk	City Manager

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Agenda Action Form
Paducah City Commission

Meeting Date: June 24, 2014

Short Title: 2005 Taxable Police & Firefighter Pension Fund (PFPF) Unfunded Pension Liability General Obligation Bonds (GOB), Refinancing Bonds authorization – Taxable Series 2014B

☒Ordinance ☐ Emergency ☐ Municipal Order ☐ Resolution ☐ Motion

Staff Work By: Jonathan Perkins, Audra Herndon
Presentation By: Jonathan Perkins

Background Information:

The **2005 taxable Police and Firefighter Pension Fund (PFPF) Unfunded Pension Liability General Obligation Bonds (GOB)** were originally sold November 8, 2005. The proceeds were used to fully fund all unfunded PFPF pension liability* as reported in the Bryan, Pendleton, Swats & McAllister actuary valuation report as of July 1, 2005 on page 10, net amount $5,992,751. The 20-year PFPF GOB issue was scheduled to be paid in full in 2025.

It is our intention to refinance the 2005 taxable PFPF GOBs with proceeds from another bond sale scheduled for July 9, 2014. We will use bond proceeds from the July 9, 2014 taxable bond sale to pay off (retire) the outstanding 2005 PFPF GOB taxable issue. A second reading of this ordinance is scheduled for July 1, 2014.

By refinancing the 2005 PFPF taxable GOB issue, it is our intention to reduce the cost of borrowing money. The issue was first put in place in 2005 to eliminate the City's Police and Firefighter Pension Fund's unfunded liability, approaching $6.1 million (including the cost of issuance).

The bond market appears to be favorable to refinance the entire bond issue over the remaining life of the issue (to 2025) at an interest savings estimated to exceed $200,000. The savings is driven by the fact that the market is such that interest rates in general may be more attractive now than in the past.

Goal: ☒Strong Economy ☐ Quality Services ☐ Vital Neighborhoods ☐ Restored Downtowns

Funds Available: Account Name: Bond Issue (PFPF) – 2014B
Account Number: Bond Fund

06/13/2014
Finance

S: Jon Perkins Word Debt Management Bond Issue $6.1M - 2005, PFPF, File 8.63 2005 GOB Refinancing (2014 Series) - Summer 2014 Agenda - 2014B Bond Ordinance (2005 PFPF Refinance). Intro.Doc

Staff Recommendation: That the Commission approve ordinance and all appropriate related agreements to refinance the 2005 Taxable PFPF GOBs and reduce the amount of interest expense over the life of the remaining debt issue through 2025.

Attachments: Draft of Ordinance

Department Head	City Clerk	City Manager

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* - The following excerpt was taken from the City of Paducah Police and Firefighters Pension Fund valuation as of July 1, 2006 dated November 9, 2006.

> *"...If actual experience results in future unfunded Past Service Liability, the City will be responsible for making additional contributions to eliminate the unfunded liability. Further, the City will* ***not*** *be responsible for future unfunded Past Service Liability that arises due to the Pension Board's granting of cost-of-living increases when not supported on an actuarially sound basis as determined by the annual actuarial valuation."*

In other words, the City will continue to be financially responsible to fund any liability caused by unfavorable investment experiences; but not for COLAs given when the fund is not actuarially sound to support it.

ORDINANCE NO. 2014-__-___

AN ORDINANCE OF THE CITY OF PADUCAH, KENTUCKY AUTHORIZING THE ISSUANCE OF CITY OF PADUCAH, KENTUCKY TAXABLE GENERAL OBLIGATION REFUNDING BONDS SERIES 2014B (POLICE AND FIREFIGHTERS PENSION PLAN) IN THE AGGREGATE PRINCIPAL AMOUNT OF $4,230,000 (SUBJECT TO A PERMITTED ADJUSTMENT INCREASING OR DECREASING THE SIZE OF SAID BONDS BY UP TO $425,000), FOR THE PURPOSE OF REFUNDING IN ADVANCE OF MATURITY A PORTION OF THE OUTSTANDING CITY OF PADUCAH, KENTUCKY TAXABLE GENERAL OBLIGATION BONDS (POLICE AND FIREFIGHTERS PENSION PLAN), SERIES 2005; AUTHORIZING AND APPROVING THE ENGAGEMENT OF THE FINANCIAL ADVISOR AND BOND COUNSEL IN CONNECTION WITH THE ISSUANCE AND SALE OF THE BONDS; APPROVING THE FORM OF THE BONDS; AUTHORIZING DESIGNATED OFFICERS TO EXECUTE AND DELIVER THE BONDS; AUTHORIZING AND DIRECTING FILINGS WITH THE STATE LOCAL DEBT OFFICER AND DEPARTMENT FOR LOCAL GOVERNMENT; PROVIDING FOR THE PAYMENT AND SECURITY OF THE BONDS; CREATING A BOND PAYMENT FUND; MAINTAINING THE HERETOFORE ESTABLISHED SINKING FUND; AUTHORIZING ACCEPTANCE OF THE BID OF THE BOND PURCHASER FOR THE PURCHASE OF THE BONDS; AND REPEALING INCONSISTENT ORDINANCES.

WHEREAS, the City of Paducah, Kentucky (the "City") heretofore determined, pursuant to actuarial reports prepared for the City, that there existed unfunded liabilities in the City's police and firefighters pension fund (the "Pension Fund") and that there was a need to fund such unfunded liabilities (the "2005 Project"); and

WHEREAS, the City further previously determined that it was necessary and desirable to finance the 2005 Project through the issuance by the City of its $6,100,000 Taxable General Obligation Bonds (Police and Firefighters Pension Plan), Series 2005 (the "Prior Bonds"), of which $4,400,000 aggregate principal amount remains outstanding; and

WHEREAS, pursuant to the Constitution and Laws of the Commonwealth of Kentucky, and particularly Sections 66.011 et. seq of the Kentucky Revised Statutes, as amended (the

"General Obligation Act"), cities may issue bonds or notes, subject to the requirements of the General Obligation Act, to pay all or any portion of the costs of funding unfunded liabilities; and

WHEREAS, the City has determined that the present conditions of the municipal market are more favorable than at the time the Prior Bonds were issued and that it is therefore advantageous and in the best interests of the City for the City to proceed with the issuance of its Taxable General Obligation Refunding Bonds (Police and Firefighters Pension Plan), Series 2014B in the approximate principal amount of $4,230,000 (which amount may be increased or decreased by up to $425,000) (the "Bonds") to refund in advance of maturity a portion of the Prior Bonds (the "Refunded Prior Bonds"), thereby enabling the City to realize debt service savings; and

WHEREAS, it is further necessary and desirable in connection with the plan of refunding and issuance of the Bonds for the City to retain the firm of Raymond James & Associates, Inc., as financial advisor to the City (the "Financial Advisor") and the firm of Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP, as bond counsel (the "Bond Counsel"); and

WHEREAS, the City desires to now proceed with the plan of refunding the Refunded Prior Bonds through the issuance of the Bonds, to be sold and awarded to the successful bidder (the "Purchaser") at public, competitive sale in accordance with the provisions of Chapter 424 of the Kentucky Revised Statutes

NOW, THEREFORE, BE IT ORDAINED by the City of Paducah, Kentucky, as follows:

Section 1 -- Necessity, Authorization and Purpose. The City hereby declares that it is necessary to issue and authorizes the issuance of its General Obligation Refunding Bonds, Series 2014B (Police and Firefighters Pension Plan), in the aggregate principal amount of $4,230,000, subject to a permitted adjustment (the "Permitted Adjustment") increasing or decreasing the

principal amount of Bonds awarded to the purchasers thereof by up to $425,000, for the purpose of (i) refunding in advance of maturity the Refunded Prior Bonds and (ii) paying the costs of issuance of the Bonds.

The Bonds shall be offered for sale in accordance with the provisions hereof, and the determination of the best bids for the Bonds shall be made on the basis of all bids submitted for exactly $4,230,000 principal amount of Bonds; provided however, the Permitted Adjustment is reserved in the City hereunder, with such increase or decrease to be made in any principal maturity so that the total principal amount of Bonds sold and awarded to the best bidder may be a maximum of $4,655,000 or a minimum of $3,805,000. In the event of any such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted; the price at which such adjusted principal amount of Bonds will be sold shall be at the same price per $1,000 of Bonds as the price per $1,000 of the $4,230,000 of Bonds bid.

Section 2 – Form of Bonds. The Bonds shall be issued as fully registered Bonds, shall be designated "Taxable General Obligation Refunding Bonds, Series 2014B (Police and Firefighters Pension Plan)", shall express upon their faces the purpose for which they are issued, that they are issued under the Act and shall be substantially in the form set forth in Annex A.

The Bonds shall be in denominations as requested by the Purchasers, which shall be in integral multiples of five thousand dollars ($5,000). The Bonds shall each be dated their date of initial issuance and delivery, or such other date as is determined in a certificate of award accepting the bids of the Purchasers (the "Certificate of Award") to be executed by the Mayor, City Manager or Finance Director on the date of the sale of the Bonds.

Interest on the Bonds shall be payable each May 1 and November 1 (an "Interest Payment Date"), commencing November 1, 2014, at the stated interest rate or rates on the principal amount thereof.

The Bonds shall be serial or term Bonds maturing or subject to mandatory sinking fund redemption on November 1, 2014 and each November 1 thereafter in the years and in the amounts to be established in the Certificate of Award after advertised competitive sale of the Bonds based on the interest rates set forth in the successful bid (the "Bid") and the provisions of this Section 2, provided that the final maturity date of the Bonds shall be as set forth in the Certificate of Award but shall be no later than November 1, 2025. The interest rate or rates on the Bonds shall be determined in the Certificate of Award based on the Bid; provided that the true interest cost of the Bonds shall not exceed five percent (5.0%).

The Bonds shall not be subject to optional redemption prior to their stated maturities.

At least thirty (30) days before the optional or mandatory sinking fund redemption date of any Bonds, U.S. Bank National Association, Louisville, Kentucky, hereby designated as the paying agent and registrar for the Bonds (the "Paying Agent and Registrar"), shall cause a notice of such redemption either in whole or in part, signed by the Paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Bonds to be redeemed at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive series, number or letters, if any, of such Bonds to be redeemed.

On the date so designated for redemption, notice having been mailed in the manner under the conditions hereinabove provided and moneys for payment of the redemption price being held in the Bond Payment Fund by the Paying Agent and Registrar for the registered owners of the Bonds to be redeemed, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, interest on the Bonds so called for redemption shall cease to accrue, and the registered owners of such Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof.

Section 3 -- Execution and Delivery. The Bonds shall be executed by the manual or facsimile signature of the Mayor and duly attested by the manual or facsimile signature of the City Clerk (which, together with any other person as may be authorized by resolution are referred to as "Designated Officers") and shall have the seal of the City or a facsimile thereof affixed thereto. Additionally, the Bonds shall bear the manual authenticating signature of the Paying Agent and Registrar. The Designated Officers are further authorized and directed to deliver the Bonds to the Purchaser, upon the terms and conditions provided herein, in the Certificate of Award and in the Bid for the Bonds, receive the proceeds therefor, execute and deliver such certificates and other closing documents and take such other action as may be necessary or appropriate in order to effectuate the proper issuance, sale and delivery of the Bonds.

The City authorizes and directs the Paying Agent and Registrar to authenticate the Bonds and to deliver the Bonds to the Purchaser upon payment of the purchase price thereof.

Section 4 -- Payment. Payment of or on account of the interest on and principal of the Bonds shall be made directly to the Paying Agent and Registrar for the account of the registered owner. Interest on the Bonds shall be payable by check, mailed to the person whose name

appears on the fifteenth day preceding an Interest Payment Date on the bond registration records as the registered owner, on each Interest Payment Date or by other transfer of funds acceptable to such registered owner and the Paying Agent and Registrar. Principal shall be payable in such coin or currency of the United States of America as shall be legal tender for the payment of public and private debts at the time and place of payment upon delivery of the Bonds to the Paying Agent and Registrar or by other transfer of funds acceptable to the Paying Agent and Registrar and such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds to the extent of the sum or sums so paid.

Section 5 -- Filing. The Designated Officers are hereby authorized to undertake and cause all filings which may be required by law to be filed by the City with respect to the Bonds, including, but not limited to, securing the approval of the Department for Local Government for the Supplemental Interlocal Agreement and the filing of notice with the State Local Debt Officer with respect to the issuance of the Bonds.

Section 6 -- Bond Payment Fund; Payment of Bonds. There is hereby established with the Paying Agent and Registrar a bond payment fund in the name of the City to be known as Taxable General Obligation Refunding Bonds, Series 2014B Bond Payment Fund (the "Bond Payment Fund"), into which the City covenants to deposit, and into which the Designated Officers are hereby authorized and directed to deposit from the Sinking Fund (hereinafter defined), on or before the twenty-fifth day of each month which precedes an Interest Payment Date, the amount required to pay principal of and interest due on the Bonds on such Interest Payment Date. The Paying Agent and Registrar shall, without further authorization from the City, withdraw from the Bond Payment Fund, on such Interest Payment Date, the amounts necessary to pay principal of, and interest on, the Bonds to the registered owner of the same.

The Paying Agent and Registrar is hereby appointed depository of the Bond Payment Fund with respect to the Bonds.

If the City shall fail or refuse to make any required deposit in the Bond Payment Fund from the Sinking Fund, the Paying Agent and Registrar shall (i) notify any agency of the Commonwealth of Kentucky or any political subdivision thereof which may collect and distribute taxes or revenues for the City to seek any available necessary or proper remedial action; and (ii) upon being indemnified against cost and expense, exercise any remedy provided in the Act or at law or in equity for the benefit of the owner of the Bonds or its assignee, and shall disburse all funds so collected to the owners of the Bonds as payment of the Bonds.

Section 7 -- General Obligation. The Bonds shall be full general obligations of the City and, for the payment of said Bonds, and the interest thereon, the full faith, credit and revenue of the City are hereby pledged for the prompt payment thereof. During the period the Bonds are outstanding, there shall be and there hereby is levied on all the taxable property in the City, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the principal of and interest on the Bonds when and as due, it being hereby found and determined that current tax rates are within all applicable limitations. Said tax shall be and is hereby ordered computed, certified, levied and extended upon the tax duplicate and collected by the same officers in the same manner and at the same time that taxes for general purposes for each of said years are certified, extended and collected. Said tax shall be placed before and in preference to all other items and for the full amount thereof provided, however, that in each year to the extent that the other lawfully available funds of the City are available for the payment of the Bonds, including amounts available under the Lease, and are appropriated for

such purpose, the amount of such direct tax upon all of the taxable property in the City shall be reduced by the amount of such other funds so available and appropriated.

Section 8 -- Maintenance of Sinking Fund. Pursuant to Ordinance No. 2001-5-6353 adopted by the City (the "2001 General Obligation Ordinance"), there has heretofore been established a sinking fund (the "Sinking Fund"), which is hereby ordered to be continued and maintained as long as any of the Bonds shall remain outstanding. The funds derived from the tax levy required by Section 7 hereof or other lawfully available funds shall be placed in the Sinking Fund and, together with interest collected on the same, are irrevocably pledged for the payment of the interest on and principal of all bonds issued under the Act and Tax-Supported Leases, as defined in the Act, when and as the same fall due. Amounts shall be transferred from the Sinking Fund to the Bond Payment Fund at the times and in the amounts required by Section 6 hereof.

Section 9 -- Sale of Bonds; Certificate of Award. The Designated Officers are hereby directed to sell the Bonds to the Purchaser at advertised competitive sale, the final principal amount of, the principal amortization of and the interest rate or rates on the Bonds to be established in accordance with the requirements of Sections 1 and 2 hereof by adoption of the Certificate of Award. Each of the Mayor, City Manager or Finance Director is hereby authorized to execute the Certificate of Award without further action of the City Commission setting forth the terms of the Bonds and any other provisions required by and not inconsistent with this Bond Ordinance.

Section 10 -- Bonds Registered Owners; Transfer; Exchange. As long as the Bonds executed and delivered hereunder shall remain outstanding, the Paying Agent and Registrar shall maintain an office for the Registration of such Bonds and shall also keep at such office books for

such registration and transfers. The registered owner of the Bonds, as set forth in the registration books maintained by the Paying Agent and Registrar on the fifteenth day preceding the an Interest Payment Date, or its assignees, for purposes of this Ordinance, to the extent of its interest, shall be treated as the owner of the applicable Bonds and shall be entitled to all rights and security of the owner of the Bonds hereunder.

Upon surrender for registration of transfer of Bonds at the office of the Paying Agent and Registrar with a written instrument of transfer satisfactory to the Paying Agent and Registrar, duly executed by the registered owner or the registered owner's duly authorized attorney, the Paying Agent and Registrar shall execute and deliver, in the name of the designated transferee or transferees, one or more Bonds of the same series of any authorized denomination and of a like tenor and effect.

All Bonds, upon surrender thereof at the office of the Paying Agent and Registrar, may, at the option of the registered owner thereof be exchanged for an equal aggregate principal amount of Bonds of the same series of any authorized denomination.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Paying Agent and Registrar shall execute and deliver Bonds in accordance with the provisions of this Section. Every such exchange or transfer of Bonds, whether temporary or definitive, shall be without charge; provided that the Paying Agent and Registrar may impose a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

Section 11 -- Disposition of Proceeds of Bonds. The proceeds of the sale of the Bonds shall be deposited, together with other available funds, as follows: (a) accrued interest, if any, shall be deposited to the Bond Payment Fund created in Section 6 hereof; (b) an amount sufficient to refund the Refunded Prior Bonds shall be deposited to the escrow fund (the "Escrow Fund") established for the Refunded Prior Bonds pursuant to the Escrow Trust Agreement (as hereinafter defined) authorized pursuant to Section 13 of this Ordinance; and (c) the remainder of the proceeds shall be deposited to a special cost of issuance fund hereby directed to be established and designated as the "City of Paducah, Kentucky Taxable General Obligation Refunding Bonds, Series 2014B Cost of Issuance Fund" (the "Cost of Issuance Fund") and used to pay the costs of issuing the Bonds.

Section 12 – Engagement of Financial Advisor and Bond Counsel. The City hereby engages Raymond James & Associates, Inc. as the Financial Advisor to the City in connection with the issuance and the sale of the Bonds. The City further engages the law firm of Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP as Bond Counsel in connection with the issuance of the Bonds. The engagement agreement with the Financial Advisor, in substantially the form attached hereto as Annex B and made a part hereof (the "Financial Advisor Agreement"), is authorized and approved, with such changes therein not inconsistent with this Ordinance and not substantially adverse to the City as may be approved by the Mayor executing the same on behalf of the City. The approval of such changes by said official, and that such are not substantially adverse to the City, shall be conclusively evidenced by the execution of such Financial Advisor Agreement. The engagement letter with Bond Counsel, in substantially the form attached hereto as Annex C and made a part hereof (the "Bond Counsel Agreement"), is authorized and approved, with such changes therein not inconsistent with this Ordinance and not

substantially adverse to the City as may be approved by the Mayor executing the same on behalf of the City. The approval of such changes by said official, and that such are not substantially adverse to the City, shall be conclusively evidenced by the execution of such Bond Counsel Agreement.

Section 13 -- Authorization of Escrow Trust Agreement. The City shall enter into a certain Escrow Trust Agreement (the "Escrow Trust Agreement") with U.S. Bank National Association (the "Escrow Trustee"), in substantially the form attached hereto as Annex D and made a part hereof, for the purpose of providing sufficient funds to advance refund the Refunded Prior Bonds. The Escrow Trustee shall receive compensation for its services in accordance with the Escrow Trust Agreement. The Designated Officers are hereby each separately authorized and directed to execute said Escrow Trust Agreement on behalf of the City.

Section 14 -- Further Actions. In connection with the undertaking and implementation by the City of the plan of refunding herein described, which is hereby expressly directed, the Designated Officers are hereby authorized and directed to take and carry out such further necessary, desirable or appropriate actions to effect such plan of refunding.

Section 15 -- Discharge of Ordinance. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the owners of the Bonds the total principal and interest due or to become due thereon through maturity, in the manner stipulated therein and in this Ordinance, then the pledges made under this Ordinance, and all covenants, agreements and other obligations of the City hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 16 -- Severability. If any one or more of the provisions of this Ordinance should be determined by a court of competent jurisdiction to be contrary to law, then such provisions

shall be deemed to be severable from all remaining provisions and shall not affect the validity of such other provisions.

Section 17 -- Inconsistent Actions. All prior ordinances, resolutions, orders or parts thereof inconsistent herewith are hereby repealed.

Section 18 -- Open Meetings Compliance. All meetings of the City Commission and of its committees and any other public bodies, at which the formal actions in connection with the issuance of the Bonds were taken, or at which deliberations that resulted in such formal actions were held, were open meetings, and such formal actions were taken and any such deliberations took place while such meetings, after proper notice, were open to the public, in compliance with all legal requirements including KRS Sections 61.805 through 61.850.

Section 19 -- Effective Date. This Ordinance shall become effective immediately upon adoption and publication of a summary thereof, as provided by law.

INTRODUCED AND PUBLICLY READ ON FIRST READING on the 24th day of June, 2014.

PUBLICLY READ, ADOPTED AND APPROVED ON SECOND READING, this the 1st day of July, 2014.

CITY OF PADUCAH, KENTUCKY

By: _____
Mayor

Attest:

By: _____
City Clerk

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Paducah, Kentucky, and as such City Clerk, I further certify that the foregoing is a true, correct and complete copy of an Ordinance duly enacted by the City Commission of the City at a duly convened meeting held on the 1st day of July, 2014, on the same occasion signed by the Mayor as evidence of his approval, and now in full force and effect, all as appears from the official records of the City in my possession and under my control.

Witness my hand as City Clerk of said City as of the ____ day of _____, 2014.

_____
City Clerk

ANNEX A

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to issuer or its agent for registration of transfer, exchange, or payment and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC). ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

COMMONWEALTH OF KENTUCKY
CITY OF PADUCAH, KENTUCKY
TAXABLE GENERAL OBLIGATION REFUNDING BOND, SERIES 2014B
(POLICE AND FIREFIGHTERS PENSION PLAN)

No. R-1 $_____

BOND DATE: _____ __, 2014

MATURITY DATE: November 1, _____

INTEREST RATE: _____%

REGISTERED HOLDER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL PERSONS BY THESE PRESENTS: That the City of Paducah, Kentucky (the "City"), for value received, hereby acknowledges itself obligated to, and promises to pay to the registered holder identified above, or registered assigns, the principal sum identified above (or, if any part thereof has been paid, the balance thereof remaining unpaid), on the maturity date specified above, and to pay interest on said principal sum (or, if any part thereof has been paid, the balance thereof remaining unpaid) from the date hereof, payable each May 1 and November 1, commencing November 1, 2014, at the Interest Rate per annum identified above, calculated on the basis of a 360 day year with 30 day months, except as the provisions hereinafter set forth with respect to prior redemption may be and become applicable hereto. The principal of and interest on this bond are payable, without deduction for exchange, collection, or service charges, in lawful money of the United States of America. Principal is payable at the designated corporate trust office of U.S. Bank national Associaiton, Louisville, Kentucky, or any successor (the "Paying Agent and Registrar") or by other transfer of funds acceptable to the Paying Agent and Registrar and such owner. All interest on this bond and principal payable prior to the final maturity date shall be payable by check or draft mailed to the record date registered holder hereof at the address shown on the registration records kept by the Paying Agent and Registrar or by other transfer of funds acceptable to the Paying Agent and Registrar and such owner. The record date shall be the fifteenth day of the month preceding each interest payment date.

This Bond is one of an issue of Bonds of like tenor and effect, except as to denomination and maturity, numbered from R-1 upward, inclusive, of the denomination of $5,000 or any

integral multiple thereof originally aggregating _____ dollars ($_____) in principal amount, issued for the purpose of (i) refunding in advance of maturity a portion of the City's outstanding Taxable General Obligation Bonds (Police and Firefighters Pension Plan), Series 2005, the proceeds of which in turn financed the costs of unfunded liabilities in the city's police and firefighters pension plan (the "Project") and (ii) paying the costs of issuance of the Bonds, all pursuant to and in full compliance with the general laws of the Commonwealth of Kentucky and particularly Chapter 66 of the Kentucky Revised Statutes, and pursuant to an ordinance duly adopted by the City Commission of the City on the 1st day of July, 2014 (the "Bond Ordinance") upon the affirmative vote of at least a majority of the members of its City Commission at a public meeting duly and regularly held, and after filing proper notice with the State Local Debt Officer of the Commonwealth of Kentucky.

This Bond and the issue of which it forms a part is a general obligation of the City and the full faith, credit and revenue of the City are pledged to the payments due hereunder. THIS BOND IS CONTINUALLY SECURED BY THE FAITH, CREDIT AND REVENUE OF THE CITY.

The Bonds mature on the 1st day of November of the following years, in the respective principal amounts and bear interest at the following rates of interest:

Maturity Date	Amount	Interest Rate Per Annum
November 1, 2014		
November 1, 2015		
November 1, 2016		
November 1, 2017		
November 1, 2018		
November 1, 2019		
November 1, 2020		
November 1, 2021		
November 1, 2022		
November 1, 2023		
November 1, 2024		
November 1, 2025		

The Bonds shall not be subject to optional redemption prior to their stated maturities.

[INSERT MANDATORY SINKING FUND REDEMPTIONS, IF ANY]

At least thirty (30) days before the redemption date of any Bonds the Paying Agent and Registrar shall cause a notice of such redemption signed by the Paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Bonds to be redeemed at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being

payable by their terms on a single date then outstanding shall be called for redemption, the distinctive number or letters, if any, of such Bonds to be redeemed.

On the date so designated for redemption, notice having been published in the manner under the conditions hereinabove provided and moneys for payment of the redemption price being held in the Payment Fund by the Paying Agent and Registrar for the registered owners of the Bonds to be redeemed, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, interest on the Bonds so called for redemption shall cease to accrue, and the registered owners of such Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof.

No recourse shall be had for the payment of the principal of or the interest on this Bond, or for any claim based hereon, against any officer, agent or employee, past, present or future, of the City, as such, either directly or through the City, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise; all such liability of such officers, agents or employees is hereby renounced, waived and released as a condition of and as consideration for the issuance, execution and acceptance of this Bond.

It is hereby certified that all acts, conditions and things required to be done, to occur or be performed precedent to and in the issuance of this Bond, or in the creation of the obligations of which this Bond is evidence, have been done, have occurred and have been performed in regular and due form and manner as required by law; that the faith, credit and revenue of the City are hereby irrevocably pledged for the prompt payment of the principal hereof and interest hereon; that the repayment obligation represented by this Bond is not in excess of any constitutional or statutory limitation; and that due provision has been made for the levy and collection of a tax sufficient in amount to pay the interest on this Bond as it falls due and to provide for the redemption of this Bond at maturity or upon earlier redemption.

IN WITNESS WHEREOF, the City has caused this Bond to be signed either manually or by facsimile in its name by its Mayor and duly attested either manually or by facsimile by its City Clerk and an impression or facsimile of the City's seal to be imprinted hereon, as of the date set forth above.

CITY OF PADUCAH, KENTUCKY

By: _____
Mayor

(SEAL)

Attest:

By: _____
City Clerk

CERTIFICATE OF AUTHENTICATION

This is to certify that this Bond is one of the Bonds described hereinabove.

_____
Authorized Signature
U.S. Bank National Association
Paying Agent and Registrar

Date of Authentication: _____

CERTIFICATE

It is hereby certified that the following is a correct and complete copy of the text of the legal opinion of Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP, Attorneys, Covington, Kentucky, regarding the issue of which the within bond is one, the original of which opinion was manually executed, dated and issued as of the date of delivery of and payment for said issue and a copy of which is on file with the undersigned.

_____

City Clerk

[FORM OF APPROVING OPINION]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

_____

(please print or typewrite social security number or other identifying number and name and address of transferee)

the within Bond and does hereby irrevocably constitute and appoint the _____ _____ or its successor as Bond Paying Agent and Registrar to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

_____

Note: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

ANNEX B

FORM OF FINANCIAL ADVISOR AGREEMENT

ANNEX C

FORM OF BOND COUNSEL AGREEMENT

ANNEX D

FORM OF ESCROW TRUST AGREEMENT

4008100v1

Dinsmore

Legal Counsel.

DINSMORE & SHOHL LLP
50 East RiverCenter Boulevard ^ Suite 1150
Covington, KY 41011
www.dinsmore.com

Dirk M. Bedarff
859-431-7000 ^ 859-431-0673 (fax)
Dirk.Bedarff@DINSMORE.COM

June 6, 2014

City of Paducah, Kentucky
Municipal Building
300 South Fifth Street
Paducah, Kentucky 42002
Attn: Hon. Gayle Kaler

Re: Engagement as Bond Counsel for approximately $4,230,000 City of Paducah, Kentucky Taxable General Obligation Refunding Bonds, Series 2014B Police and firefighters Pension Plan)

Ladies and Gentlemen:

(1) We have been asked to act as Bond Counsel with respect to the above-captioned issuance of municipal securities (the "Bonds") by the City of Paducah, Kentucky (the "City"). Proceeds of the Bonds are expected to be used to refund an earlier series of general obligation bonds, the proceeds of which funded certain unfunded liabilities to the City's police and firefighters pension plan (the "Project"). It is contemplated that the Bonds will be secured by the full faith and credit of the City and will be issued as taxale bonds. The Bonds would be sold at public sale. This letter is to describe our services, responsibilities and fees.

Scope of Engagement and Duties to Be Performed

(2) As Bond Counsel, our chief function is to render an objective legal opinion with respect to the authorization and issuance of the Bonds. Assuming that no legal impediments to the issuance of the Bonds become apparent, we would contemplate furnishing to the City our approving opinion ("Bond Opinion") as to the validity and binding effect of the Bonds, the source of payment and security for the Bonds and the exclusion of the interest on Bonds for Kentucky income tax purposes, which opinion will be executed and delivered by us to the City in written form on the date the Bonds are exchanged for their purchase price (the "Closing"). Upon delivery of the opinion with respect to the original issuance of the Bonds, our responsibilities as Bond Counsel will be concluded with respect to this financing.

(3) The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the City with applicable laws relating to the Bonds. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. We understand that you will direct members of your staff, your officers and other employees of the City to cooperate with us in this regard. In rendering our Bond Opinion, we may expressly rely upon other counsel as to certain matters where appropriate.

(4) In addition to rendering our Bond Opinion upon the issuance of the Bonds, we expect to perform the following duties:

(a) Draft or review the basic legal documents required for authorization, securing, issuance and sale of the Bonds; these include the bond legislation to be adopted by the City and all related City proceedings and resolutions or ordinances which might be required.

(b) Prepare or furnish the incidental closing papers (excepting those customarily prepared or furnished by the underwriter or purchaser or their respective counsel), including various certificates to be signed by the City.

(c) Review legal issues relating to the structure of the Bond issue.

(d) Assist the City in presenting information to bond rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the Bonds.

(e) Prepare and review the notice of sale pertaining to the competitive sale of the Bonds.

(f) Draft the continuing disclosure undertaking of the City (if applicable).

(g) Assist the City in seeking from other governmental authorities such approvals, permissions and exemptions as we determine are necessary or appropriate in connection with the authorization, issuance and delivery of the Bonds, except that we will not be responsible for any required Blue Sky filings unless it is customary for the City to undertake such filings with respect to a particular offering of Bonds.

(5) Our duties in this engagement are limited to those expressly set forth above. Among other things, our duties as Bond Counsel do not include:

(a) Except as described in paragraph (7) herein, assisting in the preparation or review of an official statement or any other disclosure document with respect to the

Bonds, or performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document or rendering advice that the official statement or other disclosure document does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(b) Preparing requests for tax rulings from the Internal Revenue Service, or no action letters from the Securities and Exchange Commission.

(c) Preparing blue sky or investment surveys with respect to the Bonds.

(d) Except as described in paragraph (4) above, drafting state constitutional or legislative amendments.

(e) Except as described in paragraph (4) above, pursuing test cases or other litigation, such as contested validation proceedings.

(f) Making an investigation or expressing any view as to the creditworthiness of the City.

(g) Except as described in paragraph (4) above or otherwise agreed, assisting in the preparation of, or opinion on, a continuing disclosure undertaking pertaining to the Bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.

(h) Representing the City in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.

(i) After Closing, providing continuing advice to the City or any other party concerning any actions necessary to assure that interest paid on the Bonds will continue to be excludable from gross income for federal income tax purposes (*e.g.*, our engagement does not include rebate calculations for the Bonds).

(j) Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

(6) Although we ordinarily draft suggested forms for these and other customary closing papers, we do not assume responsibility for verifying the truth of facts certified as true by others, nor, except as necessary to our opinion, do we assume responsibility for examining legal questions on which other participating lawyers are asked to opine. We do not review the financial condition of the City, the feasibility of the project for which the Bonds were issued, or the adequacy of the security provided to the Bondholders. We will assume no responsibility with respect to real estate or personal property title matters. All matters of title with respect to real estate will be the responsibility of the City's general counsel or a title insurer. We will rely upon

such opinions, the title policy or commitment and such certificates in delivering our Bond Opinion.

(7) In our role as Bond Counsel, we may or may not undertake responsibility for the preparation of an Official Statement or other disclosure document with respect to the Bonds depending on the approach used by your financial advisor. Regardless, we are not responsible for performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document. In any public offering of the Bonds, we would expect the financial advisor, the underwriter and the City to evidence compliance with the current standards for full disclosure by delivery at closing of appropriate certificates and opinions of counsel relating to both the undertakings of the City and the accuracy and completeness of the information included in the Official Statement. Moreover, if a disclosure document will be adopted or approved by the City, our responsibility, in our role as Bond Counsel, will include the preparation or review of any description or summary therein of: (i) Kentucky and federal law pertinent to the validity of the Bonds and the tax treatment of interest paid thereon, (ii) the Bonds, (iii) security for the Bonds, and (iv) our opinion.

(8) We assume that we will have the full cooperation of the financial advisor, underwriter and appropriate officials of the City and any others necessary to successfully complete this financing, including counsel to the other parties. We cannot, of course, guarantee the timing or outcome of legislative or judicial processes or other actions necessary to complete a financing.

(9) Under present law and regulations, we anticipate that the Bonds will be exempt from registration pursuant to the Securities Act of 1933, as amended; thus, no filings with the Securities and Exchange Commission will be necessary. However, the Bonds may be subject to registration or qualification in certain states. Our Bond Opinion will not make reference to any state law registration or qualification requirements for any jurisdiction in which the Bonds are to be sold, and we will undertake no Blue Sky survey or investment survey with respect to the Bonds in issuing our Bond Opinion and other opinions which may be required at Closing, except as may be hereafter specifically requested by the underwriter to a particular Bond issue and agreed to by us.

Compensation and Reimbursement

(10) Based upon (i) our current understanding of the terms, the structure, size and schedule of the financings which may be represented by the Bonds, (ii) the duties we will undertake pursuant to this engagement letter, (iii) the time we anticipate devoting to the financings and (iv) the responsibilities we will assume in connection therewith, we estimate that our fee as Bond Counsel would be $10,000. The fee is inclusive of travel costs, photocopying, deliveries, long distance telephone charges, fax charges, transcript preparation charges, filing fees, computer-assisted research and other necessary office disbursements, but the fee quoted will vary: (i) if the manner in which the Bonds are marketed (private placement, public offering, etc.)

changes, (ii) if unusual approaches in the structure of the financing occur beyond those contemplated herein, or (iii) if unusual or unforeseen circumstances arise which require a significant increase in our time or responsibility. If at any time we believe that circumstances require an adjustment of our original fee estimate we will consult with you prior to any such adjustment. In addition to the fee stated above, we will expect to be reimbursed for all out-of-pocket expenses related to legal advertisements. Our fee is normally paid at the closing and we customarily do not submit any statement until the Closing unless there is a substantial delay in completing the financing. If the issue of Bonds is delayed beyond three or four months, we reserve the right to present for payment an interim statement. We may submit an additional statement for charges following the Closing.

(11) When the City has obtained a purchase commitment for the Bonds, we will contact you regarding the agreed structure of the financing and its implications, if any, with respect to our fees.

(12) If for any reason the financing is not consummated or is completed without the rendition of our Bond Opinion, we will be paid the sum to be agreed upon with the City, plus out-of-pocket expenses, as described above.

Miscellaneous

(13) Our willingness to undertake the functions described herein with respect to any particular Bonds will be based upon the facts available to us at that time. We will commence our function with respect to each issue of Bonds after determining that nothing has come to our attention at that time which would lead us to conclude that there are any legal obstacles to delivery of the Bonds. We will proceed with the understanding that should anything come to our attention prior to the issuance of the Bonds, which would, in our opinion, cast doubt upon the legality of transaction, we will not be obligated to render our Bond Opinion.

(14) We understand that until we have been paid any fees for time and expenses owed to us under the terms of this engagement letter, you will not seek to engage any firm other than Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP to serve as Bond Counsel in connection with the issuance of any Bonds for which Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP has served as Bond Counsel. The engagement described in this letter may be terminated for any reason by the City or by us upon 30 days written notice. Fees for time and expense to the date of termination, if any, will be payable as of the date of termination.

(15) At your request, papers and property furnished by you for the Bond issue will be returned promptly upon receipt of payment for outstanding fees and client charges relating to that transaction. All documents customarily included in the record relating to the Bonds will be provided to the City, together with any other public records in our possession that are required to be maintained by the City. Our own files, including lawyer work product, pertaining to any particular transaction will be retained by us. For various reasons, including the minimization of

unnecessary storage expenses, we reserve the right to dispose of any documents or other materials retained by us after the termination of any particular transaction covered by this engagement letter.

(16) Upon execution of this engagement letter, the City will be our client and an attorney-client relationship will exist among us. We assume that all other parties will retain such counsel as they deem necessary and appropriate to represent their interests in any particular bond issue covered by this engagement letter. We further assume that all other parties understand that in a transaction covered by this engagement letter we represent only the City, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as Bond Counsel are limited to those contracted for in this engagement letter; the City's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the City will not affect, however, our responsibility to render an objective Bond Opinion.

If the foregoing terms are satisfactory to you, please indicate by returning the enclosed copy of this letter signed by an authorized person, retaining the original for your files.

Very truly yours,

PECK, SHAFFER & WILLIAMS, A
DIVISION OF DINSMORE & SHOHL LLP

By: _____
Dirk M. Bedarff

Accepted and Agreed to this
_____ day of _____ 2014

City of Paducah, Kentucky

By: _____
Gayle Kaler, Mayor

Agenda Action Form
Paducah City Commission

Meeting Date: June 24, 2014

Short Title: AN ORDINANCE AUTHORIZING AN ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO $10,500,000 INDUSTRIAL BUILDING REVENUE BONDS, SERIES 2014 (PADUACH CONVENTION HOTEL, LLC PROJECT) OF THE CITY OF PADUCAH, KENTUCKY, THE PROCEEDS OF WHICH SHALL BE USED TO PAY THE COSTS OF THE ACQUISITION, CONSTRUCTION, INSTALLATION AND EQUIPPING OF AN INDUSTRIAL BUILDING SUITABLE FOR USE AS A HOTEL, TOGETHER WITH ALL RELATED AND SUBORDINATE FACILITIES NECESSARY TO THE OPERATION THEREOF, AUTHORIZING A BOND PURCHASE AGREEMENT, MORTGAGE, PAYMENT IN LIEU OF TAXES AGREEMENT AND ASSIGNMENTS; AND AUTHORIZING OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS.

☒ Ordinance ☐ Emergency ☐ Municipal Order ☐ Resolution ☐ Motion

Staff Work By: Doolittle
Presentation By: Doolittle

Background Information:

Industrial Building Revenue Bonds are the financing method being chosen by the hotel. The bond sale will be private and Independence Bank will be the sole purchaser. The city's credit is not at risk, and the city is not responsible for repayment. While the City is the issuing body, the state does the actual approval. A hearing will be held by the state local debt officer on June 30, 2014. In this method of financing, the City will own the property and lease it back to the developers for the length of the lease. As a consequence of that, there will be no property taxes except for the Payments in Lieu of Taxes made to the City of Paducah and the Paducah Independent School District.

Goal: ☒ Strong Economy ☐ Quality Services ☐ Vital Neighborhoods ☒ Restored Downtowns

Funds Available: Account Name: NA
Account Number: NA

Finance

Staff Recommendation:

Approve

Steve Doolittle Department Head	City Clerk	City Manager

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO $10,500,000 INDUSTRIAL BUILDING REVENUE BONDS, SERIES 2014 (PADUACH CONVENTION HOTEL, LLC PROJECT) OF THE CITY OF PADUCAH, KENTUCKY, THE PROCEEDS OF WHICH SHALL BE USED TO PAY THE COSTS OF THE ACQUISITION, CONSTRUCTION, INSTALLATION AND EQUIPPING OF AN INDUSTRIAL BUILDING SUITABLE FOR USE AS A HOTEL, TOGETHER WITH ALL RELATED AND SUBORDINATE FACILITIES NECESSARY TO THE OPERATION THEREOF, TO BE LOCATED WITHIN THE CITY OF PADUCAH, KENTUCKY, AND LEASED TO PADUACH CONVENTION HOTEL, LLC; PROVIDING FOR THE PLEDGE OF REVENUES FOR THE PAYMENT OF SUCH BONDS; AUTHORIZING A LEASE AGREEMENT APPROPRIATE FOR THE PROTECTION AND DISPOSITION OF SUCH REVENUES AND TO FURTHER SECURE SUCH BONDS; AUTHORIZING A BOND PURCHASE AGREEMENT, MORTGAGE, PAYMENT IN LIEU OF TAXES AGREEMENT AND ASSIGNMENTS; AND AUTHORIZING OTHER ACTIONS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS.

WHEREAS, the City of Paducah, Kentucky (the "Issuer"), by virtue of the laws of the Commonwealth of Kentucky, including Chapter 103 of the Kentucky Revised Statutes, is authorized and empowered among other things (a) to assist in defraying the cost of the acquisition, construction, installation and equipping of an "industrial building," as defined in § 103.200 of the Kentucky Revised Statutes, within the boundaries of the Issuer, (b) to issue and sell its negotiable revenue bonds to provide such moneys and (c) to enact this Ordinance and execute and deliver the agreements and instruments hereinafter identified; and

WHEREAS, this Board of Commissioners (the "Issuing Authority") has determined and does hereby confirm that the financing, acquisition, construction, installation and equipping of a building suitable for use as a hotel, together with all related and subordinate facilities necessary for the operation thereof (the "Project"), for lease to Paducah Convention Hotel LLC (the "Company"), is a Project that will promote the welfare of the people of the Commonwealth of Kentucky, promote reconversion to a peacetime economy, relieve conditions of unemployment, aid in the rehabilitation of returning veterans, encourage the increase of industry in the Commonwealth of Kentucky, promote the economic welfare of the people of the Issuer, create or preserve jobs and employment opportunities and assist in the development of industrial activities to the benefit of the people of the Issuer, and that the Issuer, by assisting with the financing of the Project through the issuance of revenue bonds in the approximate principal amount of $10,500,000 (the "Series 2014 Bonds") will be acting in the manner consistent with and in furtherance of the provisions of the laws of the Commonwealth of Kentucky, particularly Chapter 103 of the Kentucky Revised Statutes (the "Act");

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF PADUCAH, KENTUCKY, AS FOLLOWS:

SECTION 1. Definitions. All defined terms used herein and those not otherwise defined herein shall have the respective meanings given to them in the Lease Agreement (the "Lease Agreement") between the Issuer and the Company, relating to the Series 2014 Bonds.

Any reference herein to the Issuer or the Issuing Authority, or to any officers or members thereof, shall include those which succeed to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions.

Unless the context shall otherwise indicate, words importing the singular number shall include the plural number, and vice versa, and the terms "hereof," "hereby," "hereto," "hereunder," and similar terms, mean this Ordinance.

SECTION 2. Determinations of Issuer. Pursuant to the Act, this Issuing Authority hereby affirms that the Project constitutes an "industrial building" as defined in the Act and is consistent with the provisions of §§ 103.200 to 103.285 of the Act; that such industrial building consists of an industrial building and related personal property including operating equipment and machinery deemed necessary in connection therewith, related to an activity, business, or industry for the manufacturing, processing or assembling of a commercial product, together with storage, warehousing, and distribution facilities in respect thereof, suitable for use by the Company within the meaning of the Act, as set forth in § 103.200(1)(k) of the Act; and that such industrial building is to be financed with the proceeds of the Series 2014 Bonds pursuant to the provisions of §§ 103.200 to 103.285 of the Act.

SECTION 3. Authorization of Bonds. It is hereby determined to be necessary to, and the Issuer shall, issue, sell and deliver, as provided herein and pursuant to the authority of the Act, the Series 2014 Bonds for the purposes of financing the acquisition, construction, installation and equipping of the Project, including costs incidental thereto, all in accordance with the provisions of the Lease Agreement. The Series 2014 Bonds shall be designated "Industrial Building Revenue Bonds, Series 2014 (Paducah Convention Hotel, LLC Project)." The maximum amount of Series 2014 Bonds to be outstanding at any one time is no greater than $10,500,000.

SECTION 4. Terms and Execution of the Bonds. The Series 2014 Bonds shall be issued in the forms and denominations, shall be numbered, dated and payable as provided in the Bond Purchase Agreement hereinafter defined. The Series 2014 Bonds shall mature as provided in the Bond Purchase Agreement, and have such terms, bear such interest, and be subject to mandatory and optional redemption as provided in the Bond Purchase Agreement. This Issuing Authority hereby fixes and establishes the interest rate in effect from time to time on the Series 2014 Bonds in the manner and pursuant to the provisions of the Bond Purchase Agreement. The Series 2014 Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of its Mayor and City Clerk. In case any officer whose signature or a facsimile thereof shall appear on the Series 2014 Bonds shall cease to be such officer before the issuance or delivery of the Series 2014 Bonds, such signature or facsimile thereof shall nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until after that time.

The form of the Series 2014 Bonds submitted to this meeting, subject to appropriate insertions and revisions in order to comply with the provisions of the Bond Purchase Agreement, is hereby approved, and when the same shall be executed on behalf of the Issuer by the appropriate officers thereof in the manner contemplated hereby and by the Bond Purchase Agreement, shall represent the approved form of Series 2014 Bonds of the Issuer.

SECTION 5. Sale of the Bonds. In accordance with a written request, addressed to the Mayor from the Company, that the sale of the Series 2014 Bonds be made privately upon a negotiated basis, the Series 2014 Bonds are hereby awarded to Independence Bank (the

"Purchaser") at the purchase price set forth, and on the terms and conditions described, in the Bond Purchase Agreement with respect to the Series 2014 Bonds (the "Bond Purchase Agreement") among the Issuer, the Company, the Purchaser and Independence Bank, as servicing agent (the "Servicing Agent"). The Mayor and City Clerk are authorized and directed to make on behalf of the Issuer the necessary arrangements to establish the date, location, procedure and conditions for the delivery of the Series 2014 Bonds to the Purchaser, and to take all steps necessary to effect due execution and delivery to the Purchaser of the Series 2014 Bonds (or temporary bonds delivered in lieu of definitive Series 2014 Bonds until their preparation and delivery can be effectuated) under the terms of this Ordinance, the Bond Purchase Agreement and the Lease Agreement. It is hereby determined that the price for and the terms of the Series 2014 Bonds, and the sale thereof, all as provided in the aforesaid documents, are in the best interests of the Issuer and consistent with all legal requirements.

SECTION 6. Authorization of Lease Agreement, Bond Purchase Agreement, PILOT Agreement, Mortgage, Assignments and All Other Documents to be Executed by the Issuer. In order to better secure the payment of the principal of, premium, if any, and interest on the Series 2014 Bonds as the same shall become due and payable, the Mayor and City Clerk are authorized to execute, acknowledge and deliver in the name and on behalf of the Issuer, the Lease Agreement, PILOT Agreement (as hereinafter defined), the Mortgage (as defined in the Lease Agreement), Bond Purchase Agreement and assignments substantially in the forms submitted or described to the Issuer, which are hereby approved, which shall be consistent with this Ordinance and not substantially adverse to the Issuer as may be permitted by the Act and approved by the officers executing the same on behalf of the Issuer. In order to provide for the payment of certain ad valorem taxes that would become due and payable from the Company if the transactions contemplated by the Bonds were not undertaken, the Mayor and City Clerk are authorized to execute, acknowledge and deliver in the name and on behalf of the Issuer, a Payment in Lieu of Taxes Agreement (the "PILOT Agreement") among the Company, the Issuer and the Paducah Independent School District (the "District") in the form submitted or described to the Issuer, which is hereby approved. The approval of such documents by said officers, and that such are not substantially adverse to the Issuer, shall be conclusively evidenced by the execution of such Lease Agreement, PILOT Agreement, Bond Purchase Agreement, Mortgage and assignments by such officers.

The Mayor and City Clerk are each hereby separately authorized to take any and all actions and to execute such financing statements, assignments, certificates, deeds and other instruments that may be necessary or appropriate in the opinion of Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP, as Bond Counsel, in order to effect the issuance of the Series 2014 Bonds and the intent of this Ordinance. The City Clerk, or other appropriate officer of the Issuer, shall certify a true transcript of all proceedings had with respect to the issuance of the Series 2014 Bonds, along with such information from the records of the Issuer as is necessary to determine the regularity and validity of the issuance of the Series 2014 Bonds.

SECTION 7. Covenants of Issuer. In addition to other covenants of the Issuer in this Ordinance, the Issuer further covenants and agrees as follows:

(a) Payment of Principal, Premium and Interest. The Issuer will, solely from the sources herein or in the Bond Purchase Agreement provided, pay or cause to be paid the principal of, premium, if any, and interest on each and all Series 2014 Bonds on the dates, at the places and in the manner provided herein, in the Bond Purchase Agreement and in the Series 2014 Bonds.

(b) Performance of Covenants, Authority and Actions. The Issuer will at all times faithfully observe and perform all agreements, covenants, undertakings, stipulations and provisions contained in the Series 2014 Bonds, Lease Agreement, Bond Purchase Agreement, PILOT Agreement, Mortgage and assignments, and in all proceedings of the Issuer pertaining to the Series 2014 Bonds. The Issuer warrants and covenants that it is, and upon delivery of the Series 2014 Bonds will be, duly authorized by the laws of the Commonwealth of Kentucky, including particularly and without limitation the Act, to issue the Series 2014 Bonds and to execute the Lease Agreement, Bond Purchase Agreement, PILOT Agreement, Mortgage and assignments, and all other documents to be executed by it, to provide for the security for payment of the principal of, premium, if any, and interest on the Series 2014 Bonds in the manner and to the extent herein and in the Bond Purchase Agreement set forth; that all actions on its part for the issuance of the Series 2014 Bonds and execution and delivery of the Lease Agreement, Bond Purchase Agreement, PILOT Agreement, Mortgage, assignments and all other documents to be executed by it in connection with the issuance of the Series 2014 Bonds, have been or will be duly and effectively taken; and that the Series 2014 Bonds will be valid and enforceable special obligations of the Issuer according to the terms thereof. Each provision of the Ordinance, Lease Agreement, Bond Purchase Agreement, PILOT Agreement, Mortgage, assignments and each Series 2014 Bond, and all other documents to be executed by the Issuer in connection with the issuance of the Series 2014 Bonds, is binding upon each officer of the Issuer as may from time to time have the authority under law to take such actions as may be necessary to perform all or any part of the duty required by such provision; and each duty of the Issuer and of its officers and employees undertaken pursuant to such proceedings for the Series 2014 Bonds is established as a duty of the Issuer and of each such officer and employee having authority to perform such duty.

SECTION 8. No Personal Liability. No recourse under or upon any obligation, covenant, acceptance or agreement contained in this Ordinance, or in any Series 2014 Bond, or in the Lease Agreement, Bond Purchase Agreement, PILOT Agreement, Mortgage and assignments, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise, or under any circumstances, shall be had against any officer as such, past, present, or future, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to any holder of any Series 2014 Bond, or otherwise, of any sum that may be due and unpaid by the Issuer upon any of the Series 2014 Bonds. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such officer, as such, to respond by reason of any act or omission on his or her part, or otherwise, for, directly or indirectly, the payment for or to the Issuer or any receiver thereof, or for or to the owner or any holder of any Series 2014 Bond, or otherwise, of any sum that may remain due and unpaid upon any Series 2014 Bond, shall be deemed to be expressly waived and released as a condition of and consideration for the execution and delivery of the Lease Agreement, Bond Purchase Agreement, PILOT Agreement, Mortgage, assignments and the issuance of the Series 2014 Bonds.

SECTION 9. No Debt or Tax Pledge. The Series 2014 Bonds do not constitute an indebtedness of the Issuer within the meaning of the Constitution of the Commonwealth of Kentucky. The Series 2014 Bonds shall be payable solely from the revenues and security interests pledged for their payment as provided in the Series 2014 Bonds, and neither moneys raised by taxation nor any other general or special revenues of the Issuer shall be obligated or pledged for the payment of principal of, premium (if any) or interest on the Series 2014 Bonds.

SECTION 10. Severability. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 11. Open Meetings Law. This Issuing Authority hereby finds and determines that all formal actions relative to the adoption of this Ordinance were taken in an open meeting of this Issuing Authority, and that all deliberations of this Issuing Authority and of its committees, if any, which resulted in formal action, were in meetings open to the public, in full compliance with applicable legal requirements.

SECTION 12. Effective Date. This Ordinance shall be in full force and effect from and after its passage, attestation and publication of a summary hereof.

INTRODUCED, SECONDED AND GIVEN FIRST-READING APPROVAL AT A DULY CONVENED MEETING OF THE BOARD OF COMMISSIONERS OF THE CITY OF PADUCAH, KENTUCKY, held on June __, 2014.

GIVEN SECOND READING AND ADOPTED AT A DULY CONVENED MEETING OF THE BOARD OF COMMISSIONERS OF THE CITY OF PADUCAH, KENTUCKY, held on June__, 2014 on the same occasion signed by the Mayor as evidence of his approval, attested by the City Clerk, ordered and published and filed as required by law, and declared to be in full force and effect from and after its adoption and approval according to law.

Approved:

By: _____
Mayor

ATTEST:

_____
City Clerk

CERTIFICATE

I, Tammara Sanderson, City Clerk of the City of Paducah, Kentucky, do hereby certify that the above is a true copy of an ordinance, as adopted by the Board of Commissioners at a meeting held on June __, 2014, whereat a quorum was present and voting, all as shown by the records of said City in my office.

Dated: _____, 2014.

SIGNED:

By: _____
City Clerk

85644v1

AGREEMENT OF LEASE

Between

CITY OF PADUCAH, KENTUCKY

And

PADUCAH CONVENTION HOTEL, LLC

$10,500,000 Industrial Building Revenue Bonds, Series 2014
(Paducah Convention Hotel, LLC Project)

Dated

as of

July 15, 2014

The interest of City of Paducah, Kentucky in any revenues and receipts derived under this Lease, except for certain expense, reimbursement, indemnity and in lieu of tax payments, has been assigned to Independence Bank, Paducah, Kentucky, as hereinafter provided.

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AGREEMENT OF LEASE

This Agreement of Lease (as the same may be amended or supplemented, the "Agreement" or "Lease"), is made as of July 15, 2014, between the CITY OF PADUCAH, KENTUCKY, a municipal corporation and political subdivision organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer" or "Landlord"), and PADUCAH CONVENTION HOTEL, LLC, a Kentucky limited liability company (the "Tenant").

WHEREAS, pursuant to the provisions of §§ 103.200 to 103.285 of the Kentucky Revised Statutes, in order to promote the economic development of the Commonwealth, to relieve conditions of unemployment and to encourage the increase of industry in the Commonwealth of Kentucky, the Issuer may borrow money and issue negotiable bonds for the purpose of defraying the cost of acquiring any industrial building, as defined in § 103.200 of the Kentucky Revised Statutes either by purchase or construction; and

WHEREAS, pursuant to §§ 103.200 to 103.285, the legislative body of the Issuer has adopted an Ordinance (defined herein as the "Bond Legislation") authorizing the issuance of its Industrial Building Revenue Bonds, Series 2014 (Paducah Convention Hotel, LLC Project) (the "Bonds"), with a maximum indebtedness, exclusive of interest of $10,500,000 and with a final maturity of February 1, 2036, in order to finance the acquisition, construction installation and equipping of a 121 room hotel in downtown Paducah, Kentucky (the "Project"); and

WHEREAS, Paducah Convention Hotel, LLC has certified to the Issuer that the Project is an "Industrial Building" as that term is defined in § 103.200(1)(k) of the Kentucky Revised Statutes, consisting of an industrial building project designed to be used as a hotel, together with all related and subordinate facilities necessary to the operation thereof; and

WHEREAS, the Board of Commissioners of the Issuer (the "Issuing Authority") has found and determined, and hereby finds and determines, that the economic development of the Issuer and the Commonwealth will be promoted, conditions of unemployment will be relieved and industry will be increased in the Commonwealth by the Project, and negotiations have been carried on between the Issuer and the Tenant in respect of the issuance by the Issuer of the Bonds for the purpose of financing the acquisition, construction, equipping and installation of such industrial building comprising the Project, which is to be acquired, constructed, installed, equipped and owned by the Issuer at the Project Site and leased to the Tenant, and that such financing, owning and leasing of the Project is authorized by, and will be consistent with and in furtherance of, the provisions of §§ 103.200 to 103.285 of the Kentucky Revised Statutes; and

WHEREAS, the Tenant and the Issuer each have full right and lawful authority to enter into this Lease and to perform and observe the provisions hereof on their respective parts to be performed and observed;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto covenant, agree and bind themselves as follows, (provided that any obligation of the Issuer created by or arising out of this Agreement shall not be a general debt on its part but shall be payable solely out of Revenues, as defined herein):

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1. Definitions. In addition to the words and terms defined in the recitals and elsewhere in this Lease, the words and terms defined in this Article I shall, for all purposes of this Lease, have the meanings herein specified, except as otherwise expressly provided or unless the context otherwise requires. Those words and terms not expressly defined herein and used herein with initial capitalization where rules of grammar do not otherwise require capitalization shall have the meanings set forth in the Bond Legislation, as defined herein.

"*Act*" means §§ 103.200 to 103.285 of the Kentucky Revised Statutes, as amended, and in full force on the date of execution of the Agreement.

"*Additional Rent*" means the rent payable pursuant to Section 4.2 hereof.

"*Assignment of Rents*" means the Assignment of Rents and Leases dated as of July 15, 2014, from the Tenant and the Issuer to the Original Purchaser pursuant to which the Tenant assigns to the Original Purchaser all rents and leases with respect to the Project, as the same may be amended or supplemented from time to time.

"*Authorized Tenant Representative*" means the person at the time designated to act on behalf of the Tenant by written instrument furnished to the Landlord and the Original Purchaser, containing the specimen signature of such person and signed on behalf of the Tenant by an officer of the Tenant. Such instrument may designate an alternate or alternates.

"*Basic Rent*" means rent payable pursuant to Section 4.1 hereof.

"*Bond Counsel*" means an attorney-at-law (other than an employee of the Tenant) satisfactory to the Original Purchaser and nationally recognized as experienced in matters relating to bonds of states and political subdivisions.

"*Bondholder*," "*Holder*" or "*holder*" means the person in whose name a Bond is registered.

"*Bond Legislation*" means the ordinance providing for the issuance of the Bonds and approving this Lease and related matters, as amended or supplemented from time to time.

"*Bonds*" means the City of Paducah, Kentucky Industrial Building Revenue Bonds, Series 2014 (Paducah Convention Hotel, LLC Project) in the maximum aggregate principal amount of $10,500,000.

"*Bond Service Charges*" means, for any period or payable at any time, the principal of, premium, if any and interest on the Bonds for that period or payable at that time whether due at maturity as scheduled or upon acceleration or redemption.

"*Business Day*" means each Monday through Friday, except for days on which commercial banks are not authorized to open or are required by law to close in New York, New York.

"*Capital Reserve Account*" means the Capital Reserve Account established pursuant to Section 15.9 of this Lease.

"*Commonwealth*" means the Commonwealth of Kentucky.

"*Completion Date*" means the date of completion of the acquisition, construction, equipping and installation of the Project as that date shall be certified as provided in Section 8.6 hereof.

"*Construction Period*" means the period between the earlier of (a) the date of this Lease or (b) the beginning of the acquisition, construction, installation and equipping of the Project, and the Completion Date.

"*Default Rate*" means the lesser of (i) the maximum rate allowed by law or (ii) five percent (5%) of the amount due and payable which has not been paid by the tenth (10th) day following the applicable due date.

"*Development Agreement*" means the Development Agreement dated as of December 17, 2013 by and among the Landlord, the Tenant and the Guarantors, as the same may be amended or supplemented from time to time.

"*District*" means the Paducah Independent School District, a political subdivision of the Commonwealth.

"*Eligible Investments*" means any investment permitted by Section 66.480 of the Kentucky Revised Statutes.

"*ERISA*" means the Employee Retirement Income Security Act of 1974 and the regulations and published interpretations thereunder, as amended from time to time.

"*Event of Default*" means any of the events described in Section 18.1 hereof.

"*Guarantors*" means, collectively, Todd M. Clark, John M. Clark, David M. Puckett, David B. Jones, Glenn R. Malone, Eddie Corley and Garrett Forbes Mathieu.

"*Guaranty Agreements*" means, collectively, the Limited Guaranty and the Unlimited Guaranty.

"*Impositions*" shall have the meaning specified in Section 5.2 hereof.

"*Interest Payment Date*" or "interest payment date" means each date set forth as such in the form of Bond attached as Exhibit A to the Purchase Agreement.

"*Interest Rate for Advances*" means the lesser of (i) five percent (5%) of the amount due and payable which has not been paid by the tenth (10th) day following the applicable due date or (ii) the maximum amount allowed by law.

"*Landlord*" or "*Issuer*" means the City of Paducah, Kentucky, and its successors and assigns.

"*Lease*" or "*Agreement*" means this Agreement of Lease as it now exists and as it may hereafter be amended.

"*Lease Payments*" means Basic Rent and Additional Rent.

"*Limited Guaranty*" means the Limited Guaranty dated as of July 15, 2014 from David B. Jones, Glenn R. Malone, Eddie Corley and Garrett Forbes Mathieu, jointly and severally, to the Original Purchaser.

"*Mortgage*" means the Open-End Leasehold Mortgage and Security Agreement dated as of July 15, 2014, relating to the Project, the Bonds and this Lease, among the Tenant, the Landlord and the Original Purchaser, as amended or supplemented from time to time.

"*Net Proceeds*" means, as to any insurance proceeds or any condemnation award, the amount remaining after deducting therefrom all expenses (including attorneys' fees and expenses of Landlord or original Purchaser) incurred in the collection of such proceeds or award, plus any interest earned on the investment thereof.

"*Interest Reserve Account*" means the Interest Reserve Account created in the Purchase Agreement.

"*Original Principal Sum*" means $10,500,000, the aggregate original face amount of the Bonds.

"*Original Purchaser*" means Independence Bank, a Kentucky banking corporation, and its successors and assigns.

"*Original Purchaser Required Documents*" means, collectively, the Assignment of Rents, the Mortgage, the Guaranty, the Purchase Agreement and this Lease.

"*Payment in Full of the Bonds*" means the first date when the Bonds are no longer deemed to be outstanding under the provisions of the Bond Purchase Agreement.

"*Permitted Encumbrances*" means as of any particular time:

(i) the right reserved to or vested in any municipality or public authority by the terms of any provision of law to terminate any right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of the Project for the purposes for which it is held by Tenant or materially adversely affect its value;

(ii) the right reserved to or vested in any municipality or public authority to purchase, condemn or appropriate all or any part of the Project or Project Site;

(iii) liens for taxes, payments in lieu of taxes, assessments, levies, fees, charges, duties, imposts, claims and demands referred to in this Lease which are not at the time due and payable, or the validity or amount of which is being contested in compliance with the provisions of this Lease;

(iv) easements, rights of way, licenses, restrictions and other defects, encumbrances and irregularities in the title to the Project or Project Site which in the opinion of the Project's architect do not materially impair the use thereof for the purposes for which it is held by Tenant or materially adversely affect its value;

(v) rights reserved to or vested in any municipality or public authority to control or regulate the Project or Project Site or to use the Project or Project Site in any manner which does not materially impair the use thereof for the purposes for which it is held by Tenant or materially adversely affect its value;

(vi) the leasehold estate created by and under the Lease and the statutory mortgage lien created upon issuance of the Bonds and the recording of the Lease;

(vii) the lien of the Mortgage;

(viii) the lien of the Assignment of Rents;

(ix) the Subordinated Mortgage; and

(x) those exceptions contained in the Commonwealth Land Title Insurance Company commitment for title insurance, as amended on the date of delivery of the Bonds, relating to the Project and the Project Site.

"*Person*" or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

"*PILOT Agreement*" means the Payment in Lieu of Taxes Agreement among the Issuer, the District and the Tenant, dated as of July 15, 2014, as amended or supplemented from time to time.

"*PILOT Payments*" means the payments in lieu of taxes payable pursuant to Section 5.5 hereof and the Pilot Agreement.

"*Project*" means the Project Site and real, personal, or real and personal property, including undivided interests or other interests therein, identified in Exhibit A attached hereto as a part hereof, or acquired, constructed or installed as a replacement or substitution therefor or an addition thereto, or as may result from a revision of the plans and specifications therefor in accordance with the provisions of this Lease.

"*Project Account*" means the Project Account as created in the Purchase Agreement.

"*Project Architect*" means _____ or any successor Project Architect appointed by the Tenant by notice, in writing, to the Original Purchaser.

"*Project Costs*" means costs of the Project specified in Section 8.2 hereof.

"*Project Contractor*" means A&K Construction, or any successor Project Contractor appointed by the Tenant, and approved in writing by the Original Purchaser.

"*Project Site*" means the real estate and interests in real estate constituting the site of and part of the Project, as described in Exhibit B attached hereto as a part hereof.

"*Purchase Agreement*" means the Bond Purchase Agreement dated as of or after the date hereof but prior to the initial delivery of the Bonds, among the Issuer, the Original Purchaser, the Servicing Agent and the Tenant.

"*Redemption Premium*" means the prepayment premium, if any, payable upon early retirement or redemption of the Bonds, as such term is defined in the Bonds.

"*Registrar*" means Registrar as defined in the Bond Legislation.

"*Rent Payment Date*" means each Interest Payment Date.

"*Revenues*" means (a) the Lease Payments, (b) all other moneys received or to be received by the Landlord or the Servicing Agent in respect of the Agreement, including without limitation, moneys and investments in the Bond Account, and (c) all income and profit from the investment of the foregoing moneys.

"*Servicing Agent*" means the Servicing Agent at the time serving as such under the Bond Legislation, originally the Original Purchaser, and any successor Servicing Agent as determined or designated under or pursuant to the Purchase Agreement.

"*Subordinated Mortgage*" means the Subordinated Open-End Leasehold Mortgage and Security Agreement dated as of July 15, 2014, relating to the Project, between the Tenant and the Landlord, as amended or supplemented from time to time.

"*Tenant*" means Paducah Convention Hotel, LLC, a Kentucky limited liability company, its successors and assigns.

"*Unassigned Issuer's Rights*" means all of the rights of the Landlord to receive Additional Rent under Section 4.2 hereof, to be held harmless under Section 15.6 hereof, to be reimbursed for Attorney's fees and expenses under Section 18.3 hereof and to give or withhold consent to amendments, changes, modifications, alterations and termination of this Lease under Section 19.2 hereof.

"*Unlimited Guaranty*" means the Unlimited Guaranty dated as of July 15, 2014 from Todd M. Clark, John M. Clark and David M. Puckett, jointly and severally, to the Original Purchaser.

Section 1.2. Rules of Construction.

(a) Unless the context clearly indicates to the contrary, the words "herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Lease and not solely to the particular portion thereof in which any such word is used. Words importing the singular number shall include the plural number and vice versa, and any pronoun used herein shall be deemed to cover all genders.

(b) Any reference herein to the Landlord or any officer of the Landlord shall include those which succeed to their respective functions, duties or responsibilities pursuant to or by

operation of law or who are lawfully performing such functions. Any reference herein to any other person or entity shall include his or its respective successors and assigns. Any reference herein to a section or provision of the Code or to a section, provision or chapter of the Kentucky Revised Statutes shall include such section or provision or chapter as from time to time amended, modified, revised, supplemented or superseded; provided that no such change shall be deemed applicable by reason of this provision if such change would in any way constitute an impairment of the rights of the Landlord or the Tenant under this Lease.

(c) The Issuer has agreed and entered into this Lease with the Tenant as an accommodation to the Tenant to secure the issuance of the Bonds by the Issuer. So long as the Original Purchaser shall be the registered Bondholder, in the event of a conflict between the terms and provisions of this Lease and the terms and provisions of the other Original Purchaser Required Documents, the terms and provisions of the other Original Purchaser Required Documents shall control. Without limitation of the generality of the foregoing, the provisions of the Mortgage shall control over any inconsistent provisions of the Lease.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties by the Landlord. The Landlord represents and warrants that:

(a) It is a municipal corporation and political subdivision of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky and the United States of America.

(b) It has the power to issue the Bonds, to enter into this Lease, the Development Agreement, the Purchase Agreement, the Assignment of Rents and the Mortgage and to carry out its obligations hereunder and thereunder, and neither the execution and delivery of any such agreements or instruments nor performance by the Landlord of any of its obligations hereunder or thereunder will violate or constitute a default under any provision of law or regulation, or any writ, order or decree of any court or governmental agency, or any indenture, agreement or other undertaking to which the Landlord is a party or by which it or any of its property is bound.

(c) It has duly accomplished all conditions necessary to be accomplished by it prior to issuance and delivery of the Bonds and execution and delivery of this Lease, the Development Agreement, the Mortgage, the Assignment of Rents and the Purchase Agreement.

(d) It has been duly authorized to execute and deliver this Lease, the Mortgage, the Development Agreement, the Assignment of Rents and the Purchase Agreement and to issue the Bonds and has obtained all necessary approvals and consents, governmental or otherwise for the execution, delivery and performance of this Lease, the Mortgage, the Development Agreement, the Assignment of Rents and the Purchase Agreement.

(e) Neither the Project, this Lease nor the Revenues have been mortgaged, pledged or hypothecated in any manner or for any purpose other than as provided in the Bond Legislation and the Mortgage as security for the payment of the Bonds and the Tenant's obligations under this Lease.

(f) This Lease, the Purchase Agreement, the Development Agreement, the Assignment of Rents and the Mortgage have been duly executed and delivered by the Issuer and constitute legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditor's rights in general. The enforceability of the Landlord's obligations under said documents is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(g) No bankruptcy, reorganization, arrangement, insolvency proceeding or liquidation proceeding, or any other proceeding for the relief of borrowers, has been instituted by or against the Landlord and Landlord shall provide the Original Purchaser with immediate written notice in the event that Landlord's interest in the Project Site, or any portion thereof, shall become an asset in any voluntary or involuntary bankruptcy proceeding.

Section 2.2. Representations and Warranties by the Tenant. The Tenant represents and warrants that:

(a) It is a limited liability company duly organized and validly existing under the laws of the Commonwealth of Kentucky, is authorized to transact business as a foreign corporation in the Commonwealth, and has the power and authority to carry on its business as presently conducted and to enter into and perform its obligations under this Lease. The execution, delivery and performance by Tenant of this Lease, the Development Agreement, the Assignment of Rents, the Mortgage and the Purchase Agreement have been duly authorized by all necessary action on the part of the Tenant, and do not and will not contravene any law or any governmental rule, regulation or order presently binding on the Tenant or the Articles of Organization or Operating Agreement of the Tenant in any material respect.

(b) It has the power and has been duly authorized to enter into this Lease, the Assignment of Rents, the Development Agreement, the Mortgage and the Purchase Agreement and to perform all of its obligations hereunder and thereunder.

(c) The Tenant is not subject to any contractual or other limitation or provision of any nature whatsoever which in any way limits, restricts or prevents the Tenant from entering into this Lease, the Development Agreement, the Assignment of Rents, the Mortgage or the Purchase Agreement, or performing any of its obligations hereunder or thereunder; and the execution and delivery of this Lease, the Development Agreement, the Assignment of Rents, the Mortgage and the Purchase Agreement, the consummation of the transactions contemplated hereby and thereby, and the fulfillment of or compliance with the terms and conditions of this Lease, the Development Agreement, the Assignment of Rents, the Mortgage and the Purchase Agreement will not conflict with or result in a breach of the terms, conditions or provisions of any restriction, agreement or instrument to which the Tenant is a party or by which it is bound, or constitute a default under any of the foregoing, and will not violate any provision of law or regulation applicable to the Tenant or any court or administrative order or decree.

(d) The acquisition, construction and equipping of the Project complies with all applicable zoning, planning, building, environmental and other regulations of all of the governmental authorities having jurisdiction of the Project, and all necessary permits, licenses, consents and permissions necessary for the construction and operation of the Project have been obtained, and all necessary utilities are available to the Project.

(e) The acquisition, construction and equipping of the Project as well as its use and operation are and will be in complete conformance with the purposes and provisions of the Act.

(f) The execution, delivery and performance by the Tenant of this Lease, the Development Agreement, the Assignment of Rents, the Mortgage and the Purchase Agreement do not require the consent or approval of, the giving of notice to, the registration with, or the taking of any other action in the respect of, any federal, state or other governmental authority or agency, not previously obtained or performed.

(g) Assuming the due authorization, execution and delivery thereof by the other parties thereto, this Lease, the Assignment of Rents, the Mortgage and the Purchase Agreement have been duly executed and delivered by the Tenant and constitute the legal, valid and binding agreements of the Tenant, enforceable against the Tenant in accordance with their respective terms, except as may be limited by bankruptcy, insolvency or other similar laws affecting the enforcements of creditor's rights in general. The enforceability of the Tenant's obligations under

said documents is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

(h) There are no actions, suits or proceedings pending or to the knowledge of the Tenant, threatened, before any court, administrative agency or arbitrator which, individually or in the aggregate, might result in any material adverse change in the financial condition of the Tenant or might impair the ability of the Tenant to perform its obligations under this Lease, the Development Agreement, the Assignment of Rents, the Mortgage or the Purchase Agreement

(i) No event has occurred and is continuing which with the lapse of time or the giving of notice would constitute an Event of Default under this Lease, the Development Agreement, the Assignment of Rents, the Mortgage, the Subordinated Mortgage or the Purchase Agreement.

(j) The Tenant is in compliance with ERISA. No Reportable Event or Prohibited Transaction (as defined in ERISA) or termination of any plan has occurred and no notice of termination has been filed with respect to any plan established or maintained by the Tenant and subject to ERISA. The Tenant has not incurred any material funding deficiency within the meaning of ERISA of any material liability to the Pension Benefit Guaranty Corporation in connection with any such plan established or maintained by the Tenant. The Tenant is not a party to any Multiemployer Plan (as defined in ERISA).

(k) The Tenant has filed all federal, state and local tax returns and has paid all of its current obligations before delinquent, including all federal, state and local taxes and all other payments required under federal, state or local law.

ARTICLE III

GRANTING OF LEASEHOLD

Section 3.1. Granting of Leasehold. Landlord by these presents hereby demises, rents, leases and lets unto Tenant and Tenant hereby rents, leases and hires from Landlord, for the rentals and upon and subject to the terms and conditions hereinafter set forth, the Project Site and the Project as now existing and as may be hereafter acquired, constructed and installed pursuant to this Lease, for a term of 21.5 years, unless sooner terminated as hereinafter permitted, commencing on the date of this Lease and ending at 11:59 P.M. prevailing time in the City of Paducah, Kentucky on February 1, 2036.

ARTICLE IV

RENTALS

Section 4.1. Basic Rent. Landlord reserves and Tenant covenants and agrees to pay to the Servicing Agent for the account of Landlord during the term of this Lease, Basic Rent payable as follows:

(a) On or before each Rent Payment Date, commencing September 1, 2014, the amount necessary together with any moneys then on deposit with the Servicing Agent and available for that purpose, to pay an amount equal to the interest payable on the Bonds on the Interest Payment Date;

(b) On or before each Rent Payment Date, commencing September 1, 2014, the amount necessary together with any moneys then on deposit with the Servicing Agent and available for that purpose, to pay an amount equal to the installment of principal then due on the Bonds, either at maturity or by mandatory sinking fund redemption;

(c) On or before the date required under the Bonds and the Purchase Agreement, an amount sufficient to purchase Bonds optionally tendered for purchase by the Holder in accordance with the optional tender provisions relating thereto in the Bonds and the Purchase Agreement; and

(d) Upon redemption of the Bonds upon acceleration following an Event of Default, any applicable Redemption Premium.

Time is of the essence with respect to this Lease.

All payments of Basic Rent received by the Servicing Agent pursuant to this Section shall be deposited in the Bond Account and remitted to the Bondholder in accordance with the Purchase Agreement and the Bonds. Notwithstanding the foregoing, Tenant's obligation to make payments of Basic Rent shall cease upon Payment in Full of the Bonds.

Section 4.2. Additional Rent. Tenant shall pay as Additional Rent (a) all customary fees and reasonable charges and expenses (including without limitation attorneys' fees) of the Servicing Agent in connection with the Bonds; (b) all Impositions (as defined in Article V and except as therein provided); (c) any and all costs and expenses incurred or to be paid by the Landlord in connection with the issuance and delivery of the Bonds or otherwise related to actions taken by the Issuer under this Lease; and (d) Additional Rent under Section 5.4 hereof.

Section 4.3. Rent Payable Without Abatement or Set-Off. Tenant covenants and agrees with and for the express benefit of the Original Purchaser and the holders of the Bonds, that until Payment in Full of the Bonds, Tenant shall make all payments of Basic Rent and Additional Rent on or before the dates the same become due, and that Tenant shall perform all of its other obligations, covenants and agreements hereunder without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment or defense arising from any circumstance whatsoever whether now existing or hereafter arising, including, without limiting the generality of the foregoing, defenses based on alleged failure of consideration, eviction, or constructive eviction, commercial frustration of purpose, or any changes in the tax or other laws or regulations of the United States of America or of the Commonwealth or any political

subdivision or agency of either, and irrespective of whether Landlord's title to the Project, or to any part thereof, is defective or nonexistent, and notwithstanding any damage to, loss, theft or destruction of the Project or any part thereof, the taking of title to or of the right of temporary use of all or any part of the Project by eminent domain, legal curtailment of Tenant's use thereof, change in Landlord's legal organization or status, or any default of Landlord hereunder, and regardless of the invalidity of any action of Landlord, and regardless of the invalidity of all or any portion of this Lease, and Tenant hereby waives, to the extent permitted by law, the provisions of any constitutional provision, any statute or other law now or hereafter in effect contrary to any of its obligations, covenants or agreements under this Lease or which releases or purports to release Tenant therefrom. Nothing in this Lease shall be interpreted or construed as a waiver by Tenant of any rights or claims Tenant may have against Landlord, the Servicing Agent, or any third party under this Lease or otherwise, but any recovery upon such rights and claims shall be had from such persons by virtue of Tenant's independent actions, separate and apart from any proceedings under this Lease, it being the intent of this Lease that until Payment in Full of the Bonds, Tenant shall be unconditionally and absolutely obligated to perform fully all of its obligations, agreements and covenants under this Lease (including the obligation to pay Basic Rent and Additional Rent) for the benefit of the holders of the Bonds.

Section 4.4. Use of Rents. Landlord covenants that all revenues derived by Landlord under this Lease shall be used exclusively for the purposes therefor set forth herein.

Section 4.5. Prepayment of Bonds. In the event at any time during the life of this Lease there should cease to be any Bonds outstanding, then, subject to its obligation to purchase the Project pursuant to Section 11.6 hereof, Tenant shall be entitled to the use and occupancy of the Project from such time until the expiration of this Lease without the payment of any further Basic Rent, but otherwise on all of the same terms and conditions hereof, except that Tenant shall not be required by this Lease to carry any insurance other than the public liability insurance and the worker's compensation insurance described in Section 9.1 hereof.

ARTICLE V

IMPOSITIONS AND UTILITIES

Section 5.1. Real Estate Taxes, Assessments and Personal Property Taxes.

(a) Upon default hereunder, under the Mortgage, or under the Bonds or any other Bond Documents (particularly Section 5.5 hereof), Tenant shall upon demand pay to the Original Purchaser on the day monthly installments of interest or monthly installments of principal and interest are payable under the Bonds, until the Bonds are paid in full, a sum (herein "Funds") equal to one-twelfth of the yearly real estate taxes and assessments, including PILOT Payments, which may attain priority over this Lease and the Mortgage, all as reasonably estimated initially and from time to time by the Original Purchaser on the basis of assessments and bills and reasonable estimates thereof.

The Funds shall be held by the Original Purchaser and the Original Purchaser shall apply the Funds to pay said taxes and assessments, including PILOT Payments, as and when they shall be due and payable. No interest shall be paid on the Funds. The Funds are pledged as additional security for the sums secured by the Mortgage. If the amount of the Funds held by the Original Purchaser shall not be sufficient to pay taxes and assessments, including PILOT Payments, as they fall due, Tenant shall pay to the Original Purchaser any amount necessary to make up the deficiency within fifteen (15) days from the date notice is mailed by Original Purchaser to Tenant requesting payment thereof. Upon payment in full of the Bonds, all Funds then held by the Original Purchaser shall be returned to Tenant.

(b) Except as provided in (a) above, Tenant shall pay when due according to law, all taxes, assessments and other charges which are now due or may hereafter be imposed or assessed against the Project. Upon reasonable request, Tenant will promptly send to the Original Purchaser receipts for the payment of all such taxes, assessments and other charges. Upon the failure of the Tenant to promptly pay such taxes, assessments and other charges, the Original Purchaser shall have the option to pay and discharge same without notice to Tenant. Any sums so expended by Original Purchaser shall at once become an indebtedness of the Tenant and shall be due and payable by Tenant with interest as provided in the Bonds after default, which sums shall thereupon become secured by this Lease and the Mortgage.

Section 5.2. Other Taxes, Liens and Utility Charges. The Tenant will pay promptly, when and as due, all charges for utilities, whether public or private, and will promptly exhibit to the Original Purchaser, upon reasonable request, receipts for the payment of all taxes, assessments, water and sewer charges, dues, fines and impositions of every nature whatsoever imposed, levied or assessed or to be imposed, levied or assessed upon or against the Project, or any part thereof, or upon the interest of the Tenant in the Project (other than any of the same for which provision has been made in Section 5.1 hereof), as well as all income taxes, assessments and other governmental charges lawfully levied and imposed by the United States of America or any State, county, municipality or other taxing authority upon the Tenant in respect of the Project or any part thereof (collectively, the "Impositions"), or any charge which, if unpaid, would become a lien or charge upon the Project prior to or equal to the lien of the Mortgage for any amounts secured thereby or which would have priority or equality with the Mortgage in distribution of the proceeds of any foreclosure sale of the Project or any part thereof.

Section 5.3. Contest of Impositions. Tenant shall have the right, in its or Landlord's name, to contest in good faith the validity or amount of any Imposition which Tenant is required to bear, pay and discharge pursuant to the terms of this Article by appropriate legal or administrative proceedings instituted before the Imposition contested becomes delinquent if, and provided, Tenant, before instituting any such contest, gives Landlord and the Servicing Agent written notice of its intention so to do and, if requested in writing by the Landlord or the Original Purchaser, deposits with the Original Purchaser for the benefit of the Landlord and the Original Purchaser a letter of credit or bond in the amount required for the payment thereof, then the Tenant shall not be required to pay the item or to produce the required receipts while the amount is maintained and so long as the contest operates to prevent collection, is maintained and prosecuted with diligence, and shall not have been terminated or discontinued adversely to the Tenant. Notwithstanding the foregoing, if either the Landlord or the Original Purchaser notifies the Tenant that, in the opinion of counsel selected by the Landlord or the Original Purchaser, by nonpayment of any such item the priority of this Lease as to any part of the Project will be materially affected or the Project or any part thereof will be subject to imminent loss or forfeiture, the Tenant shall promptly pay such item. Tenant shall hold Landlord whole and harmless from and shall promptly pay any reasonable costs and expenses Landlord may incur related to any such contest.

Section 5.4. Utilities. All utilities and utility services used by Tenant in, on or about the Project and all utility taxes, foreseen and unforeseen, in connection therewith shall be promptly paid for by Tenant and shall be contracted for by Tenant in Tenant's own name and Tenant shall, at its sole cost and expense, procure any and all permits, licenses or authorizations necessary in connection therewith.

Section 5.5. Pilot Payments. During the term of this Lease, Tenant shall pay to Landlord and the District, as payments in lieu of taxes, the amounts set forth in the PILOT Agreement at the times set forth therein.

Section 5.6. Net Lease. The parties hereto further agree (a) that this Lease is intended to be a "net net net lease", (b) that the payments of Basic Rent are designed to provide Landlord and the Servicing Agent with funds adequate in amount to pay all principal of, premium, if any, and interest on the Bonds as the same become due and payable, and (c) that to the extent the payments of Basic Rent are not sufficient to provide Landlord and the Servicing Agent with funds sufficient for the purposes aforesaid, Tenant shall be obligated to pay to the Servicing Agent for the account of the Original Purchaser, and it does hereby covenant and agree to pay, upon demand therefor by Landlord or the Original Purchaser, as Additional Rent, such further sums of money, in cash as may from time to time be required for such purposes. Additional Rent so paid shall be deposited in the Bond Account by the Servicing Agent.

ARTICLE VI

SALE OF THE BONDS

Section 6.1. Sale of the Bonds. Landlord shall issue and sell, in accordance with the terms of the Purchase Agreement, the Bonds in the maximum aggregate principal amount of $10,500,000.

Section 6.2. Bond Proceeds. The proceeds received by the Landlord from the sale of the Bonds shall be paid over to the Servicing Agent to be deposited and disbursed as provided in the Purchase Agreement and herein.

ARTICLE VII

ASSIGNMENT OF LEASE TO ORIGINAL PURCHASER

Section 7.1. Assignment of Lease to Original Purchaser; Other Security. Except for Unassigned Issuer's Rights, Landlord hereby assigns this Lease to the Original Purchaser for the benefit of the Holders of the Bonds and as security for the Bonds under the Bond Legislation, free and clear of all liens and encumbrances save for Permitted Encumbrances and with special warranties of title and quiet enjoyment.

Landlord and Tenant further recognize that pursuant to § 103.250 of the Kentucky Revised Statutes, a statutory mortgage lien shall exist upon the Project in favor of the holders of the Bonds. The Project shall remain subject to the statutory mortgage lien until the Payment in Full of the Bonds. Said statutory mortgage lien shall be effective from and after the recording of this Lease, and said lien shall attach to all of the property described herein, including machinery, equipment and appurtenances described herein in either general or specific terms.

ARTICLE VIII

ACQUISITION, CONSTRUCTION, EQUIPPING AND INSTALLATION OF PROJECT

Section 8.1. Acquisition, Construction, Equipping and Installation of the Project. The Tenant represents that the acquisition, construction and installation of the Project will be completed in accordance with the plans and specifications therefor (if any) now on file with the Issuer and Original Purchaser, subject to such changes in such plans and specifications as the Issuer and Original Purchaser may approve and as do not change the character of the Project as an industrial building facility or cause the Project or the purpose thereof to be in nonconformance with the purposes and provisions of the Act. The Tenant hereby accepts the Project, as is, from the Issuer and warrants that it will complete the Project with reasonable dispatch in accordance with such plans and specifications, so that it will be suitable for its intended use.

Section 8.2. Disbursements from the Project Fund. The Servicing Agent is authorized to disburse the moneys in the Project Fund for payment of, or reimbursement to the Issuer or the Tenant for payment of, the following:

(a) costs incurred directly in connection with the acquisition, construction, equipping and installation of the Project, including, but not limited to, the costs of land, labor, services, materials, equipment, architectural, engineering, consultants, legal and supervisory services, including, but not limited to, amounts permitted to be disbursed under the Development Agreement;

(b) expenses incurred in connection with the authorization, sale, issuance and delivery of the Bonds and the preparation and delivery of all agreements, instruments and documents related thereto, including, but not limited to, all financial, legal, administrative, accounting, printing and engraving fees, expenses and charges and all recording, filing, title examination or insurance, surety bond and any other fees, expenses or charges relating to the Project or the Bonds;

(c) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the Construction Period with respect to the Project Site and the Project Facilities;

(d) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the Construction Period;

(e) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project; and

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, construction, installation, equipment or improvement of the Project.

Tenant shall submit disbursement requests executed by the Tenant and the Project Contractor on the forms required under the Purchase Agreement stating the amounts due or to become due for work and materials to date thereof to subcontractors, materialmen and laborers if

such draw is related to construction. The Servicing Agent shall then make available for advancement to Tenant or payees set forth in such disbursement request, the amount requested.

Each disbursement request shall be sufficient evidence to the Original Purchaser of the facts stated therein and the Servicing Agent shall have no duty to confirm the accuracy of such facts. The Original Purchaser shall incur no liability of any kind for conclusively relying on such facts. Upon receipt of each disbursement request, signed by the Tenant and the Project Contractor, and compliance with the conditions set forth for disbursement in the Purchase Agreement, the Servicing Agent shall pay the amounts set forth therein as directed by the terms thereof. For disbursements that are not related to the construction of the Project, including, by way of example, closing costs, furnishings and tenant finishes, no signature of the Project Contractor on such disbursement request shall be required.

Any moneys in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the costs of the Project, at the direction of the Authorized Tenant Representative, promptly shall be:

(a) used to redeem, or pay Bond Service Chagres on, the Bonds,

(b) used to acquire, construct, install, equip and improve such additional real or personal property in connection with the Project as is designated by the Authorized Tenant Representative, and approved by the Original Purchaser, and the acquisition, construction, installation, equipment and improvement of which will be permitted under the Act.

(c) used for the purchase of Bonds for the purpose of cancellation; or

(d) used to accomplish a combination of the foregoing as is provided in that direction.

Section 8.3. Protection of Issuer with Respect to Project Fund Disbursements. The Tenant shall be solely responsible for the accuracy and completeness of all requisitions furnished pursuant to the provisions of Section 8.2 hereof, and the Tenant shall indemnify and save the Trustee, the Issuer, the Original Purchaser, their officials, employees and agents harmless from and against any and all claims, damages, expenses, costs and liabilities arising out of any disbursement from the Project Fund made in violation of any provision of this Lease.

Section 8.4. Project Property of Issuer. All work and materials on the buildings and improvements as currently existing and all furnishings, machinery and equipment installed in or on the Project, the Project as fully completed, anything under this Lease which becomes, is deemed to be, or constitutes a part of the Project, and the furnishings, machinery and equipment as repaired, rebuilt, rearranged, restored or replaced by Tenant under the provisions of this Lease, except as otherwise specifically provided herein, shall immediately when erected or installed be deemed to be attached to and part of the freehold and become the absolute property of Issuer, subject, however, to this Lease. All of Tenant's own furnishings, machinery and equipment hereafter installed which remain the property of the Tenant pursuant to Sections 10.1 or 10.2 hereof shall be and remain identified as such.

Section 8.5. No Warranty of Suitability or Habitability. Tenant acknowledges that since the Project will be constructed, installed, furnished and equipped by contractors and

suppliers selected by it in accordance with plans and specifications prepared by architects or engineers selected by it, LANDLORD MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE HABITABILITY, MERCHANTABILITY, CONDITION OR WORKMANSHIP OF ANY PART OF THE PROJECT OR ITS SUITABILITY OR FITNESS FOR TENANT'S PURPOSES OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM THE SALE OF THE BONDS WILL PAY THE COSTS TO BE INCURRED IN CONNECTION THEREWITH.

Section 8.6. Establishment of Completion Date. The Completion Date shall be evidenced to the Issuer and the Original Purchaser by a certificate signed by the Authorized Tenant Representative stating that, except for amounts retained by the Servicing Agent for costs of the Project not then due and payable, (i) the construction and installation of the Project has been completed and all labor, services, materials, machinery, supplies and equipment used in such construction, and installation have been paid for, (ii) all other facilities necessary in connection with the Project have been acquired and installed and all costs and expenses incurred in connection therewith have been paid, (iii) the Project and all other facilities in connection therewith have been acquired and installed to their satisfaction. Notwithstanding the foregoing, such certificate by the Authorized Tenant Representative shall state that it is given without prejudice to any rights against third parties that exist on the date of such certificate or which may subsequently come into being.

Section 8.7. Requirements to Keep Project Fund in Balance. Anything contained in this Agreement to the contrary notwithstanding, it is expressly understood and agreed that the Project Fund provided for herein shall at all times be in balance. The Project Fund shall be deemed to be in balance only when the undistributed proceeds of the Project Fund, after provision for all retainages shall equal or exceed the amount necessary, based on the Tenant's reasonable estimate of the cost of the Project, to pay for all work done or to be done and expenses for the completion of the acquisition, construction and installation of the Project. The Tenant agrees that if for any reason the amount of such undistributed Project Fund proceeds shall at any time be or become insufficient for such purpose (as determined by the Original Purchaser in its reasonable discretion), regardless of how such insufficiency may arise or be caused, the Tenant will, not less than ten (10) days prior to the time that the item or expense giving rise to such insufficiency becomes due and payable, deposit in the Project Fund, funds sufficient to satisfy the amount of such insufficiency, which deposit shall then first be exhausted before any further disbursement of the Project Fund proceeds shall be made.

ARTICLE IX

INSURANCE

Section 9.1. Insurance. The Tenant shall keep the Project insured for the benefit of the Tenant, Landlord and Original Purchaser (with Original Purchaser named as mortgagee) by (i) an "all risk" property insurance policy with an agreed amount endorsement for full replacement cost (defined below) without any coinsurance provisions or penalties, or the broadest form of coverage available, in an amount sufficient to prevent the Landlord and Original Purchaser from ever becoming a coinsurer under the policy or laws, and with a deductible not to exceed Twenty-Five Thousand Dollars ($25,000.00); (ii) a policy or endorsement insuring against acts of terrorism; (iii) a policy or endorsement insuring against claims applicable to the presence of Microbial Matter (as defined in the Mortgage); (iv) a policy or endorsement providing business income insurance (including business interruption insurance and extra expense insurance and/or rent insurance) on an actual loss sustained basis in an amount equal to at least one (1) year's total income from the Project including all rents plus all other pro forma annual income such as percentage rent and tenant reimbursements of fixed and operating expenses, which business interruption insurance shall also provide coverage as aforesaid for any additional hazards as may be required pursuant to the terms of this Instrument; (v) a policy or endorsement insuring against damage by flood if the Project is located in a Special Flood Hazard Area identified by the Federal Emergency Management Agency or any successor or related government agency as a 100 year flood plain currently classified as Flood Insurance Rate Map Zones "A", "AO", "AH", "A1-A30", "AE", "A99", "V", "V1-V30", and "VE" in an amount equal to the original amount of the Bonds; (vi) a policy or endorsement covering against damage or loss from (A) sprinkler system leakage and (B) boilers, boiler tanks, HVAC systems, heating and air-conditioning equipment, pressure vessels, auxiliary piping, and similar apparatus, in the amount reasonably required by the Original Purchaser; (vii) during the period of any construction, repair, restoration, or replacement of the Project, a standard builder's risk policy with extended coverage in an amount at least equal to the full replacement cost of such Project, and worker's compensation, in statutory amounts; and (viii) a policy or endorsement covering against damage or loss by earthquake and other natural phenomenon in the amounts reasonably required by the Original Purchaser. "Full replacement cost" shall mean the one hundred percent (100%) replacement cost of the Project, without allowance for depreciation and exclusive of the cost of excavations, foundations, footings, and value of land, and shall be subject to verification by the Original Purchaser. Full replacement cost will be determined, at the Tenant's expense, periodically upon policy expiration or renewal by the insurance company or an appraiser, engineer, architect, or contractor approved by said company and the Original Purchaser.

The Tenant shall maintain commercial general liability insurance with per occurrence limits of $1,000,000, a products/completed operations limit of $2,000,000, and a general aggregate limit of $2,000,000, with an excess/umbrella liability policy of not less than $10,000,000 per occurrence and annual aggregate covering the Tenant, with the Landlord and original Purchaser named as additional insureds, against claims for bodily injury or death or property damage occurring in, upon, or about the Project or any street, drive, sidewalk, curb, or passageway adjacent thereto. In addition to any other requirements, such commercial general liability and excess/umbrella liability insurance shall provide insurance against acts of terrorism and against claims applicable to the presence of Microbial Matter, or such coverages shall be provided by separate policies or endorsements. The insurance policies shall also include operations and blanket contractual liability coverage which insures contractual liability under the

indemnifications set forth in Section 8.02 of the Mortgage (but such coverage or the amount thereof shall in no way limit such indemnifications). Upon request of the Original Purchaser, the Tenant shall also carry additional insurance or additional amounts of insurance covering the Tenant or the Project as the Original Purchaser shall reasonably require.

All insurance required under this Section shall be fully paid for, non-assessable, and the policies shall contain such provisions, endorsements, and expiration dates as the Original Purchaser shall reasonably require. The policies shall be issued by insurance companies authorized to do business in the Property State, approved by the Original Purchaser, and must have and maintain a current financial strength rating of "A-, X" (or higher) from A.M. Best or equivalent (or if a rating by A.M. Best is no longer available, a similar rating from a similar or successor service). In addition, all policies shall (i) include a standard mortgagee clause, without contribution, in the name of the Original Purchaser, (ii) provide that they shall not be canceled, amended, or materially altered (including reduction in the scope or limits of coverage) without at least thirty (30) days' prior written notice to the Landlord and Original Purchaser except in the event of cancellation for non-payment of premium, in which case only ten (10) days' prior written notice will be given to the Landlord and Original Purchaser, and (iii) include a waiver of subrogation clause substantially equivalent to the following: "The Company may require from the Insured an assignment of all rights of recovery against any party for loss to the extent that payment therefor is made by the Company, but the Company shall not acquire any rights of recovery which the Insured has expressly waived prior to loss, nor shall such waiver affect the Insured's rights under this policy."

Section 9.2. Original Policies. Borrower shall deliver to Lender (i) original or certified copies of all policies (and renewals) required under this Section and (ii) receipts evidencing payment of all premiums on such policies at least thirty (30) days prior to their expiration. If original and renewal policies are unavailable or if coverage is under a blanket policy, Borrower shall deliver duplicate originals, or, if unavailable, original ACORD 27 and ACORD 25-S certificates (or equivalent certificates) evidencing that such policies are in full force and effect together with certified copies of the original policies.

The Tenant shall not carry separate or additional insurance concurrent in form or contributing in the event of loss with that required under this Section unless endorsed in favor of the Original Purchaser as per this Section and approved by the Original Purchaser in all respects. In the event of foreclosure of the Mortgage or other transfer of title or assignment of the Project in extinguishment, in whole or in part, of the Bonds, all right, title, and interest of the Tenant in and to all policies of insurance then in force regarding the Project and all proceeds payable thereunder and unearned premiums thereon shall immediately vest in the purchaser or other transferee of the Project. No approval by the Original Purchaser or Landlord of any insurer shall be construed to be a representation, certification, or warranty of its solvency. No approval by the Landlord or Original Purchaser as to the amount, type, or form of any insurance shall be construed to be a representation, certification, or warranty of its sufficiency. The Tenant shall comply with all insurance requirements and shall not cause or permit any condition to exist which would be prohibited by any insurance requirement or would invalidate the insurance coverage on the Project.

A waiver of subrogation shall be obtained by the Tenant from its insurers and, consequently, the Tenant for itself, and on behalf of its insurers, hereby waives and releases any and all right to claim or recover against the Landlord or the Original Purchaser, their respective

officials, officers, employees, agents and representatives, for any loss of or damage to the Tenant, other Persons, the Project, Tenant's property or the property of other Persons from any cause required to be insured against by the provisions of this Lease or otherwise insured against by the Tenant.

Section 9.3. Other Insurance. The parties hereto recognize that continued inflation, the emergence of new risks, and various other factors foreseeable or unforeseeable may at some future time cause the insurance coverages required by this Article to become inadequate in face amount or the type of risks insured against. Tenant hereby covenants with Issuer that throughout the life of this Lease, Tenant shall keep the Project continuously insured against such risks as are customarily insured against, and in such amounts as would be customarily maintained, by businesses of like size and type. Nothing herein shall release Tenant from its obligation to maintain the insurance coverages required by other sections of this Article.

Section 9.4. Annual Tenant Compliance Certificate. No later than ninety (90) days after the end of each calendar year, Tenant shall deliver to the Trustee a Certificate Regarding Insurance in the form of Exhibit C hereto, signed by an Authorized Tenant Representative. If Tenant fails at any time to obtain or maintain at least the minimum insurance required under this Agreement, it shall immediately notify the Trustee in writing of such failure. The Trustee makes no representation as to, and shall have no responsibility for, the sufficiency or adequacy of the insurance.

ARTICLE X

CHANGES IN PROJECT

Section 10.1. Removal, Disposition and Substitution of Furnishings, Machinery and Equipment. Landlord shall not be under any obligation to inspect, renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary furnishings, machinery and equipment. In any instance where Tenant in its sound discretion determines that any items of furnishings, machinery and equipment which constitute a part of the Project have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, Tenant may, provided it is not in default under this Lease, remove such items of furnishings, machinery and equipment from the Project and (on behalf of Landlord) sell, trade-in, exchange or otherwise dispose of them provided that in the event any of the Bonds are outstanding at the time of such removal, Tenant shall either:

(a) Purchase with its own funds (as defined in clause (b) below) within a reasonable time and install within a reasonable time thereafter anywhere in the Project other furnishings, machinery and equipment having equal or greater fair market value and utility (but not necessarily having the same function) in the operation of the Project, all of which substituted furnishings, machinery and equipment shall be free of all liens and encumbrances (other than Permitted Encumbrances) and shall be conveyed promptly to Landlord and become a part of the Project, provided, however, that Tenant may not proceed under this clause (a) if such removal and substitution would impair operating unity or otherwise adversely affect the fair market value of the Project; or

(b) Not make any such substitution and installation, provided that Tenant shall promptly deposit into the Bond Account cash in an amount equal to the proceeds of the sale or scrapping of the furnishings, machinery and equipment so removed or the credit received for the trade-in thereof, or the fair market value thereof, whichever is higher, for the benefit of the Bondholders and for redemption of the maximum possible portion of the aggregate principal amount of the Bonds then outstanding and redeemable with such amount, pursuant to the Tenant's obligation to prepay Basic Rent in part under the terms of the last two paragraphs at Section 11.2 hereof. Tenant shall not be required to replace any furnishings, machinery and equipment which constitute a part of the Project and which are removed from the Project after compliance by Tenant with the provisions of this subsection and the Mortgage, and so long as Tenant complies with the provisions of this subsection with respect to the removal from the Project of any furnishings, machinery and equipment constituting a part of the Project, any furnishings, machinery and equipment which Tenant purchases and installs in or on the Project with its own funds shall be and remain the property of Tenant even though such furnishings, machinery and equipment might replace furnishings, machinery and equipment so removed and may be removed by Tenant at any time during the life of this Lease unless such furnishings, machinery and equipment are necessary for an "industrial building" under the Act; provided further, however, that all such new furnishings, machinery and equipment which remain on the Project Site on the date of termination of this Lease for any cause other than the purchase of the Project pursuant to Section 11.4 or 11.5 hereof shall, upon and in the event of such termination, become the separate and absolute property of Landlord, subject, however, to the lien of the Mortgage. Landlord agrees to execute or cause to be executed any bills of sale necessary to effectuate a sale under this subsection.

Not later than sixty (60) days following the end of each fiscal year of Tenant, upon receipt of a written request therefore from the Landlord, Tenant shall furnish the Original Purchaser a certificate, summarizing the action taken by Tenant pursuant to this Section during the preceding twelve (12) months, but the establishment of such dates shall not limit the provisions herein for substitution and installation of other furnishings, machinery and equipment within a reasonable time.

Tenant shall pay all the costs and expenses of any such removal and shall immediately repair at its own expense all damage to the Project caused thereby.

The removal from the Project of any portion of the furnishings, machinery and equipment pursuant to the provisions of this Section shall not entitle Tenant to any abatement or diminution of the rents payable under this Lease or any reimbursement from Landlord, the Original Purchaser, the Servicing Agent or the holders of the Bonds.

Tenant will cause, at its sole cost and expense, any items of furnishings, machinery and equipment that under the provisions of this Section are to become a part of the Project to be subjected to the lien of the Mortgage and the security interest therein to be perfected.

Tenant will not remove, or permit the removal of, any of the furnishings, machinery and equipment from the Project except in accordance with the provisions of the Mortgage, this Section or Section 10.2 hereof.

Tenant's right under this Section to remove from the Project furnishings, machinery and equipment constituting a part of the Project is intended only to permit Tenant to maintain the Project in an efficient condition by the removal of such furnishings, machinery and equipment no longer suitable to Tenant's use of the Project for any of the reasons set forth in this Section, and such right is not to be construed to permit a removal under any other circumstances and specifically is not to be construed to permit Tenant to make a wholesale removal of such furnishings, machinery and equipment.

Section 10.2. Alteration of Project. Subject to the provisions of the Mortgage, Tenant shall have and is hereby given the right, at its sole cost and expense, to make such additions, changes and alterations in and to any part of the Project as Tenant from time to time may deem necessary or advisable; provided, however, Tenant shall not make any addition, change or alteration which will adversely affect the structural strength of any part of the Project; and provided further that Tenant shall not make any addition, change or alteration which would change the character of the Project so that the Project would no longer qualify as an "industrial building" under the Act. All additions, changes and alterations made by Tenant pursuant to the authority of this Section shall (a) be made in a workmanlike manner and in compliance with all laws and ordinances applicable thereto, (b) when commenced, be prosecuted to completion with due diligence without delay or abatement in Tenant's payment of Lease Payments due hereunder, and (c) when completed, be deemed a part of the Project; provided, however, that additions by Tenant to the Project of furnishings, machinery and equipment purchased and installed by Tenant with its own funds and not constituting repairs, renewals, or replacements of items constituting a part of the Project shall remain the property of Tenant and may be removed by Tenant at any time during the term of this Lease; provided further, however, that all such additional furnishings, machinery and equipment which remain on the Project Site on the date of termination of this Lease for any cause other than the purchase of the Project pursuant to Section

11.4 or 11.5 hereof shall, upon and in the event of such termination, become the separate and absolute property of Landlord, subject to the lien of the Mortgage.

Section 10.3. Additional Improvements. Tenant shall have and is hereby given the right at its sole cost and expense to construct on that portion of the Project Site not then occupied by buildings or improvements such additional buildings and improvements as Tenant from time to time may deem necessary or advisable, provided, however such additions shall not be made unless the Original Purchaser shall have received a certificate of an independent engineer acceptable to the Original Purchaser stating that such addition or additions will not impair the usefulness of the Project or interfere with ingress thereto or egress therefrom. All additional buildings and improvements constructed on the Project Site by Tenant pursuant to the authority of this Section shall, during the term of this Lease, remain the property of Tenant and may be added to, altered or razed and removed by Tenant at any time during the term of this Lease. Tenant covenants and agrees (a) to make all repairs and restorations, if any, required to be made to the Project because of the construction of, addition to, alteration or removal of such additional buildings or improvements, (b) to keep and maintain such additional buildings and improvements in good condition and repair, ordinary wear and tear and damage by fire or other casualty excepted, (c) to promptly and with due diligence either raze and remove from the Project Site in a good and workmanlike manner, or repair, replace or restore such additional buildings or improvements as may from time to time be damaged by fire or other casualty, and (d) that all additional buildings and improvements constructed by Tenant on the Project Site pursuant to this Section which remain in place on the Project Site on the date of termination of this Lease for any cause other than the purchase of the Project pursuant to Section 11.5, 11.6 or 11.7 hereof shall, upon and in the event of such termination, become the separate and absolute property of Landlord, subject to the lien of the Mortgage.

Section 10.4. Granting of Easements. At the request of Tenant, if it is not in default under this Lease, Landlord will grant such easements, licenses, rights-of-way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to real estate constituting part of the Project Site, free from any statutory mortgage lien or the lien of the Mortgage, or release such existing easements, licenses, rights-of-way and other rights or privileges, with or without consideration, as may be requested by Tenant, provided that Tenant files with Landlord the following:

(a) A copy of the instrument of grant or release;

(b) A written application signed by the Authorized Tenant Representative requesting such instrument;

(c) A certificate signed by the Authorized Tenant Representative stating that no Event of Default hereunder has occurred; and

(d) A certificate, dated within 30 days of the filing of the application required by subsection (b) hereof, of an architect or engineer reasonably acceptable to the Landlord and the Servicing Agent expressing the opinion that such grant or release will not interfere with or impair the effective use of or interfere with the operation of the Project, will not destroy or materially impair the means of ingress to and egress from the Project Site and the Project and will not materially adversely affect the value of the Project or the Project Site.

Thereupon Landlord will promptly execute and deliver and cause and direct the Original Purchaser to execute and deliver any and all instruments necessary or appropriate to confirm and grant any such easement, license, right-of-way or other right or privilege and to release the same from any lien with respect thereto.

All consideration paid by the grantee of such easements for same shall be deposited in the Bond Account for the benefit of the Bondholders and for redemption of the maximum possible portion of the aggregate principal amount of the Bonds then outstanding and redeemable with such amount, pursuant to the Tenant's obligation to prepay Basic Rent in part under the terms of the last two paragraphs of Section 11.2 hereof.

ARTICLE XI

OPTIONS AND OBLIGATIONS TO COMPEL REDEMPTION OF BONDS AND TO PURCHASE PROJECT

Section 11.1. Option of Tenant to Compel Redemption of Bonds. On or after March 1, the Tenant shall have, and is hereby granted, the option to prepay the Basic Rent in full, or in part on any Interest Payment Date. To exercise the option granted in this paragraph, the Tenant shall, on or before the 30th day preceding the date established for prepayment, give written notice to the Landlord and the Original Purchaser of its intention to prepay the Basic Rent in full or in part on such Interest Payment Date pursuant to this paragraph, and shall specify therein the principal amount of the Bonds to be redeemed with the moneys received upon such prepayment and the applicable redemption price as provided in the Bonds. The exercise of such option to prepay the Basic Rent in full or in part shall also constitute an election by the Landlord to call for redemption, on the same date as the Basic Rent prepayment date, an equivalent portion of the principal amount of the Bonds outstanding on such date. The redemption price which shall be paid to the Servicing Agent for the benefit of the Original Purchaser by the Tenant in the event of its exercise of the option granted in this paragraph shall be an amount equal to the principal amount of the Bonds to be redeemed, plus accrued interest thereon to the redemption date, plus (in the event of a redemption in part of more than $1 million in principal amount of Bonds during a twelve month period) a Redemption Premium equal to 3% of the principal amount of Bonds redeemed in part, plus all fees and expenses of the Servicing Agent accrued and to accrue through such redemption date.

Section 11.2. Option of Tenant to Compel Extraordinary Redemption of Bonds.

(a) Subject to the provisions of the Mortgage and Section 11.5 hereof, the Tenant also shall have the option, exercisable as provided above in this Section, in the event that title to or the temporary use of a portion of the Project shall be taken under the exercise of the power of eminent domain, even if the taking is not of such nature as to permit the exercise of the redemption option upon an event specified in Section 11.5(b) hereof, to direct the redemption, at a redemption price of 100% of the principal amount thereof prepaid, plus accrued interest to the redemption date, of that part of the outstanding principal balance of the Bonds as may be payable from the proceeds (after the payment of costs and expenses incurred in the collection thereof) received in the eminent domain proceeding, provided, that, the Tenant shall furnish to the Landlord and the Original Purchaser a certificate of an independent architect or engineer stating that (1) the property comprising the part of the Project taken is not essential to continued operations of the Project in the manner existing prior to that taking, (2) the Project has been restored to a condition substantially equivalent to that existing prior to the taking, or (3) other improvements have been acquired or made which are suitable for the continued operation of the Project, which, in the opinion of counsel to the Tenant, are subject to the lien of the Mortgage and which are included in the opinion of title delivered to the Original Purchaser.

To exercise that option, the Tenant shall, within ninety days following the event authorizing the exercise of such option, give notice to the Landlord and to the Original Purchaser specifying the date on which the Tenant will deliver the funds required for that redemption, which date shall be not less than 45 days nor more than 60 days from the date such notice is mailed to the Servicing Agent and the Original Purchaser, and shall make arrangements satisfactory to the Servicing Agent and Original Purchaser for the giving of the required notice of

redemption. The giving of such prepayment notice shall also constitute giving of notice by the Landlord of its call for redemption. The foregoing option may be exercised whether or not the Tenant is in default hereunder; provided, that such default will not relieve the Tenant from performing those actions which are necessary to exercise any such right or option granted hereunder.

(b) Subject to the provisions of the Mortgage and Section 11.5 hereof, the Tenant shall also have the option, exercisable as provided above in paragraph (a) of this Section, to direct the redemption of the Bonds in whole, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, in the event the Project shall have been damaged or destroyed to such an extent that, in the judgment of the Tenant, (i) it cannot be reasonably restored within a period of twelve (12) consecutive months to the condition thereof immediately preceding such damage or destruction, or (ii) Tenant is thereby prevented from carrying on its normal operations at the Project for a period of twelve (12) consecutive months.

(c) The Tenant shall be deemed to have prepaid the Basic Rent in part upon and in the amount of (i) the election by the Tenant to deposit into the Bond Account the proceeds of the sale of furnishings, machinery or equipment pursuant to Section 10.1(b) hereof, (ii) the deposit into the Bond Account of consideration received for the granting of easements pursuant to Section 10.4 hereof or (iii) the deposit into the Bond Account of the purchase price upon the Tenant's exercise of any of the options to purchase the Project pursuant to Section 11.5 hereof. Within 30 days after the event giving rise to such prepayment, the Tenant shall give written notice to the Landlord and to the Servicing Agent and Original Purchaser, and shall specify therein the event giving rise to such prepayment, the prepayment price as provided in this Section and the date of such prepayment, which date shall be not less than 30 days nor more than 60 days from the date such notice is mailed to the Servicing Agent, Original Purchaser and the Landlord. The giving of such prepayment notice shall also constitute the giving of notice by the Landlord of its call for redemption, on the same date as the Basic Rent prepayment date, of an equivalent portion of the principal amount of the Bonds outstanding on such date. If the Tenant fails to give any notice required to be given by it under this Section, the Servicing Agent, at the direction of the Original Purchaser, may specify the date for prepayment of the Basic Rent and redemption of such portion of the Bonds.

The prepayment price which shall be paid to the Servicing Agent for the benefit of the Original Purchaser by the Tenant under the preceding paragraphs of this Section 11.2 shall be an amount of money equal to that amount which will redeem the maximum portion of the principal amount of the Bonds outstanding out of such proceeds, plus accrued interest thereon to the redemption date, and in the case of redemption pursuant to Section 11.2(c)(i) or (c)(ii) hereof, plus the Redemption Premium, if any, that would be payable if such redemption had been effected under Section 11.1 hereof.

Section 11.3. Option of Original Purchaser to Tender Bonds for Purchase. If, as provided in the Bonds and the Purchase Agreement, Bonds are tendered for purchase by the Original Purchaser, the Tenant shall pay to the Servicing Agent, or cause to be paid to the Servicing Agent, upon the date required by the Servicing Agent, at the direction of the Original Purchaser, an amount sufficient to purchase the Bonds subject to such tender for purchase in accordance with the optional tender provisions relating thereto set forth in the Bonds and the Purchase Agreement.

Section 11.4. Options to Terminate the Lease. Notwithstanding any other provisions of this Lease, Tenant shall have the following options to terminate the Lease:

(a) before Payment in Full of the Bonds, Tenant may terminate this Lease, subject to any limitations on optional prepayment under Section 11.1 hereof, by giving the Landlord notice in writing of such termination and by paying to the Servicing Agent for the benefit of the Original Purchaser an amount of money which, when added to the moneys in the Bond Account will be sufficient to pay, retire and redeem all of the outstanding Bonds in accordance with the provisions of the Bonds (including, without limiting the generality of the foregoing, principal, interest to maturity or earliest applicable redemption date, as the case may be, Redemption Premium (if any), expenses of redemption and the Servicing Agent's fees and expenses), and, in case of redemption, making arrangements satisfactory to the Servicing Agent for the giving of the required notice of redemption; or

(b) after Payment in Full of the Bonds, the Tenant may terminate the Lease by giving the Landlord notice in writing of such termination and such termination shall forthwith become effective.

Section 11.5. Option to Purchase Project Under Certain Conditions. Tenant shall have, and is hereby granted, the option to purchase the Project prior to the expiration of the Lease and prior to Payment in Full of the Bonds, if any of the following events shall have occurred:

(a) the Project shall have been damaged or destroyed to such an extent that, in the judgment of the Tenant, (i) it cannot be reasonably restored within a period of twelve (12) consecutive months to the condition thereof immediately preceding such damage or destruction, or (ii) Tenant is thereby prevented from carrying on its normal operations at the Project for a period of twelve (12) consecutive months;

(b) Title to, or the temporary use of, all or a substantial portion of the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority, or person, firm or corporation acting under governmental authority, (i) to such extent that the Project cannot reasonably be restored within a period of twelve (12) months to a condition of usefulness comparable to that existing prior to such taking, or (ii) if such taking results in the Tenant being thereby prevented from carrying on its normal operations at the Project for a period of twelve (12) months.

To exercise any such option, the Tenant shall within ninety (90) days following the event giving rise to such option, give written notice to the Landlord, the Servicing Agent and Original Purchaser of the date of closing such purchase, which date shall be not less than forty-five (45) days nor more than ninety (90) days from the date such notice is mailed, and shall make arrangements satisfactory to the Servicing Agent for the giving of the required notice of redemption. The purchase price which shall be paid to the Servicing Agent for the benefit of the Original Purchaser by the Tenant upon its exercise of the option granted in this Section shall be an amount of money equal to the principal amount of the Bonds outstanding, plus accrued interest thereon to the redemption date, plus all fees and expenses of the Servicing Agent accrued and to accrue through such redemption date.

Section 11.6. Obligation to Purchase Project. Anything herein to the contrary notwithstanding, Tenant agrees to purchase, and the Landlord agrees to sell, the Project for ONE

DOLLAR ($1.00) at the expiration of this Lease as provided in Section 3.1 hereof or upon sooner termination of this Lease, whether by reason of an Event of Default pursuant to Article XVIII hereof or otherwise, following Payment in Full of the Bonds. The obligation and right of Tenant specified in this Section may be exercised whether or not there exists an Event of Default hereunder, provided that the existence of such Event of Default and/or termination will not result in nonfulfillment of any condition to this right and obligation.

Section 11.7. Conveyance on Purchase. At the closing of the purchase pursuant to the exercise of any option or obligation to purchase set forth herein, the Landlord will upon receipt of the purchase price deliver to the Tenant the following:

(a) A release by the Original Purchaser, pursuant to Section 7.1 hereof, from any lien or security interest Landlord has in the property with respect to which such purchase is being consummated; and

(b) Documents conveying to the Tenant good and marketable fee simple title in and to the property with respect to which such purchase is being consummated, as such property then exists, subject to the following: (i) those liens, security interests and encumbrances (if any) to which such title in and to said property was subject when conveyed to the Landlord, (ii) those liens, security interests and encumbrances created by the Tenant or to the creation or suffering of which the Tenant consented, (iii) those liens, security interests and encumbrances resulting from the failure of the Tenant to perform or observe any of its agreements contained herein, (iv) Permitted Encumbrances, and (v) if such purchase is consummated pursuant to the exercise of an option granted in Section 11.4(b), the rights and title of the condemning authority; provided that, title to the Project and the Project Site shall be transferred to the Tenant as provided in the Mortgage.

Section 11.8. Relative Position of Options and Purchase Agreement. The options granted to the Tenant in this Article may be exercised whether or not there exists an Event of Default hereunder; provided that the existence of such Event of Default will not result in nonfulfillment of any condition to the exercise of any such option and that exercise of such option will not relieve the Tenant from performing those actions which are necessary to exercise such option.

Section 11.9. Actions by Issuer. At the request of the Tenant or the Original Purchaser, the Landlord shall take all steps required of it under the applicable provisions of the Purchase Agreement or the Bonds to effect the redemption of all or a portion of the Bonds pursuant to this Article XI.

Section 11.10. Required Deposits for Optional Redemption. All redemptions of Bonds provided for in this Article XI and in the Purchase Agreement shall be accomplished with funds of the Tenant. The Servicing Agent shall not give notice of call pursuant to the optional redemption provisions of the Purchase Agreement and/or the Bonds and this Article XI unless prior to the date by which the call notice is to be given there shall be deposited by the Tenant with the Servicing Agent for the benefit of the Original Purchaser funds which, in addition to any other moneys available therefor and held by the Servicing Agent, will be sufficient to redeem at the redemption price thereof, plus interest accrued to the redemption date, all of the redeemable Bonds for which notice of redemption is to be given.

ARTICLE XII

DAMAGE, DESTRUCTION AND CONDEMNATION

Section 12.1. Damage and Destruction. Subject to the provisions of the Mortgage, in the event of any loss (10% or more), of the full replacement value of the Project not previously released from the Mortgage, Tenant shall give immediate written notice to the Servicing Agent and Original Purchaser, and the Original Purchaser may, but is not obligated to, make proof of loss if not made promptly by Tenant. Any proceeds received from any policy of insurance shall be due the Original Purchaser and applied against the outstanding balance of principal, interest and other charges due under the Bonds, the other Bond Documents and the Mortgage. Should said proceeds exceed the balance due on the Bonds and the other Bond Documents, any such excess shall be repaid to the Tenant, subject to the provisions of the Mortgage. Should said proceeds be less than the balance due on the Bonds, any deficiency shall be paid by Tenant to Original Purchaser within sixty (60) days of demand by Original Purchaser. Each insurance carrier is hereby authorized and directed to make payment for such loss to the Tenant and Original Purchaser jointly. Original Purchaser's right to payment of insurance proceeds shall exist whether or not any such loss results in any impairment to the security of the Original Purchaser.

Subject to the provisions of the Mortgage, in the event of any partial loss under any of said policies of insurance covering the Project where such loss is less than 10% of the full replacement value of the Project not previously released from this Lease and the Mortgage, Tenant shall give immediate written notice to the Original Purchaser, and the Original Purchaser may, but is not obligated to, make proof of loss if not made promptly by Tenant. Any proceeds received from any policy of insurance shall be paid to Original Purchaser and applied against the outstanding balance of principal, interest and other charges due under the Bonds, the other Bond Documents and the Mortgage, provided, however, if (i) Tenant desires to restore the Project to its prior good condition, (ii) Tenant is not in default hereunder, (iii) the loan to value ratio of the Project as restored will not be more than 80% (as may be determined by independent appraisal satisfactory to Original Purchaser completed at Tenant's expense), and (iv) any funds in excess of insurance proceeds necessary to complete the restoration work in accordance with plans and specifications and budgets as approved by the Original Purchaser shall have been deposited by Tenant with Original Purchaser, then the insurance proceeds shall be held by Original Purchaser for restoration of the Project. The Original Purchaser shall disburse so much of the proceeds to the Tenant as restoration progresses, equal to the cost of said restoration, and subject to reasonable conditions, including the right of the Original Purchaser to withhold up to ten percent (10%) of said amount until completion, and the expiration of the period within which mechanic's and materialmen's liens may be filed or until the receipt of satisfactory evidence that no liens exist. Should the insurance proceeds be less than the sum required to complete said restoration, Tenant shall deposit the difference with the Original Purchaser, and its failure to do so shall constitute an Event of Default hereunder. Upon payment of such sum to the Original Purchaser, the same shall be held by the Original Purchaser in a mutually acceptable interest-bearing account until disbursement. Should said proceeds, including the interest payable thereon, exceed the cost of completing said restoration, any balance remaining shall be repaid to the Tenant. Tenant shall pay to the Original Purchaser any reasonable expenses incurred by the Original Purchaser in making such disbursements and reasonable building inspections. Tenant agrees to execute such further assignments of such proceeds and rights of action as the Original Purchaser may require.

In the event of either a partial or total loss, as described above, all proceeds and rights of action are hereby assigned to the Original Purchaser. At its option, in its own name, in the event of a default, Original Purchaser shall be entitled to commence, appear in and prosecute any action or proceedings or to make any compromise or settlement in connection with any such loss. The payment to the Original Purchaser of such insurance proceeds shall not cure or waive any default or notice of default hereunder. Notwithstanding such total or partial loss, all payments under the Bonds and the other Bond Documents shall be made without reduction, modification or interruption and all applicable terms and conditions of the Mortgage shall be applicable to Tenant without modification or interruption.

Section 12.2. Condemnation. Unless Tenant shall exercise its option to purchase the Project pursuant to the provisions of Section 11.4(b), if the title in and to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any other person acting under governmental authority, Tenant shall be obligated to continue to pay the Lease Payments required to be paid by Tenant under Article IV hereof. Landlord, Tenant and the Original Purchaser will cause the Net Proceeds received by them or any of them, from any award made in such eminent domain proceedings, to be paid to and held by the Original Purchaser in a separate disbursement account to be applied in one or more of the following ways as shall be directed in writing by Tenant:

(a) The modification or restoration of the improvements located on the Project Site, or the acquisition, by construction, installation or otherwise, by Tenant of buildings, machinery, equipment, fixtures or other improvements on the Project Site, all to the extent deemed appropriate by Tenant for its uses and purposes; provided that, at a minimum, the Project as so modified, restored or acquired shall have a value, as reasonably determined by the Tenant, sufficient to fully secure the then outstanding principal amount of the Bonds; and provided further that the Project as so modified, restored or acquired shall be subject to no liens or encumbrances except Permitted Encumbrances.

(b) Redemption of the Bonds, together with accrued interest thereon, to the date of redemption; provided, that no part of any such condemnation award may be applied for such redemption unless (i) all of the Bonds are to be redeemed in accordance with the Purchase Agreement upon exercise of the option to purchase the Project pursuant to the provisions of Section 11.5(b), or (ii) if less than all of the Bonds are to be redeemed, Tenant shall furnish to Landlord and the Original Purchaser a certificate of the Authorized Tenant Representative stating (1) that the property forming a part of the Project that was taken in such eminent domain proceeding is not essential to Tenant's use or occupancy of the Project, or (2) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking in such eminent domain proceeding, or (3) that improvements have been acquired which are suitable for Tenant's operations at the Project as contemplated by the foregoing subsection (a) of this Section.

(c) Payment into the Bond Account of an amount sufficient to permit Payment in Full of the Bonds.

If Tenant elects to apply any Net Proceeds of any such award in the manner set forth in paragraph (a) above, and the amount of such Net Proceeds will be insufficient to pay in full the costs of such modification, restoration or acquisition, as determined by an independent architect or engineer approved by the Original Purchaser, then prior to commencing any such modification, restoration or acquisition Tenant will deposit the deficiency with Original

Purchaser in the separate disbursement account provided for in this Section. Such deposit shall first be applied to the costs of such modification, restoration or acquisition before any Net Proceeds of any such award are so applied. The Tenant will not, by reason of the payment of any excess costs of modification, restoration or acquisition be entitled to any reimbursement from the Tenant or any abatement or diminution of any Lease Payments.

Within 30 days from the date of entry of a final order in any eminent domain proceedings granting condemnation, Tenant shall direct the Original Purchaser and the Landlord in writing as to which of the ways specified in this Section Tenant elects to have the condemnation award applied. Any balance of the Net Proceeds of the award in such eminent domain proceedings shall be paid and applied in the same manner as specified in Section 12.1 hereof for excess Net Proceeds of insurance.

Any moneys held by the Original Purchaser under the provisions of the preceding paragraph shall, at the written request of the Authorized Tenant Representative, be invested or reinvested by the Original Purchaser in Eligible Investments; provided however that Tenant shall be solely responsible for any losses resulting from any such investments.

Notwithstanding anything herein to the contrary, upon the occurrence and continuance of an Event of Default under this Lease, the Original Purchaser may apply any Net Proceeds of condemnation awards received by it pursuant to the provisions of this Lease to partial or full prepayment of the Basic Rent, or to costs of modification, restoration or acquisition of the Project, or to any combination of the foregoing, as the Original Purchaser may elect.

Section 12.3. Condemnation of Tenant-Owned Property. Tenant shall be entitled to the proceeds of any condemnation award or portion thereof made for damages to or taking of its own property, not purchased with the proceeds of the Bonds, or for damages on account of the taking of or interference with Tenant's rights to possession, use or occupancy of the Project.

ARTICLE XIII

TENANT'S RIGHTS AS TO THE PROJECT

Section 13.1. Use of Premises. Subject to the provisions of this Article, Tenant shall have the right to use the Project for any and all purposes allowed by law and contemplated by the constitution of the Commonwealth and the Act. Tenant shall comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities or agencies, now or hereafter applicable to the Project or to any adjoining public ways, as to the manner of use or the condition of the Project or of adjoining public ways. Tenant shall comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of Article IX. Tenant shall pay all costs, expenses, claims, fines, penalties and damages that may, in any manner, arise out of, or be imposed as a result of, the failure of Tenant to comply with the provisions of this Article.

Section 13.2. Assignment and Sublease By Tenant. Tenant will not assign its rights under this Lease or sublease the Project in whole or in part unless Tenant shall have received the prior written consent of the Original Purchaser, which consent may be withheld in the Original Purchaser's sole discretion, and subject to each of the following conditions:

(a) no such assignment or sublease shall relieve the Tenant from primary liability for any of its obligations hereunder and under the Purchase Agreement or the Mortgage or the Assignment of Rents except for any assignment with respect to a consolidation, merger, dissolution, disposal of assets or transfer of assets, approved by the Original Purchaser in which case the Tenant shall be relieved from liability for any of its obligations hereunder and under the Purchase Agreement, the Assignment of Rents or the Mortgage;

(b) the assignee or sublessee shall assume the obligations of the Tenant hereunder and under the Purchase Agreement, the Assignment of Rents and the Mortgage to the extent of the interest assigned;

(c) the Tenant shall, within 10 days after execution thereof, furnish or cause to be furnished to the Original Purchaser, the Landlord and the Servicing Agent a true and complete copy of each instrument evidencing such assignment or sublease;

(d) the Tenant shall retain such rights and interests as will permit it to comply with its obligations under this Lease, the Assignment of Rents, the Mortgage and the Purchase Agreement; and

(e) no such assignment or sublease shall cause the Project to be in nonconformance with the purposes or provisions of the Act.

ARTICLE XIV

TENANT'S DUTIES AS TO PROJECT

Section 14.1. Repairs and Maintenance. Tenant covenants and agrees with Landlord that Tenant shall during the term of this Lease keep and maintain the Project and all parts thereof in good condition and repair, ordinary wear and tear excepted, including, but not limited to, the furnishing of all parts, mechanisms and devices required to keep the furnishings, machinery and equipment constituting a part of the Project in good mechanical and working order, and that during such period of time it will exercise every reasonable effort to keep the Project and all parts thereof free from filth, nuisance or conditions unreasonably increasing the danger of fire. Tenant shall keep the Project in compliance with all applicable governmental regulations and requirements, and in each case Tenant shall make all replacements and repairs necessary in connection therewith.

Section 14.2. Securing of Permits and Authorizations. Tenant shall neither do nor permit others under its control to do any work in or about the Project or related to any repair, rebuilding, restoration, replacement, alteration of or addition to the Project, or any part thereof, unless Tenant shall have first procured and paid for all requisite municipal and other governmental permits and authorizations. All such work shall be done in a good and workmanlike manner and in compliance with all applicable building, zoning, environmental and other laws, ordinances, governmental regulations and requirements and in accordance with the requirements, rules and regulations of all insurers under the policies required to be carried under the provisions of Article IX.

Section 14.3. Mechanic's Liens. Tenant shall not suffer or permit any mechanics' liens to be filed or exist against the Project, or against any payment to be made under this Lease, by reason of work, labor, services or materials supplied or claimed to have been supplied to Tenant or anyone holding the Project or the Project Site or any part thereof through or under Tenant. If any such mechanics' liens shall at any time be filed, Tenant shall, within thirty days after notice of the filing thereof, cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise; provided that if Tenant in good faith and by appropriate legal action shall contest the validity of any such mechanic's lien, or the amount thereof, then Tenant shall not be required to discharge such mechanic's lien so long as the contest is maintained and prosecuted with diligence, and shall not have been terminated or discontinued adversely to Tenant. Notwithstanding the foregoing, if either the Landlord or the Original Purchaser notifies Tenant that, in the opinion of counsel selected by it, by nonpayment of or failure to bond off or discharge any such mechanic's lien, the statutory mortgage lien or the lien of the Mortgage as to any part of the Project will be materially affected or the Project or any part thereof will be subject to imminent loss or forfeiture, Tenant shall promptly discharge such mechanic's lien.

ARTICLE XV

FURTHER COVENANTS OF TENANT

Section 15.1. Maintenance of Existence and Ownership of Tenant. During the term of this Lease, the Tenant shall maintain its existence and will not consolidate with or merge into any other corporation, or permit any other corporation to consolidate with or merge into it, and shall not dissolve or otherwise dispose of or transfer all or a major portion of its assets, without the prior written consent of the Original Purchaser.

If a transfer of assets, consolidation or merger is made as provided in this Section, the provisions of this Section shall continue in full force and effect and no further such transfer of assets, consolidation or merger shall be made except in compliance with the provisions of this Section.

No transfer of assets, consolidation or merger shall be permitted hereunder unless the surviving entity shall assume all the obligations created hereunder and under all of the other documents relative to the Bonds in a manner satisfactory to the Original Purchaser.

Section 15.2. Investment of Bond Account Moneys. Any moneys held as part of the Bond Account shall, at the oral or written request of the Authorized Tenant Representative, be invested or reinvested by the Servicing Agent in Eligible Investments. Any oral request for the investment of moneys shall be promptly confirmed in writing by the Authorized Tenant Representative.

Section 15.3. Additional Instruments. Tenant agrees to prepare, execute, submit to Landlord and the Original Purchaser for execution by them where necessary, and record financing statements or amendments thereto with respect to all furnishings, machinery and equipment and meeting the requirements of the Uniform Commercial Code of the Commonwealth (a) prior to the issuance and sale of the Bonds, describing in detail the furnishings, machinery and equipment constituting a part of the Project, including the brand name, model number and serial number where available, and (c) from time to time thereafter following any material changes in the furnishings, machinery and equipment, describing such material changes.

Section 15.4. Opinion to be Provided. Prior to July 1, 2019, and July 1 of each fifth year thereafter until Payment in Full of the Bonds, and at such other times as the Original Purchaser shall reasonable request, the Tenant shall on behalf of the Landlord cause to be delivered to the Original Purchaser an opinion of counsel, who may be counsel for the Tenant, addressed to the Landlord and the Original Purchaser and stating that based upon the law in effect on the date of such opinion, no filing, registration or recording and no refiling, reregistration or rerecording of this Lease or any assignment or any amendments or supplements thereto, or any financing statement, amendments thereto, continuation statements or instruments of a similar character relating to the pledges and assignments made by the Landlord or the Tenant to secure the Bonds, is required by law during the one year period commencing on the next following July 1 in order to fully preserve and protect the security of the Original Purchaser and the rights of the Original Purchaser under this Lease, or if such filing, registration, recording, refiling, reregistration or rerecording is necessary, setting forth the requirements in respect thereto. The Tenant with such assistance and cooperation from the Landlord as the Tenant may

reasonably request, shall take or cause to be taken all action necessary to satisfy any such requirements. Promptly after any filing, registration, recording, refiling, reregistration or rerecording of any such agreement or instrument, the Tenant on behalf of the Landlord will deliver to the Original Purchaser an opinion of counsel, who may be counsel for the Tenant, to the effect that such filing, registration, recording, refiling, reregistration or rerecording has been duly accomplished and setting forth the particulars thereof.

Section 15.5. Indemnity. The Tenant releases the Landlord, the Original Purchaser and the Servicing Agent from, agrees that the Landlord, the Original Purchaser and the Servicing Agent shall not be liable for, and indemnifies the Landlord, the Original Purchaser and the Servicing Agent against, all liabilities, claims, costs and expenses imposed upon or asserted against any of them on account of:

(a) any loss or damage to property or injury to or death of or loss by any person that may be occasioned by any cause whatsoever pertaining to the construction, maintenance, operation and use of the Project;

(b) any breach or default on the part of the Tenant in the performance of any covenant or agreement of the Tenant under this Lease, the Mortgage, the Assignment of Rents, the Purchase Agreement or any related document, or arising from any act or failure to act by the Tenant, or any of its agents, contractors, servants, employees or licensees;

(c) the authorization, issuance and sale of the Bonds, and the provision of any information furnished in connection therewith concerning the Project or the Tenant, but excluding information furnished by the Servicing Agent or the Original Purchaser; and

(d) any claim, action or proceeding with respect to the matters set forth in (a), (b) and (c) above brought thereon; provided, however, that the Tenant shall not be required to indemnify the Landlord, Original Purchaser or the Servicing Agent for any such liability claims, costs and expenses which result from the negligence of the Original Purchaser or the Servicing Agent, or the gross negligence of the Landlord, respectively.

The Tenant agrees to indemnify the Original Purchaser and Servicing Agent for and to hold harmless against all liabilities, claims, costs and expenses incurred without gross negligence or willful misconduct on the part of the Original Purchaser and Servicing Agent, on account of any action taken or omitted to be taken by the Original Purchaser or Servicing Agent in accordance with the terms of this Lease, the Bonds, the Mortgage, or the Assignment of Rents or any action taken at the request of or with the consent of the Tenant, including the costs and expenses of the Original Purchaser and Servicing Agent in defending themselves against any such claim, action or proceedings brought in connection with the exercise or performance of any of their respective powers or duties under this Lease, the Bonds, the Assignment of Rents or the Mortgage.

In case any action or proceeding is brought against the Landlord, the Original Purchaser or the Servicing Agent in respect of which indemnity may be sought hereunder, the party seeking indemnity promptly shall give notice of that action or proceeding to the Tenant, and the Tenant upon receipt of that notice shall have the obligation and the right to assume the defense of the action or proceeding; provided, that failure of a party to give that notice shall not relieve the Tenant from any of its obligations under this Section unless that failure prejudices the defense of

the action or proceeding by the Tenant. At its own expense, an indemnified party may employ separate counsel and participate in the defense. The Tenant shall not be liable for any settlement made without its consent, which consent shall not be unreasonably withheld.

Regardless of any other more limited or contrary provision in this Lease, the Tenant shall and hereby agrees to indemnify and save and hold harmless the Landlord and the officers, agents, servants, employees, attorneys and contractors thereof from any and all costs, expenses, losses, obligations or liabilities resulting from, caused or authorized by or in any way related to any act or omission of the Landlord, the Tenant, the Servicing Agent or the Original Purchaser or any of their respective officers, agents, servants, employees, assignees, attorneys or contractors, or any other person in regard to any of the following items:

(a) this Lease or any document described herein; or

(b) the Project and the Project Site and the design, development, construction, operation, maintenance, repair, equipment and use thereof; provided, however, that the indemnity in this Section shall be effective only to the extent of any loss in excess of amounts paid to the Landlord from any insurance on the Project carried with respect to the loss sustained; and the Landlord shall not settle or compromise any claim, action or proceeding without the written consent of the Tenant, which consent shall not be unreasonably withheld, if there exists no event of default by the Tenant as defined in Section 18.1 hereof; and, in the event any action or proceeding is instituted against the Landlord in regard thereof, the Tenant shall and hereby agrees to resist and defend such action or proceeding on behalf of the Landlord at the Tenant's expense upon notice thereof from the Landlord.

The indemnification set forth in this Section is intended to and shall include the indemnification of all affected officials, directors and employees of the Landlord, the Original Purchaser and the Servicing Agent, respectively. That indemnification is intended to and shall be enforceable by the Landlord, the Original Purchaser and the Servicing Agent, respectively, to the full extent permitted by law.

Section 15.6. Tenant's Performance Under Purchase Agreement, Mortgage, and Assignment of Rents. The Tenant has examined the Purchase Agreement, approves the form and substance thereof and agrees to be bound by its terms. The Tenant shall, for the benefit of the Landlord and each Holder, do and perform all acts and things required or contemplated in the Purchase Agreement, Mortgage, or Assignment of Rents to be done or performed by it.

Section 15.7. Books and Records; Financial Statements. The Tenant will keep and maintain or will cause to be kept and maintained proper and accurate books, records and accounts reflecting all items of income and expense in connection with the operation of the Project or in connection with any services, equipment or furnishings provided in connection with the operation of the Project, whether such income or expenses be realized by the Tenant or by any other person or entity whatsoever excepting sublessors unrelated to and unaffiliated with the Tenant and who leased from the Tenant portions of the Project for the purposes of occupying same. The Servicing Agent and the Original Purchaser and their designees shall have the right from time to time at all times during normal business hours to examine such books, records and accounts at the office of the Tenant or other person or entity maintaining such books, records and accounts and to make copies or extracts thereof as the Servicing Agent and the Original

Purchaser shall desire. The Tenant shall deliver to the Servicing Agent and the Original Purchaser copies of the following:

(a) Within thirty days of a written request therefor by the Servicing Agent or the Original Purchaser, a certificate signed by the Tenant, (i) stating it is familiar with all documents relating to the Bonds and that no Event of Default specified in Section 18.1 hereof, nor any event which upon notice or lapse of time, or both would constitute such an Event of Default, has occurred, or if any such condition or event existed or exists, specifying the nature and period of existence and what action the Tenant has taken or is taking or proposes to take with respect thereto;

(b) Promptly upon receipt thereof, after written request from the Servicing Agent or the Original Purchaser, copies of all letters to management and all audit reports submitted to the Tenant or to the managers or members, if any, by independent certified public accountants in connection with each audit of the books of the Tenant or any of its affiliates made by such accountants;

(c) After written requests from the Servicing Agent or Original Purchaser, copies of all statements, notices and reports the Tenant shall thereafter send to its creditors; and

(d) Within ninety (90) days after the close of each fiscal year, financial statements of the Tenant, including a balance sheet, statement income and expenses and statement of cash flows that include the results of the financial operation of the Project, all in reasonable detail on a tax basis of reporting. Year-end statements shall be certified by the chief financial officer of the Tenant.

(e) Within ninety (90) days after the close of each calendar year, personal financial statements of each Guarantor who is a natural person in form and level of detail satisfactory to the Original Purchaser. For each Guarantor who is a natural person, annually, within ten days of filing, a complete copy, including all schedules and attachments, of the Federal Income Tax Returns and Federal Gift Tax Returns, if any, certified correct by the signatory.

(f) Following the Completion Date, within thirty (30) days after the close of each month until stabilization, and within (30) days after the close of each calendar quarter thereafter, a certified financial statement (including a monthly, or quarterly, as applicable, income and expense statement for the Project), which shall include the average daily rate and average occupants for the month or calendar quarter, as applicable, and year to date.

(g) With reasonable promptness, such other information as the Original Purchaser may reasonably request relating to the Tenant, any Guarantor, any financial statements and/or the operation of the Project.

Section 15.8. Litigation Notice. The Tenant shall give the Servicing Agent and the Original Purchaser prompt notice of any action, suit or proceeding by it or against it at law or in equity, or before any governmental instrumentality or agency, or of any of the same which may be threatened, which if adversely determined, would materially impair the right of the Tenant to carry on the business which is contemplated in connection with the Project, or would materially and adversely affect its business, operations, properties, assets or condition.

Section 15.9. Maintenance of Capital Reserve Account. On the first anniversary of the Project Completion Date or February 1, 2017, whichever comes earlier, the Tenant shall cause to be deposited and maintained in a special account hereby established and designated as the Capital Reserve Account to be held by the Original Purchaser an amount equal to the greater of $100,000 or four percent (4%) of the net operating revenues of the Project for the immediately preceding twelve month period (the "Capital Reserve Requirement"), which Capital Reserve Requirement shall be maintained so long as any Bonds remain Outstanding and which, may be expended from time to time, with the consent of the Original Purchaser, for furniture, fixtures, equipment, operating supplies and such other capital replacements.

ARTICLE XVI

LANDLORD'S RIGHTS AS TO PROJECT

Section 16.1. Access to Premises and Records. Landlord, for itself, the Servicing Agent, the Original Purchaser and their duly authorized representatives and agents, reserves the right to enter the Project at all reasonable times during the term of this Lease for the purpose of (a) examining and inspecting the same, including the construction, installation and equipping thereof and (b) performing such work in and about the Project made necessary by reason of Tenant's default under any of the provisions of the Lease. Landlord may, during the progress of such work mentioned in (b) above, keep and store on the Project Site or in the Project all necessary materials, supplies and equipment and shall not be liable for necessary inconvenience, annoyances, disturbance, loss of business or other damage suffered by reason of the performance of any such work or the storage of materials, supplies and equipment. The Servicing Agent, the Landlord and the Original Purchaser shall also have the right at all reasonable times to examine the books and records of the Tenant insofar as such books and records relate to the Project, and Tenant agrees to keep such books and records at the Project or in such other location as may be approved in advance by the Servicing Agent.

Section 16.2. Conveyance of Project by Landlord. Landlord, pursuant to Section 7.1 hereof, conveys and assigns to the Original Purchaser as security for the payment of the principal of, premium, if any, and interest on the Bonds, the following:

(i) all its right, title and interest in and to this Lease; and

(ii) its interest in and any moneys receivable under this Lease, except for Unassigned Issuer's Rights;

but such conveyance and assignment is subject and subordinate to this Lease.

Landlord agrees that, except as set forth herein, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project during the term of this Lease. If the laws of the Commonwealth at the time shall permit such sale, or other disposition to be made, nothing contained in this Section shall prevent the consolidation of the Landlord with, or merger of the Landlord into, or transfer of the Project as an entirety to, any political subdivision or instrumentality thereof whose property and income are not subject to taxation and which has corporate authority to carry on the business of owning and leasing the Project; provided, that upon any such consolidation, merger or transfer, the due and punctual payment of the principal of, premium, if any, and interest on the Bonds according to their tenor, and the due and punctual performance and observance of all the agreements and conditions of this Lease to be kept and performed by Landlord, shall be expressly assumed in writing by the corporation resulting from such consolidation or surviving such merger or to which the Project shall be transferred as an entirety.

Section 16.3. Priority of Lease. Notwithstanding anything to the contrary in this Lease, this Lease and the estate of Tenant hereunder are and shall continue to be superior and prior to any and all mortgages, including any statutory mortgage lien.

ARTICLE XVII

FURTHER COVENANTS OF LANDLORD

Section 17.1. Quiet Enjoyment and Possession. Landlord makes no representation or covenant that Tenant shall have quiet and peaceful possession of the Project except that the Project is and shall remain free from encumbrances, other than Permitted Encumbrances, made or knowingly suffered by Landlord or anyone claiming by, through or under it, except encumbrances resulting from any failure of Tenant to perform any of its agreements or obligations under this Lease, including any encumbrances created by the Servicing Agent pursuant to Article XVIII hereof following a default of Tenant. Landlord covenants that it will refrain from taking any action as a result of which Tenant would not have quiet and peaceful possession of the Project, unless Tenant then be in default hereunder. Landlord further covenants and agrees that it shall not, without the consent of the Tenant, by petition or other means, seek to obtain a zoning change for the Project Site.

Section 17.2. Duty to Cooperate in Condemnation Proceedings. Landlord will cooperate with Tenant in the conduct of any condemnation proceeding with respect to the Project and will, to the extent Landlord may lawfully do so, permit Tenant to litigate in any such proceeding in the name and on behalf of Landlord. In no event will Landlord voluntarily settle, or consent to the settlement of, any condemnation proceeding with respect to the Project without the consent of Tenant.

ARTICLE XVIII

DEFAULTS AND REMEDIES

Section 18.1. Default Provisions. This Lease is made on condition that if (each of the following events being deemed an "Event of Default" under the provisions of this Lease):

(a) Tenant fails to punctually pay any installment of Basic Rent or Additional Rent as the same become due and such failure continues for ten (10) days thereafter; or

(b) The Tenant shall fail to deliver to the Servicing Agent, or cause to be delivered on its behalf, the moneys needed to redeem or purchase any outstanding Bonds as provided in Article XI hereof in the manner and upon the date requested in writing by the Original Purchaser;

(c) The Tenant shall fail to observe and perform any other agreement, term or condition contained in this Lease, and such failure or neglect either cannot be remedied or, if it can be remedied, it continues unremedied for a period of thirty (30) days after notice thereof to Tenant, provided that such period can be extended for up to sixty additional days if Tenant has commenced a cure within said thirty-day period, is pursuing it diligently, and the interests of the Original Purchaser are not adversely affected;

(d) The Tenant shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the Federal bankruptcy laws, as now or hereafter in effect; (iii) commence a proceeding under any other Federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property; or

(e) The occurrence or continuance of an "event of default" or "Event of Default" under the Assignment of Rents, the Mortgage, the Guaranty Agreements, the Purchase Agreement [or the Subordinated Mortgage], after any applicable notice or grace period;

then Landlord, with the written consent of the Original Purchaser, or the Original Purchaser, as assignee of the Landlord may take any one or more of the following remedial steps, in addition to all other remedies available at law or equity:

(i) Declare all installments of Basic Rent as well as any Additional Rent for the remainder of the term of the Lease to be immediately due and payable, whereupon the same shall become immediately due and payable. If Basic Rent is thus accelerated, the amount thus due and payable by Tenant as accelerated rents shall be the sum of (1) the aggregate principal amount of the Bonds then outstanding, (2) all unpaid interest on the Bonds accruing to the date of such acceleration, (3) any applicable Redemption Premium, (4) all fees and expenses of the Servicing Agent and the Original Purchaser accrued and to accrue through such acceleration date, including reasonable attorneys' fees, and (5) any amount then due the Landlord hereunder.

(ii) Landlord, with the consent of the Original Purchaser, may, and shall, at the Original Purchaser's direction, then or at any time thereafter, and while such default

shall continue, give Tenant written notice of intention to terminate this Lease on a date specified therein, which date shall not be earlier than ten (10) days after such notice is given, and, if all defaults have not then been cured, on the date so specified, Tenant's rights to possession of the Project shall cease and this Lease shall thereupon be terminated, and Landlord may re-enter and take possession of the Project; and as an alternative remedy Landlord may at Landlord's election, without terminating this Lease or the term thereof, re-enter the Project and take possession thereof, as agent for Tenant, and having elected to re-enter and take possession of the Project without terminating this Lease or the term thereof, Landlord shall use reasonable diligence to relet the Project, or parts thereof for Tenant's account, for such term or terms and at such rental and upon such other terms and conditions as Landlord may deem advisable, with the right to make alterations and repairs to the Project, and no such re-entry or taking of possession of the Project by Landlord shall be construed as an election on Landlord's part to terminate this Lease, and no such re-entry or taking of possession by Landlord shall relieve Tenant of its obligation to pay Basic Rent or Additional Rent (at the time or times provided herein), or of any of its other obligations under this Lease, all of which shall survive such re-entry or taking of possession, and Tenant shall continue to pay the Basic Rent and Additional Rent provided for in this Lease until the end of the term thereof and whether or not the Project shall have been relet, less the net proceeds, if any, of any reletting of the Project after deducting all of Landlord's reasonable expenses in connection with such reletting, including without limitation all reasonable repossession costs, brokerage commissions, legal expenses, expenses of employees, and reasonable costs and expenses of preparation for reletting including the reasonable cost of any alterations that may be necessary in connection therewith. Any such reletting may be effected by private negotiation and without public advertisement. Having elected to re-enter or take possession of the Project without terminating the term of this Lease, Landlord may, by notice to Tenant given at any time thereafter while Tenant is in default in the payment of Basic Rent or Additional Rent or in the performance of any other obligation under this Lease, elect to terminate this Lease on a date to be specified in such notice, which date shall be not earlier than ten (10) days after the giving of such notice, and if all defaults shall not have then been cured, on the date so specified, this Lease shall thereupon be terminated. If in accordance with any of the foregoing provisions of this Article, Landlord shall have the right to elect to re-enter and take possession of the Project, Landlord may enter and expel Tenant and those claiming through or under Tenant and remove the property and effects of both or either.

(iii) Landlord, with the consent of the Original Purchaser, may, and shall, at the Original Purchaser's direction, and subject to the provisions of the Mortgage, appoint a receiver or receivers of the Project and of all rents, revenues, issues, earnings, income, products and proceeds thereof, with such powers as the court making such appointment shall confer. At the request of Landlord or the Original Purchaser, Tenant shall consent to the appointment of any such receiver.

The remedies given herein are in addition to and are cumulative with, the rights of the Original Purchaser and Landlord to proceed against any security given to secure payment of the Bonds or Tenant's obligations hereunder.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Tenant is unable to perform or observe any agreement, term or condition hereof which would give rise to an Event

of Default under Section 18.1 (c), the Tenant shall not be deemed in default during the continuance of such inability. However, the Tenant shall promptly give notice to the Original Purchaser and the Landlord of the existence of an event of Force Majeure and shall use its best efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances involving employees of the Tenant shall be entirely within its discretion.

The term Force Majeure shall mean, without limitation, the following:

(i) acts of God; strikes, lockouts or other industrial disturbances of non employees of the Tenant; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(ii) any cause, circumstance or event not reasonably within the control of the Tenant.

The declaration of an Event of Default and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of Federal bankruptcy law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

The provisions of this Section are subject to the further limitation that the rescission by the Original Purchaser of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to paragraph (a) of this Section and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

Section 18.2. Performance of Tenant's Obligations by Landlord. If Tenant shall fail to keep or perform any of its obligations as provided in this Lease in respect of (a) maintenance of insurance, (b) payments under Article IV, (c) repairs and maintenance of the Project, (d) compliance with legal or insurance requirements hereunder, (e) keeping the Project lien free, or in the making of any other payment or performance of any other obligation, then Landlord or the Original Purchaser may (but shall not be obligated so to do) upon the continuance of such failure on Tenant's part for thirty (30) days after written notice of such failure is given Tenant by Landlord or the Original Purchaser and without waiving or releasing Tenant from any obligation hereunder, as an additional but not exclusive remedy, make any such payment or perform any such obligation, and all sums so paid by Landlord or the Original Purchaser and all necessary incidental costs and expenses incurred by Landlord or the Original Purchaser in performing such obligation shall be deemed Additional Rent and shall be paid to Landlord or the Original Purchaser, as the case may be, on demand with interest thereon from the date of such payment at the Interest Rate for Advances, and if not so paid by Tenant, Landlord shall have the same rights

and remedies as provided for in this Article XVIII in the case of default by Tenant in the payment of Basic Rent.

Section 18.3. Attorneys' Fees and Expenses. Should a default under the provisions of this Lease occur and the Landlord, the Original Purchaser or the Servicing Agent employ attorneys or incur other expenses for the collection of Lease Payments or the enforcement of performance of any other obligation of Tenant under this Lease or the Mortgage or Tenant shall on demand pay to the Landlord, the Original Purchaser or the Servicing Agent, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses so incurred; provided that such attorney's fees shall be allowed only to the extent actually paid and shall not be allowed to a salaried employee of the Landlord or the Servicing Agent or the Original Purchaser. If any such expenses are not so reimbursed, the amount thereof, together with interest thereon from the date of demand for payment at the Interest Rate for Advances, to the extent permitted by law, shall constitute Additional Rent, and in any action brought to collect Lease Payments, the Servicing Agent, the Original Purchaser or the Landlord, as applicable, shall be entitled to seek the recovery of those expenses in such action except as limited by law or by judicial order or decision entered in such proceedings.

Section 18.4. Notice of Default. The Tenant shall notify the Servicing Agent and the Original Purchaser immediately if it becomes aware of the occurrence of any Event of Default hereunder or of any fact, condition or event which, with the giving of notice or passage of time or both, would become an Event of Default.

ARTICLE XIX

MISCELLANEOUS

Section 19.1. Notices. Except as otherwise specifically provided herein, all notices, approvals, consents, requests and other communications hereunder shall be in writing and shall be deemed to have been given when delivered, if hand delivered or sent by a nationally recognized courier service, or three business day after postmarked if mailed by first class registered or certified mail, postage prepaid, addressed if to the Landlord, City of Paducah, Kentucky, 300 South 5th Street, Paducah, Kentucky 42002-2267, Attention: City Manager; if to the Tenant, to Paducah Convention Hotel, LLC, 1115 South 4th Street, Louisville, Kentucky 40203, Attention: Mr. Todd M. Clark, if to the Original Purchaser or Servicing Agent, at Independence Bank, 3143 Broadway, Paducah, Kentucky 42001, Attention: _____. A duplicate copy of each notice, approval, consent, request or other communication given hereunder by either the Landlord or the Tenant to the other shall also be given to the Servicing Agent and the Original Purchaser. The Landlord, the Tenant, the Original Purchaser and the Servicing Agent may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same shall be directed, but no such communication shall thereby be required to be sent to more than two addresses.

Section 19.2. Amendments, Supplements, Changes and Modifications. Except as otherwise provided herein, this Lease may not be amended, supplemented, changed, modified, altered or terminated.

Section 19.3. Covenants Run With Project and Project Site. The covenants, agreements and conditions herein contained shall run with the Project and Project Site hereby leased and shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

Section 19.4. Rights and Remedies. The rights and remedies reserved by Landlord and Tenant hereunder and those provided by law and equity shall be construed as cumulative and continuing rights. No one of them shall be exclusive, or shall be exhausted by the exercise thereof on one or more occasions. Landlord and Tenant shall each be entitled to specific performance, and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of this Lease, notwithstanding the availability of an adequate remedy at law, and each party hereby waives the right to raise such defense in any proceeding in equity. Such remedies as are given to Landlord hereunder shall also extend to the Servicing Agent.

Section 19.5. Waiver of Breach. No waiver of any breach of any covenant or agreement herein contained shall operate as a waiver of any subsequent breach of any other covenant or agreement, and in case of a breach by either party of any covenant, agreement or undertaking, the non-defaulting party may nevertheless accept from the other any payment or payments or performance hereunder without in any way waiving its right to exercise any of its rights and remedies provided for herein or otherwise with respect to any such default or defaults which were in existence at the time such payment or payments or performance were accepted by it. No delay or omission of Landlord or the Original Purchaser to exercise any right or power accruing upon any event of default shall impair any such right or power, or shall be construed to be a waiver of any such event of default or an acquiescence therein, and every power and remedy

given by this Lease to Landlord and the Original Purchaser may be exercised from time to time and as often as may be deemed expedient by Landlord or the Original Purchaser , or either of them.

Section 19.6. Construction and Enforcement. This Lease shall be construed and enforced in accordance with the laws of the Commonwealth, exclusive of its rules regarding the choice of law. Wherever in this Lease it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant with the other party to make such payment or to perform, or not to perform, as the case may be, such act or obligation. Time is of the essence hereof.

Section 19.7. Amounts Remaining in Funds. Any amounts in the Bond Account remaining unclaimed by the Holders of Bonds for four years after the due date thereof (whether at stated maturity, by redemption or pursuant to any mandatory sinking fund requirements or otherwise) shall be deemed to belong to and shall be paid, at the written request of the Tenant, to the Tenant by the Servicing Agent as overpayment of Lease Payments. With respect to that principal of and any premium and interest on the Bonds to paid from moneys paid to the Tenant pursuant to the preceding sentence, the Holders of the Bonds entitled to those moneys shall look solely to the Tenant for the payment of those moneys. Further, except as provided in the Bond Legislation, any amounts remaining in the Bond Account and any other special funds or accounts created under this Agreement after all of the outstanding Bonds shall be deemed to have been paid and discharged under the provisions of the Bond Legislation and all other amounts required to be paid under this Agreement and the Mortgage have been paid, shall be paid to the Tenant to the extent that those moneys are in excess of the amounts necessary to effect the payment and discharge of the outstanding Bonds.

Section 19.8. Invalidity of Provisions of Lease. If for any reason any provision hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

Section 19.9. Captions. The captions or headings herein shall not be treated as a part of this Lease or as affecting the true meaning of the provisions hereof.

Section 19.10. Execution of Counterparts. This Lease may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Section 19.11. References to Attorneys' Fees. Any covenant contained in this Lease to pay or to reimburse the payment of attorneys' fees shall be construed to include attorneys' fees through all proceedings, including, but not limited to, negotiations, administrative hearings, trials and appeals.

Section 19.12. Limited Recourse to Original Purchaser. As a condition to acceptance of the assignment of this Lease, recourse against Original Purchaser whether in its capacity as Original Purchaser or as Servicing Agent shall be limited to Original Purchaser's interest in the Project.

Section 19.13. Waiver of Jury Trial. To the extent permitted by law, Issuer, Tenant and the Original Purchaser each waive any right to trial by jury in any action or proceeding relating to this Lease, the Mortgage, the Purchase Agreement or the Bonds.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first above written.

LANDLORD:

CITY OF PADUCAH, KENTUCKY

_____
Mayor

ATTEST:

_____
City Clerk

TENANT:

PADUCAH CONVENTION HOTEL, LLC

By: _____

Title: _____

ACCEPTANCE OF ASSIGNMENT

The assignment of this Lease set forth in Sections 7.1 and 16.2 hereof by the Landlord to Independence Bank, as Original Purchaser, is hereby accepted subject to the provisions of Section 19.12 thereof.

INDEPENDENCE BANK, Original Purchaser

By:_____

Title: _____

ACKNOWLEDGEMENTS

COMMONWEALTH OF KENTUCKY)
) ss:
COUNTY OF MCCRACKEN)

The foregoing Agreement of Lease was acknowledged before me this _____ day of July, 2014, by Gayle Kaler and Tammara Sanderson, Mayor and City Clerk, respectively, of the City of Paducah, Kentucky, a Kentucky municipal corporation, on behalf of the City.

_____
Notary Public

My Commission Expires: _____

STATE OF KENTUCKY)
) ss:
COUNTY OF MCCRACKEN)

The foregoing Agreement of Lease was acknowledged before me this____day of July, 2014, by _____, Manager of Paducah Convention Hotel, LLC, a Kentucky limited liability company, on behalf of the company.

_____
Notary Public

My Commission Expires: _____

STATE OF KENTUCKY)
) ss:
COUNTY OF _____)

The foregoing Acceptance of Assignment was acknowledged before me this _____ day of July, 2014, by _____of Independence Bank, a Kentucky banking corporation, as Original Purchaser, on behalf of the corporation.

_____
Notary Public

My Commission Expires: _____

This instrument prepared by:

_____
Dirk M. Bedarff, Esq.
Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP
50 East RiverCenter Boulevard, Suite 1150
Covington, Kentucky 41011

EXHIBIT A

THE PROJECT

The Project consists of a 121 room Hilton Garden Hotel to be located on the Project Site.

EXHIBIT B

PROJECT SITE

EXHIBIT C

CERTIFICATION REGARDING INSURANCE

Reference is made to the Agreement of Lease dated as of July 15, 2014 (the "Agreement"), between Paducah Convention Hotel, LLC (the "Tenant") and the City of Paducah, Kentucky (the "Issuer"). Capitalized words used herein have the meanings given them in the Agreement.

The undersigned Authorized Tenant Representative hereby certifies to the Trustee that:

1. I have read all relevant sections of the Agreement and the Mortgage relating to insurance;

2. I have made such examination or investigation as is necessary or appropriate in order to make the statements contained herein;

3. I have made such examination or investigation as is necessary to enable me to express an informed opinion as to whether or not the terms, conditions and covenants in the Agreement and the Mortgage with respect to insurance matters have been complied with; and

4. Based on examination and review of the Agreement and the Mortgage, all of the terms, conditions and covenants set forth in the Agreement and the Mortgage as they relate to insurance matters have been satisfied and are in full force and effect.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this ____ day of _____, 20___.

PADUCAH CONVENTION HOTEL, LLC

By: _____

Authorized Tenant Representative

85639v1
5/20/2014

BOND PURCHASE AGREEMENT

Among

CITY OF PADUCAH, KENTUCKY,

PADUCAH CONVENTION HOTEL, LLC.

INDEPENDENCE BANK,
Paducah, Kentucky, as Servicing Agent,

and

INDEPENDENCE BANK
Paducah, Kentucky, as Original Purchaser

$10,500,000 Maximum Principal Amount
City of Paducah, Kentucky
Industrial building Revenue Bonds, Series 2014
(Paducah Convention Hotel, LLC Project)

July 15, 2014

BOND PURCHASE AGREEMENT

This Agreement is made as of July 15, 2014, among the CITY OF PADUCAH, KENTUCKY, a municipal corporation and political subdivision of the Commonwealth of Kentucky (the "Issuer") PADUCAH CONVENTION HOTEL, LLC, a Kentucky limited liability company (the "Tenant"), INDEPENDENCE BANK, Paducah, Kentucky (as the "Servicing Agent"), and INDEPENDENCE BANK, Paducah, Kentucky (as the "Original Purchaser" and, together with any subsequent owner of the Bonds, the "Holder"):

WHEREAS, the Issuer proposes to finance the acquisition, construction, installation and equipping of an approximately 121 room hotel in downtown Paducah, Kentucky (the "Project"), through the issuance and sale of $10,500,000 aggregate maximum principal amount of its Industrial Building Revenue Bonds, Series 2014 (Paducah Convention Hotel, LLC Project) (the "Bonds"); and

WHEREAS, the Bonds will mature February 1, 2036, subject to prior redemption and tender for purchase herein prescribed. The Bonds will be issued pursuant to an ordinance (the "Bond Legislation") adopted on July __, 2014, by the Board of Commissioners of the Issuer (the "Legislative Authority"), and will be payable, except as provided below, from the Lease Payments, as defined in an Agreement of Lease dated as of July 15, 2014 (the "Lease Agreement"), between the Issuer and the Tenant, pursuant to which the Issuer will acquire the Project with the proceeds of the Bonds and lease the Project to the Tenant for the purposes therein described. As security for the obligations of the Tenant under the Agreement, the Issuer, the Tenant and the Trustee have entered into an Open-End Leasehold Mortgage and Security Agreement dated as of July 15, 2014 (the "Mortgage") and the Tenant and the Original Purchaser have entered into an Assignment of Rents and Leases dated as of July 15, 2014 (the "Assignment of Rents"). As further security for the Bonds, David B. Jones, Glenn R. Malone, Eddie Corley and Garrett Forbes Mathieu, jointly and severally, (collectively, the "Limited Guarantors") have entered into a Limited Guaranty Agreement dated as of July 15, 2014 (the "Limited Guaranty") with the Original Purchaser and Todd M. Clark, John M. Clark and David M. Puckett, jointly and severally, have entered into an Unlimited Guaranty Agreement dated as of July 15, 2014 (the "Unlimited Guaranty," and together with the Limited Guaranty, the "Guaranties") with the Original Purchaser; and

WHEREAS, it is intended that the Project conform with the provisions of Chapter 103 of the Kentucky Revised Statutes, as amended (the "Act") and that the Bonds will be sold to the Original Purchaser without registration of any security under the Securities Act of 1933 (the "Securities Act"); and

WHEREAS, in order to induce the Issuer and the Original Purchaser to enter into this Bond Purchase Agreement, to induce the Issuer to issue and deliver the Bonds, and to induce the Original Purchaser to buy the Bonds, the Tenant has joined in this Bond Purchase Agreement; and

WHEREAS, the Issuer acknowledges that the Original Purchaser is purchasing the Bonds for its own account without an intent to resell the Bonds; and

WHEREAS, the Issuer and the Tenant agree that the proceeds of the sale of the Bonds, including accrued interest thereon, are to provide funds necessary to provide a portion of the funds necessary to pay the costs of permanently financing the acquisition, construction, installation and equipping of the Project; and

WHEREAS, the Original Purchaser is willing to purchase the Bonds upon the terms and subject to the conditions provided herein; and

WHEREAS, the Servicing Agent desires to disburse the proceeds of the Bonds and perform certain other functions as specified herein, all as the agent of the Issuer and the Original Purchaser; and

WHEREAS, the parties desire to provide for the terms of purchase of the Bonds, the manner of disbursement of the proceeds thereof and the duties and responsibilities of each party with respect thereto.

NOW, THEREFORE, the parties hereto agree as follows:

1. Definitions. Except to the extent otherwise expressly provided in the recitals and elsewhere herein, and unless the context otherwise requires, all words and terms used herein with initial capitalization where rules of grammar do not otherwise require capitalization shall have the meanings set forth in the Lease Agreement, the Bond Legislation and the Mortgage. Any reference herein to the Issuer, the Tenant, the Original Purchaser or the Servicing Agent shall include any person or entity which succeeds to their respective functions, duties or responsibilities pursuant to or by operation of law.

2. Representations and Warranties. The Issuer and the Tenant each make to the Original Purchaser and Servicing Agent their respective representations and warranties set forth in Article II of the Lease Agreement. The Original Purchaser represents and warrants that it is a Kentucky banking corporation with full power and authority to enter into this Agreement and to perform its obligations hereunder. Each of the representations, warranties and agreements of the parties in this Agreement or in any agreement, certificate or other instrument delivered in connection with the issuance of the Bonds or the acquisition, installation or financing of the Project shall remain in full force and effect despite any independent investigation of the subject matter thereof by any other party hereto, and shall survive the issuance of the Bonds.

3. Servicing Agent.

A. The Issuer and the Original Purchaser hereby appoint the Servicing Agent as the Issuer's exclusive servicing agent under this Agreement and in connection with all agreements and instruments executed and delivered in connection with the issuance of the Bonds.

B. Upon issuance of the Bonds to, and payment for the Bonds by, the Original Purchaser, the Servicing Agent shall establish a special account hereby designated as the "Project Account" and shall deposit the proceeds from the sale of the Bonds in the Project Account. The Servicing Agent shall invest, disburse and otherwise apply moneys, in the Project Account as provided in the Lease Agreement.

C. Upon issuance of the Bonds to the Original Purchaser, the Servicing Agent shall establish a special account hereby designated as the "Bond Account". The Servicing Agent shall deposit all Lease Payments received by it in the Bond Account, and shall pay, invest and otherwise apply moneys in the Bond Account as herein provided. The Issuer specifically hereby authorizes and directs the Servicing Agent to withdraw sufficient funds from the Bond Account, if any, available for such purpose to pay the Bond Service Charges as the same become due and payable, and to pay such funds to the Holder, which authorization and direction the Servicing Agent hereby accepts.

D. The Servicing Agent shall keep proper and complete records pertaining to the Project Account and the Bond Account, and shall prepare and furnish to the Issuer and to the Tenant, upon request of either, annual statements within 45 days after the end of each calendar year showing all funds received, deposited, invested, disbursed or paid by it in connection with the Project or on the Bonds during such calendar year.

E. The Servicing Agent shall forthwith notify the Issuer of any Event of Default under the Lease Agreement of which the Servicing Agent has knowledge; provided, however, that except with respect to default by the Tenant in making Series A Note Payments as and when due, the Servicing Agent shall not be deemed to have knowledge of any Event of Default until it has received written notice thereof from the Tenant or the Holder specifically describing such Event of Default.

F. The Servicing Agent shall be entitled to payment or reimbursement, or both, from the Tenant, for reasonable fees for its Ordinary Services rendered pursuant to its duties and obligations as Servicing Agent, and all advances, counsel fees and other Ordinary Expenses reasonably and necessarily made or incurred by it in connection with such Ordinary Services and, in the event that it should become necessary that the Servicing Agent perform Extraordinary Services, it shall be entitled to reasonable extra compensation from the Tenant therefore, and to reimbursement from the Tenant for reasonable and necessary Extraordinary Expenses in connection therewith; provided, that if such Extraordinary Services or Extraordinary Expenses are occasioned by the neglect or misconduct of the Servicing Agent, it shall not be entitled to compensation or reimbursement therefore.

For purposes of this paragraph, "Ordinary Services" and "Ordinary Expenses" mean those services normally rendered and those expenses normally incurred by a servicing agent under instruments similar to this Agreement; and "Extraordinary Services" and "Extraordinary Expenses" mean all services reasonably rendered and all reasonable expenses reasonably incurred by the Servicing Agent under this Agreement, other than Ordinary Services and Ordinary Expenses.

G. The Servicing Agent may perform any of its duties by or through attorneys, agents, receivers or employees and shall be entitled to advice of counsel and independent experts of nationally recognized standing ("experts") concerning all duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, experts, agents, receivers and employees as may reasonably be employed in connection herewith. The Servicing Agent may act upon the opinion or advice of any attorney (who

may be the attorney or attorneys for the Issuer or the Tenant) or any expert, approved by the Servicing Agent in the exercise of reasonable care. The Servicing Agent shall not be responsible for any loss or damage resulting from any action taken or not taken in good faith in reliance upon such opinion or advice, or for any default or neglect of such attorney, expert or receiver employed and selected by it with reasonable care.

H. The Servicing Agent shall not be responsible for any recital herein or in the Bonds, or for the validity, priority, recording or rerecording, filing or re-filing of this Agreement, the Lease Agreement, the Assignment of Rents or the Mortgage or any financing statements, amendments thereto or continuation statements, or for insuring the Project, or for the validity of the execution by the Issuer of this Agreement, the Lease Agreement, the Assignment of Rents or the Mortgage or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds. The Servicing Agent shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer or on the part of the Tenant under the Agreement, the Lease Agreement, the Assignment of Rents or the Mortgage.

I. The Servicing Agent shall not be accountable for the application of the proceeds of any Bonds which has been made by or on behalf of the Tenant or the Issuer.

J. The Servicing Agent shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Servicing Agent pursuant to this agreement upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder, shall be conclusive and binding upon all future Holders.

K. As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Servicing Agent shall be entitled to rely upon a certificate signed on behalf of the Issuer by an authorized officer thereof as sufficient evidence of the facts therein contained, and, prior to the occurrence of an Event of Default of which the Servicing Agent has knowledge, shall also be entitled to rely upon a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion obtain such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Servicing Agent may accept a certificate of an officer, or an assistant thereto, having charge of the appropriate records to the effect that legislation or any resolution in the form therein set forth has been adopted by the Legislative Authority or a certificate of the authorized representative of the Tenant to the effect that a resolution in the form therein set forth has been adopted by the Tenant, as conclusive evidence that such legislation or resolution has been duly adopted and is in full force and effect. With respect to any action or authorization by the Tenant, the Servicing Agent may accept as conclusive evidence thereof any certificate of the Authorized Tenant Representative.

L. The permissive right of the Servicing Agent to do things enumerated in this Agreement shall not be construed as a duty and the Servicing Agent shall not be answerable for other than its negligence or willful default.

M. The Servicing Agent shall not be personally liable for any debts contracted, or for injury or damage to persons or to personal property, or for salaries or nonfulfillment of contracts, relating to the Project.

N. At any and all reasonable times the Servicing Agent, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right fully to inspect any and all books, papers and records of the Issuer pertaining to the Project and the Bonds, and to make copies of and take such memoranda from and in regard thereto as may be desired.

O. The Servicing Agent shall not be required to give any bonds or surety in respect of its duties under this Agreement.

P. Notwithstanding anything elsewhere in this Agreement contained, the Servicing Agent shall have the right, but shall not be required, to demand, in respect of the withdrawal of any cash or any action whatsoever within the purview of this Agreement, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that required by the terms hereof as a condition of such action by the Servicing Agent, deemed desirable for the purpose of establishing the right to withdrawal of any cash, or the taking of any other action by the Servicing Agent.

Q. Unless otherwise provided herein, all moneys received by the Servicing Agent under this Agreement shall, until used or applied or invested as herein provided, be held for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Agreement or by law. The Servicing Agent shall not be under any liability for interest on any moneys received hereunder except such as may be agreed upon with the Issuer or the Tenant.

R. The Servicing Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Servicing Agent was negligent in ascertaining the pertinent facts.

S. No provision of this Agreement shall require the Servicing Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

T. Any corporation or association into which the Servicing Agent may be converted or merged, or with which it or any successor to it may be consolidated, or to which it may sell or transfer its assets and business as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Servicing Agent hereunder and vested with all of the duties, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of

any instrument or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding; provided, however, that any such successor Servicing Agent shall be a trust company, a bank or a banking association having a reported capital and earned and unearned surplus of not less than $25,000,000.

U. The Servicing Agent may at any time resign as Servicing Agent by giving sixty days' written notice thereof to the Issuer, to the Tenant and to the Holder, and such resignation shall take effect at the appointment of a successor Servicing Agent by the Issuer and acceptance by the successor Servicing Agent of such appointment. The Servicing Agent shall cooperate with any successor Servicing Agent to assure the continual of performance of all duties of the Servicing Agent without interruption.

V. The Servicing Agent may be removed at any time by an instrument or concurrent instruments in writing delivered to the Holder and the Tenant and signed by the Issuer.

W. In case the Servicing Agent hereunder shall resign or be removed, or be dissolved, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be appointed by the Issuer. Every such successor Servicing Agent appointed pursuant to the provisions of this Section shall be a trust company, a bank or a banking association having a reported capital and earned and unearned surplus of not less than $5,000,000 and willing to accept its duties under the terms and conditions of this Agreement; provided that such successor Servicing Agent may have a reported capital and earned and unearned surplus of less than $5,000,000 if the Issuer is unable, after reasonable efforts, to secure a successor Servicing Agent with reported capital and earned and unearned surplus of at least $5,000,000.

X. Every successor Servicing Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer, the Holder and the Tenant, an instrument in writing accepting such appointment hereunder, and thereupon such successor without any further act shall become fully vested with all the rights, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of its successor or the Issuer, execute and deliver an instrument transferring to such successor Servicing Agent all the rights of such predecessor hereunder, and shall duly assign, transfer and deliver all property, securities and moneys held by it as Servicing Agent to its successor. Should any instrument in writing from the Issuer be required by any successor Servicing Agent for more fully and certainly vesting in such successor the rights and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer.

Y. In the event of a change in the office of Servicing Agent, the predecessor Servicing Agent which has resigned or been removed shall cease to be custodian of any funds it may hold pursuant to this Agreement and the successor Servicing Agent shall become such custodian.

Z. Legislation, resolutions, opinions, certificates and other instruments provided for in this Agreement may be accepted by the Servicing Agent as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Servicing Agent for its actions taken hereunder.

4. Purchase of Bonds.

A. Subject to the Conditions to Purchase in Section 8 hereof, upon issuance of the Bonds the Original Purchaser offers to purchase the Bonds at a purchase price of 100% of the principal amount of the Bonds ($10,500,000).

B. The terms and provisions of the Bonds, including without limitation those relating to the principal amount thereof, interest payable thereon, repayment of principal and interest and redemption shall be as set forth in the form of the Bonds attached hereto as Exhibit A.

C. As provided in the Lease Agreement, Lease Payment, sufficient in time and amount to pay the Bond Service Charges as they come due, are to be paid by the Tenant directly to the Servicing Agent for the account of the Issuer and deposited in the Bond Account.

Upon issuance of the Bonds, there shall be created by the Issuer and ordered maintained, as a separate deposit account (except when invested as provided in the Lease Agreement) in the custody of the Servicing Agent, an account to be designated "City of Paducah, Kentucky - Paducah Convention Hotel, LLC Bond Account." Subject to the provisions of the Mortgage, the Bond Account and the moneys therein are hereby pledged to and shall be used solely and exclusively for the payment of Bond Service Charges as they fall due at stated maturity or by acceleration or redemption, all as provided herein and in the Lease Agreement.

Except as otherwise provided in this Bond Legislation or in the Mortgage, there shall be deposited into the Bond Account, as and when received, all Revenues and other moneys received by the Tenant, the Servicing Agent, the Holder or the Issuer under the Lease Agreement, the Bond Purchase Agreement, the Mortgage, or the Assignment or Rents which are required to be paid into the Bond Account.

The Issuer covenants and agrees that, until Payment in Full of the Bonds, it will deposit or cause to be deposited in the Bond Account Pledged Receipts sufficient in time and amount to pay the Bond Service Charges as the same become due and payable, and to this end the Issuer covenants and agrees that it will diligently and promptly proceed in good faith and use its best efforts to enforce the Lease Agreement and that, should there be an event of default under the Lease Agreement, the Issuer shall fully cooperate with the Holder to fully protect the rights and security of the Holder hereunder. Nothing herein shall be construed as requiring the Issuer to use or apply to the payment of Bond Service Charges any accounts other than the Bond Account and the Project Account or revenues from any source other than Revenues.

The Issuer covenants and agrees, whenever the moneys and investments in the Bond Account (or otherwise held by the Original Purchaser for such purpose) are sufficient in amount to redeem the entire principal amount of the Bonds then outstanding and to pay interest to accrue

thereon to the date or dates of such redemption, to take and cause to be taken, upon notification by the Tenant or the Servicing Agent the necessary steps to redeem the Bonds on the next succeeding redemption date or dates for which the required notice of call for redemption may be given.

5. Limitation of Liability. The Bonds will be a special obligation of the Issuer and the principal of and interest and premiums (if any) on the Bonds will be payable solely from the Revenues and are not otherwise an obligation of the Issuer. The Bonds will not be secured by any obligation or pledge of any monies raised by taxation and will not represent or constitute a debt or pledge of the faith and credit of the Issuer. Any obligation of the Issuer created by or arising out of this Agreement, the Lease Agreement, or the Mortgage will not be a general debt on its part but will be payable solely out of Revenues.

6. Transfer, Exchange and Registration of Bonds. The Bonds may be transferred only upon surrender thereof, at the principal office of the Servicing Agent, together with an assignment duly executed by the Holder or his duly authorized attorney. Upon such surrender, the Issuer shall execute in the name of the transferee and the Servicing Agent shall deliver, new fully registered Bonds in the aggregate principal amount equal to the unamortized and unredeemed principal amount of the Bonds so surrendered and bearing interest at the same rate or rates and maturing on the same date or dates. Such new fully registered Bonds shall be dated as of the Interest Payment Date next preceding the date of its registration, unless registered upon an Interest Payment Date in which case it shall be dated as of the date of registration; provided, however, that if at the time of registration interest on the Bonds is in default, such new fully registered Bonds shall be dated as of the date to which interest has been paid. Any Bonds issued in accordance with the provisions of this Section 6 shall be numbered consecutively from R-1 upwards in order of issuance.

The person in whose name the Bonds shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of such Bonds and the interest and any premium thereon shall be made only to or upon the order of the registered holder thereof or his duly authorized attorney, and neither the Issuer nor the Servicing Agent shall be affected by any notice to the contrary, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds, including the interest and premiums thereon, to the extent of the sum or sums so paid.

In case the Bonds are redeemed in part only, the Issuer, on or after the redemption date and upon surrender thereof, shall cause execution of and the Servicing Agent shall deliver new Bonds in an aggregate principal amount equal to the unredeemed portion of such Bonds. So long as the Bonds remain outstanding, the Issuer will cause to be maintained and kept, at the principal office of the Servicing Agent, books for the aforesaid registration and transfer of the Bonds.

7. Mutilated, Lost, Wrongfully Taken or Destroyed Bonds. In the event the Bonds are mutilated, lost, wrongfully taken or destroyed, the Issuer shall execute and the Servicing Agent shall register new Bonds of like date, maturity and denomination as that mutilated, lost, wrongfully taken or destroyed, provided that, there shall be first furnished to the Issuer and the Tenant evidence of such loss, wrongful taking or destruction satisfactory to the Executive of the

Issuer and the Authorized Tenant Representative together with indemnity satisfactory to them. In the event such lost, wrongfully taken or destroyed Bonds shall have matured, instead of issuing new Bonds the Issuer, by its Executive, may direct the Servicing Agent to pay the same without surrender thereof upon the furnishing of satisfactory evidence and indemnity as in the case of issuance of a new Bond. The Issuer and the Tenant may charge the Holder of such Bonds with their reasonable fees and expenses in connection with their action pursuant hereto.

8. Conditions to Purchase and Disbursements.

A. The duty of the Original Purchaser to purchase the Bonds is subject to receipt by the Original Purchaser of each of the following items, each such receipt being a condition precedent to such duty:

(1) The fully executed Bonds.

(2) An original executed counterpart of the Lease Agreement.

(3) An original executed counterpart of the Assignment of Rents.

(4) An original executed counterpart of the Mortgage.

(5) An original executed counterpart of the Unlimited Guaranty.

(6) An original executed counterpart of the Limited Guaranty.

(7) A copy of the Bond Legislation duly certified by the City Clerk.

(8) A copy of the resolution of the members of the Tenant, certified by an Authorized Tenant Representative, authorizing execution and delivery of the Lease Agreement, the Assignment of Rents, the Mortgage and this Agreement.

(9) A true and correct copy of the Tenant's current Articles of Organization and operating Agreement, certified by an Authorized Tenant Representative.

(10) A Certificate of Existence from the Secretary of State of the Commonwealth of Kentucky evidencing the due existence of the Tenant.

(11) Evidence satisfactory to the Original Purchaser that adequate water, sewer, gas, electricity and other utility services are available for operation of the Project by the Tenant.

(12) Evidence satisfactory to the Original Purchaser of compliance with all governmental laws, regulations and requirements relating to the acquisition, construction, installing, equipping and operation of the Project capable of being satisfied prior to completion of the Project.

(13) Copies of all applicable governmental permits capable of being obtained prior to construction of the Project.

(14) The policies and certificates of insurance required by or pursuant of the provisions of the Commitment Letter of the Original Purchaser to the Tenant dated November 27, 2013, as amended (the "Commitment Letter"), and the Mortgage.

(15) An opinion of counsel for the Tenant as to the due organization, valid existence and good standing of the Tenant, as to appropriate zoning for the Project, as to the due authorization, execution, delivery and enforceability of all agreements and instruments executed and delivered by the Tenant in connection with the issuance of the Bonds, and as to such other matters as the Original Purchaser may reasonably request, such opinion to be in form and substance satisfactory to the Original Purchaser and to Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP, as bond counsel.

(17) An opinion of counsel for the Guarantors as to the due authorization, execution, delivery and enforceability of all agreements and instruments executed and delivered by the Guarantors in connection with the delivery of the Guaranties and as to such other matters as the Original Purchaser may reasonably request, such opinion to be in form and substance satisfactory to the Original Purchaser

(18) An opinion of Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP, as bond counsel, as to the due authorization, execution, delivery and enforceability of the Bonds, and as to such other matters as the Original Purchaser may reasonably request, all in form and substance satisfactory to the Original Purchaser.

(19) A certificate from the Tenant as to compliance with all requirements of Section 8.B hereof then capable of being complied with.

(20) A survey of the Project Site, acceptable to the Original Purchaser.

(21) A copy of the executed owner-architect agreement between the Tenant and the Project Architect, acceptable to the Original Purchaser.

(22) A copy of the executed construction contract between the Tenant and the Project Contractor, acceptable to the Original Purchaser.

(23) A copy of the plans and specifications for the Project, acceptable to the Original Purchaser.

(24) An appraisal of the Project, acceptable in form and substance to the Original Purchaser.

(25) A mortgagee's title insurance policy for the Project Site, subject only to such exceptions as shall be acceptable to the Original Purchaser.

(26) Evidence satisfactory to the Original Purchaser that the Tenant has deposited with the Original Purchaser in an interest reserve account (the "Interest Reserve Account") the sum of $300,000, which sum shall be available to pay interest on the Bonds during the Construction Period.

(27) The budget for the Project, certified as accurate by the Project Architect and Project contractor, in form and substance satisfactory to the Original Purchaser.

(28) Any and all other documents and items, including without limitation financing statements, certificates and opinions of counsel as may be required by Peck, Shaffer & Williams, a division of Dinsmore & Shohl LLP, as bond counsel, by the terms of the Commitment Letter, or by the Original Purchaser.

B. The duty of the Servicing Agent to make the initial or any subsequent disbursement ("Disbursement") from the Project Account is subject to satisfaction, to the extent required by the Original Purchaser, of each of the following additional conditions precedent:

(1) The Tenant must be in full compliance with all of the provisions of this Agreement, the Lease Agreement, the Assignment of Rents and the Mortgage, and be entitled to such Disbursement, it being understood that the making of any Disbursement when the Tenant is not so entitled will not constitute a waiver of such compliance.

(2) The Mortgage must be a valid first lien for the full amount then and theretofore advanced on a good and marketable indefeasible fee simple estate in the Project and Project Site, free and clear of all encumbrances except Permitted Encumbrances, and all of the other conditions mentioned in paragraph 8.A. hereof must be and remain fulfilled.

(3) There must be in full force and effect the insurance policy or policies required by the Commitment Letter and the Mortgage, the form and content of such policy or policies, and the insurer or insurers, to be subject to prior approval of the Original Purchaser.

(4) There shall be delivered to the Original Purchaser an extension of the mortgagee's title insurance policy, without additional exceptions.

(5) The Original Purchaser shall have received such evidence as it deems necessary in its sole discretion demonstrating that (i) net proceeds of the Issuer's $4,000,000 Taxable General Obligation Bonds, Series 2014B and (ii) $3,100,000 of the Tenant's own funds have been expended on the Project.

(6) A written draw request on AIA Document G-702 and G-702 shall be received from the Authorized Tenant Representative, and signed by the Project Contractor, prior to any Disbursement. Before any such Disbursements may be made, the Tenant shall submit such certificates, affidavits, lien waivers, approvals and evidence of completion of work in place and materials delivered and stored at the Project Site, bills and other documents or evidence as the Original Purchaser may require and the Authorized Tenant Representative shall certify with respect to each such payment, as appropriate: (i) that none of the items for which the payment is proposed to be made has theretofore formed the basis for any Disbursement theretofore made from the Project Account, (ii) that each item for which Disbursement is requested is or was necessary in connection with the Project, and (iii) that the Tenant has received from each payee appropriate waivers of any mechanics' or other liens (or thereby provides indemnification or bonding in lieu thereof satisfactory to the Original Purchaser). In the case of any contract providing for the retention of a portion of the contract price, there shall be paid initially from the Project Account only the net amount remaining after deduction of any such portion, and when the amount of any such retention is due and payable, then such retained amount may be paid from the Project Account. The Servicing Agent shall be allowed a reasonable time not to exceed thirty days, in view of the character of any investment or investments required to be liquidated for the purpose, for the making of any Disbursement.

9. Cessation of Disbursements and Acceleration. If default should be made in the observance or performance of any of the covenants or agreements of the Tenant hereunder, or under the Lease Agreement, the Assignment of Rents or the Mortgage, then and in any such event all obligation on the part of the Servicing Agent to make any further Disbursements hereunder shall cease if the Holder so elects, and the Bonds shall become due and payable at the option of the Holder, anything herein or in the Bonds, Lease Agreement, the Assignment of Rents or the Mortgage to the contrary notwithstanding.

10. Extension of Payment of Bonds. The Issuer shall not directly or indirectly extend or consent to the extension of the maturity of the Bonds or the time of payment of any of the principal, premiums or interest due on the Bonds, or change or consent to the change of any provision of the Bond Legislation, Lease Agreement or the Mortgage, without the written consent of the Holder.

11. Repayment to the Tenant From the Bond Account. Any amounts remaining in the Bond Account after Payment in Full of the Bonds, and after all other amounts required to be paid hereunder, under the Lease Agreement, the Assignment of Rents and the Mortgage have been paid in full or provided for to the satisfaction of the Holder and the Issuer, shall be paid to the Tenant.

12. Duties Under and Release of Mortgage. The Holder hereby accepts and agrees to perform the duties imposed on it as secured party under the Mortgage. Upon Payment in Full of the Bonds, and upon satisfactory provision having been made for paying all other sums payable hereunder and under the Lease Agreement and the Mortgage, then and in that event the Mortgage shall cease, determine and become null and void, and the covenants, agreements and other

obligations of the Tenant thereunder shall be discharged and satisfied, and thereupon the Holder shall release the Mortgage, including the cancellation and discharge of the lien thereof, and shall execute and deliver to the Tenant such instruments in writing as shall be requisite to satisfy the lien thereof, and to enter on the records such satisfaction and discharge, and shall reconvey to the Tenant, as its interests appear, the estate thereby conveyed and such other instruments to evidence such release and discharge as may be reasonably required by the Tenant, and shall assign and deliver to the Tenant, as its interests appear, any property at the time subject to the lien of the Mortgage which may then be in its possession.

13. Governing Law. This Agreement and the rights and obligations of the parties hereto (including third party beneficiaries) shall be governed exclusively by and construed in accordance with the laws of the Commonwealth of Kentucky.

14. Binding Effect. This Agreement shall be binding on the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, this Agreement has been executed as of the date first written.

CITY OF PADUCAH, KENTUCKY

By: _____
Mayor

Attest:

_____
City Clerk

PADUCAH CONVENTION HOTEL, LLC

By: _____

Title: _____

INDEPENDENCE BANK, as Servicing Agent

By: _____

Title: _____

INDEPENDENCE BANK, Paducah, Kentucky, as Original Purchaser

By: _____

Title: _____

EXHIBIT A
TO BOND PURCHASE AGREEMENT

[Form of Registered Bond]

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
CITY OF PADUCAH, KENTUCKY
INDUSTRIAL BUILDING REVENUE BOND, SERIES 2014
(PADUCAH CONVENTION HOTEL, LLC PROJECT)

Bond Number	Original Issue Date	Outstanding Principal Amount	Maximum Principal Amount
R-1		See Annex A	$10,500,000

The CITY OF PADUCAH, KENTUCKY (the "Issuer"), for consideration received, promises to pay to INDEPENDENCE BANK, Paducah, Kentucky or registered assigns, but solely from the sources and in the manner hereinafter referred to, the Outstanding Principal Amount, and to pay interest on the Outstanding Principal Amount from the date hereof through the First Optional Tender Date, as defined below, at a per annum interest rate equal to five and twenty-five one-hundredths percent (5.25%).

Interest on the Outstanding Principal Amount through and including February 1, 2016 shall be payable in monthly installments on the first day of each month (an "Interest Payment Date"), commencing September 1, 2014. Commencing March 1, 2016, and continuing through and including the First Optional Tender Date, the Outstanding Principal Amount shall be payable in monthly installments on each Interest Payment Date, with the monthly payments of principal and interest being equal and being in an amount calculated to fully amortize the then Outstanding Principal Amount of the Bonds over a term with an assumed final maturity date of February 1, 2036 (the "Final Maturity Date"). On and after March 1, 2016 (the "First Optional Tender Rate"), this Bond shall bear interest either (i) at such rates, as shall be set forth in a supplemental bond purchase agreement among the Issuer, the Holder and the Tenant, as hereinafter defined, to be delivered on or before the First Optional Tender Date or any Tender Date, as hereinafter defined, thereafter or (ii) in the event no such supplemental bond purchase agreement is executed and delivered, at the Default Rate. Commencing on the Interest Payment Date next succeeding the First Optional Tender Date, the Outstanding Principal Amount shall be payable in monthly installments on each Interest Payment Date, with the monthly payments of principal and interest being equal and being in an amount calculated to fully amortize the then Outstanding Principal Amount of the Bonds through the Final Maturity Date at the interest rate then borne by the Bonds. The final payment due hereunder on February 1, 2036 shall be in an amount equal to the principal balance of the Bonds on such date, plus accrued interest.

All payments made hereunder shall be first credited to interest and then credited to principal. Interest shall be calculated on a 360 day year, actual days elapsed basis. This Bond shall mature and all unpaid principal of, premium, if any, and accrued and unpaid interest on this Bond shall be and become due and payable in full on February 1, 2036.

On the First Optional Tender Date, and on each fifth March 1 thereafter, through and including the Final Maturity Date (each a "Tender Date"), the Holder shall have the option, unless waived in writing by the Holder, to tender for purchase at 100% of the principal amount thereof, all, but not less than all, of the Bonds owned by such Holder. The purchase price for such Bonds shall be payable in lawful money of the United States of America, shall equal the outstanding principal amount thereof, plus accrued interest to the Tender Date, and shall be paid in full on the applicable Tender Date.

To exercise the option granted above, the Holder shall (1) no earlier than thirty days before the Tender Date give notice to the Tenant and Servicing Agent by telecopy or in writing which states (i) the name and address of the Holder, (ii) the principal amount of the Bonds to be purchased, (iii) that such Bonds are to be purchased on such Tender Date pursuant to the terms hereof, and (iv) that such notice is irrevocable; (2) no later than 10:00 a.m. according to the local time at the principal office of the Servicing Agent on the fifth day preceding such Tender Date (or the next preceding Business Day if such fifth day is not a Business Day), deliver to the principal office of the Servicing Agent the Bonds to be purchased in proper form, accompanied by fully completed and executed instructions to sell ("Instructions to Sell"), the form of which shall be printed on the Bonds.

Any Bonds not delivered by Holders who have elected to tender such Bonds shall nevertheless be deemed to be tendered for purchase by the Tenant. Subject to the right of such nondelivering Holders to receive the purchase price of such Bonds and interest accrued thereon to the day preceding the applicable Tender Date, such Bonds shall be null and void and the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Bonds by the Tenant or the pledge of such Bonds to the Tenant in lieu of remarketing such Bonds. Bonds held by the Tenant that are remarketed to another Holder shall thereupon be registered in the name of such Holder.

While tendered Bonds are in the custody of the Servicing Agent pending purchase pursuant hereto, the tendering Holders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Bonds through the day preceding the applicable Tender Date is to be paid from the Bond Account as if such Bonds had not been tendered for purchase. Any Bonds tendered for purchase in accordance with the foregoing provisions and remaining unpaid shall thereafter bear interest at the Default Rate until paid.

Notwithstanding anything herein to the contrary, any Bond or portion thereof tendered under the foregoing provisions will not be purchased if such Bond matures or is redeemed on or prior to the applicable Tender Date.

If any Interest Payment Date, date of maturity of this Bond, Tender Date, or date fixed for redemption of this Bond, is not a Business Day, then payment of the applicable interest, principal, purchase price or redemption price may be made on the next succeeding Business Day with the same force and effect as if such payment were made on such Interest Payment Date, date of maturity, Tender Date or date fixed for redemption and interest shall accrue from the scheduled date of any maturity, redemption or tender due date of this Bond until the Business Day on which such payment is made.

As used in this Bond, the terms "Bond Account", " Bond Purchase Agreement", "Bond Service Charges", "Mortgage", "Lease Payments", "Payment in Full of the Bond", "Revenues", and "Servicing Agent" have the meanings assigned to them in the Agreement of Lease dated as of July 15, 2014 (the "Lease Agreement") between the Issuer and Paducah Convention Hotel, LLC (the "Tenant").

This Bond is one of the duly authorized Industrial Building Revenue Bonds, Series 2014 (Paducah Convention Hotel, LLC Project) issued under an ordinance adopted by the Issuer on July __, 2014 (the "Bond Legislation"), in a maximum principal amount of $10,500,000, for the purpose of financing the costs of acquiring, constructing, equipping and installing property comprised of an industrial building to be owned by the Issuer and leased to the Tenant for use as a hotel (the "Project") within the jurisdictional boundaries of the Issuer. The Project is being undertaken in order to promote the economic welfare of the people of the Commonwealth of Kentucky and of the Issuer by creating jobs and employment opportunities.

This Bond shall be callable for redemption in whole or in part on any in the event of exercise by the Tenant of its option to redeem the Bonds in full or in part as provided in Section 11.1 or Section 11.2(c)(i) or (c)(ii) of the Lease Agreement. The redemption date in any such event shall be the Interest Payment Date set by the Tenant for the prepayment of the Bonds in accordance with such provisions of the Lease Agreement. The redemption price for this Bond (or portion thereof) in any such event shall be the principal amount of this Bond (or portion thereof) to be redeemed, plus accrued interest thereon to the redemption date, plus (in the event of a partial redemption of this Bond in excess of $1,000,000 in principal amount of this Bond during a twelve month period), a Redemption Premium equal to 3% of the principal amount of this Bond to be redeemed in part.

This Bond shall also be callable for redemption in whole or in part on any in the event of exercise by the Tenant of its option to redeem the Bonds in full or in part as provided in Section 11.2 (a), (b), (c)(iii) or Section 11.5 of the Lease Agreement. The redemption date in any such event shall be the Interest Payment Date set by the Tenant for the prepayment of the Bonds in accordance with such provisions of the Lease Agreement. The redemption price for this Bond (or portion thereof) in any such event shall be the principal amount of this Bond (or portion thereof) to be redeemed, plus accrued interest thereon to the redemption date.

The obligation of the Issuer to make payments of principal and interest on the principal amount of this Bond which remains outstanding after any partial redemption shall not be affected by such partial redemption, such partial redemption operating instead to pay and redeem the principal of this Bond at dates earlier than the originally scheduled principal amortization or payment date or dates, in inverse chronological order.

Notice from the Tenant to the Holder that the Bonds are to be prepaid in whole or in part pursuant to the Lease Agreement shall also constitute the call by the Issuer of a portion or all, as the case may be, of the principal amount hereof then outstanding, and no separate notice from the Issuer to the Holder shall be required.

All Bond Service Charges shall be payable in lawful money of the United States of America at the principal office of the Servicing Agent, by check or draft. Any Bond Service

Charges not paid when due, together with interest thereon at the Interest Rate for Advances, shall continue as an obligation of the Issuer until paid.

Upon Payment in Full of this Bond, it shall, at the option of the Issuer, either be destroyed with evidence of destruction provided by the Holder to the Issuer, or be marked "Paid in Full" by the Holder and returned to the Issuer.

This Bond is secured by an assignment of the Series A Note, by the Mortgage and by the Series A Assignment, all of which are on file in the offices of the Holder.

This Bond is issued pursuant to the Constitution of the Commonwealth of Kentucky and to the statutes of the Commonwealth, particularly Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes as amended, and the Bond Legislation. This Bond is a special obligation of the Issuer, and the Bond Service Charges are payable solely from, and such payments are secured by a pledge of and lien on, the Bond Account and the Revenues, and are not otherwise an obligation of the Issuer. THIS BOND, THE BOND LEGISLATION, THE MORTGAGE, THE LEASE AGREEMENT AND THE BOND PURCHASE AGREEMENT DO NOT REPRESENT OR CONSTITUTE A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER. Lease Payments sufficient for the payment when due of the Bond Service Charges are required by the Lease Agreement to be paid by the Tenant to the Servicing Agent for the account of the Issuer for deposit in the Bond Account, and have been duly pledged for that purpose. Reference is hereby made to the Lease Agreement and Bond Purchase Agreement for a more complete description of the provisions, among others, with respect to the nature and extent of the security, the rights, duties and obligations of the Issuer and the Holder, and the terms and conditions upon which the Bonds are issued and secured, to all of the provisions of which Lease Agreement and Bond Purchase Agreement each Holder, by the acceptance hereof, assents.

If this Bond or any portion hereof is duly called for redemption as herein provided, and if on the redemption date moneys for the payment of the applicable redemption price shall have been provided to the Servicing Agent so as to be available for the payment thereof, then from and after such redemption date this Bond or such portion hereof shall cease to bear interest.

If an Event of Default, as defined in the Lease Agreement, shall occur, the principal of this Bond then outstanding may be declared due and payable in the manner and with the effect provided by the Lease Agreement.

This Bond shall not constitute the personal obligation, either jointly or severally, of the Issuer, the Board of Commissioner of the Issuer, or the officers of the Issuer.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions and things necessary to be done or performed by the Issuer or to have happened precedent to and in the issuing of this Bond in order to make it a legal, valid and binding special obligation of the Issuer in accordance with its terms, and precedent to and in the execution and delivery of the Lease Agreement, the Mortgage and the Bond Purchase Agreement, have been done and performed and have happened in regular and due form as required by law, and that this Bond does not exceed or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signatures of its Mayor and City Clerk, all as of the date set forth above.

CITY OF PADUCAH, KENTUCKY

By: _____
Mayor

By: _____
City Clerk

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto:

_____

(Please print or typewrite name and address of transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints: _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____ _____

Signature

In the presence of:

_____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular without alteration or enlargement or any change whatever.

ANNEX A

The Servicing Agent shall not accept any funds for the purchase of this Bond, nor shall the Servicing Agent redeem any outstanding principal amount hereof, without making the appropriate notations in this Annex A.

Date	Indicate: Date of Original Issue or Redemption Date	Principal Amount Issued or Redeemed	Current Amount Outstanding	Signature of Authorized Officer of the Servicing Agent
		$	$	

42042\3 DOC

PAYMENT IN LIEU OF TAXES AGREEMENT

THIS PAYMENT IN LIEU OF TAXES AGREEMENT, made as of July 15, 2014 (the "Agreement"), by and among the CITY OF PADUCAH, KENTUCKY, a municipal corporation and political subdivision in and of the Commonwealth of Kentucky (the "City"), the PADUCAH INDEPENDENT SCHOOL DISTRICT, a political subdivision in and of the Commonwealth of Kentucky (the "District") and PADUCAH CONVENTION HOTEL, LLC, a limited liability company organized and existing under the laws of the Commonwealth of Kentucky (the "Lessee");

WITNESSETH:

WHEREAS, the City, at the request of the Lessee, has agreed to issue its Industrial Building Revenue Bonds in an aggregate principal of $10,500,000 (the "Bonds") pursuant to the provisions of Chapter 103 of the Kentucky Revised Statutes, the proceeds of which will be used to acquire, construct, install and equip an approximately _____ square foot hotel (the "Building Project") to be located on the site described in attached Exhibit A (the "Project Site", and together with the Building Project, the "Project"), which Project is to be owned by the City and leased to the Lessee; and

WHEREAS, pursuant to the provisions of Section 103.285 of the Kentucky Revised Statutes, the Project will be exempt from taxation to the same extent as other public property used for public purposes, so long as it is owned by the City; and

WHEREAS, notwithstanding the exemption from ad valorem taxes of the Project during the period the Bonds are outstanding, it is the desire of the parties to make provisions for payments in lieu of taxes (collectively, "Pilot Payments") by the Lessee to the City and the District.

NOW, THEREFORE, the City, the District and the Lessee agree as follows:

1. On or before November 1 of each year, commencing with the November 1 of the calendar year of the third anniversary date of the date of completion of construction of the Project and the issuance of a certificate of occupancy with respect thereto by the City, and continuing thereafter through and including the final maturity date of the Bonds (_____ 1, 2036) the Lessee will pay (i) to the City Pilot Payments in the amounts described in Exhibit B attached hereto and made a part hereof (the "City Pilot Payments") and (ii) to the District Pilot Payments in the amounts described in Exhibit C attached hereto and made a part hereof (the "District Pilot Payments") it being agreed that such Pilot Payments are to be made, collected and spent in furtherance of the public purposes of the City, the District, the County of McCracken, Kentucky (the "County") and all other taxing districts having jurisdiction over the Project.

2. The City shall not convey the Project to the Lessee or any third party unless and until the principal of, premium, if any, and interest on the Bonds have been paid in full in accordance with the terms of the ordinance (the "Bond ordinance") under which said Bonds will be issued.

3. Pursuant to the provisions of a lease agreement (the "Lease") to be entered into by and between the City and the Lessee concurrently with the issuance and delivery of the Bonds, the City shall convey the Project to the Lessee on the date the principal of, premium, if any, and interest on the Bonds have been paid in full in accordance with the terms of the Lease.

4. This Agreement shall continue in effect until terminated in accordance with the terms of this paragraph 4. This Agreement will automatically terminate upon conveyance of the Project by the City to the Lessee or a third party the consequence of which is that the provisions of Section 103.285 of the Kentucky Revised Statutes no longer apply; provided that no termination of this Agreement, nor transfer or conveyance of the Project, shall occur unless and until the principal of, premium, if any, and interest on the Bonds have been paid in full in accordance with the terms of the Lease and the Bond Ordinance; and provided further that in the event of termination of this Agreement on or after January 1 of a calendar year and prior to November 1 of the same calendar year, the obligation to remit Pilot Payments on November 1 of the same calendar year shall survive the termination of this Agreement.

5. Except as otherwise provided in the Lease or in the Bond Ordinance, this Agreement may not be amended, supplemented, changed, modified, altered or terminated except with the written consent of the City and the Lessee.

6. The City, the District and the Lessee shall each be entitled to specific performance, and injunctive or other equitable relief for any breach or threatened breach of any of the provisions of this Agreement, notwithstanding the availability of an adequate remedy at law, and each party hereby waives the right to raise such defense in any proceeding in equity.

7. The covenants and agreements set forth herein shall be covenants running with the land and shall be binding upon the Lessee's interest in the Project (the "Leasehold Interest") and upon any owner of all or any portion of such Leasehold Interest and the successors, successors-in-title and assigns thereof and shall inure to the benefit of the City, the District and Independence Bank, as mortgagee under the Open-End Leasehold Mortgage and Security Agreement dated as of July 15, 2014 securing the Bonds, and their respective successors and assigns, provided, however, that in the event that at any time during the term of this Agreement, the Project is no longer owned by the City, then for purposes of this Agreement, the covenants and

agreements set forth herein shall be covenants running with the land and instead of being binding upon the Leasehold Interest, such covenants and agreements shall instead be binding upon the fee interest in the Project and upon any owner of all or any portion thereof and the successors, successors-in-title and assigns thereof. It shall be a condition precedent to any conveyance by the City of the Project to the Lessee or any third party that the instrument of conveyance shall be made subject to the provisions of this Agreement and any restrictions or easements of record.

8. This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth, exclusive of its rules regarding the choice of law. Wherever in this Agreement it is provided that either party shall or will make any payment or perform or refrain from performing any act or obligation, each such provision shall, even though not so expressed, be construed as an express covenant with the other party to make such payment or to perform, or not to perform, as the case may be, such act or obligation. Time is of the essence hereof.

9. If for any reason any provision hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

10. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CITY OF PADUCAH, KENTUCKY

By:_____
Mayor

ATTEST:

By:_____
City Clerk

PADUCAH INDEPENDNET SCHOOL DISTRICT

By:_____
Chair

ATTEST:

By:_____
Secretary

PADUCAH CONVENTION HOTEL, LLC

By:_____

Title:_____

EXHIBIT A

PROJECT SITE

EXHIBIT B

CITY PILOT PAYMENTS

Without regard to assessed valuation or ad valorem tax rates which might change from time to time during the term of this Agreement, the City Pilot Payments per calendar year will be set at $25,000 per calendar year and shall be payable on or before November 1 in each calendar year, commencing with the November 1 of the calendar year of the third anniversary date of the date of completion of construction of the Project and the issuance of a certificate of occupancy with respect thereto by the City.

EXHIBIT C

DISTRICT PILOT PAYMENTS

Without regard to assessed valuation or ad valorem tax rates which might change from time to time during the term of this Agreement, the District Pilot Payments per calendar year will be set at the rate per $100 of the assessed valuation of the Project (as established by the McCracken County Property Valuation Administrator) as set forth below and shall be payable on or before November 1 in each calendar year, commencing with the November 1 of the calendar year of the third anniversary date of the date of completion of construction of the Project and the issuance of a certificate of occupancy with respect thereto by the City (the "Commencement Calendar Year").

Calendar Year	**Rate Per $100 of Assessed Valuation**
Commencement Calendar Year	$.03835
Commencement Calendar Year + 1 Year	$.03935
Commencement Calendar Year + 2 Years	$.04035
Commencement Calendar Year + 3 Years	$.04135
Commencement Calendar Year + 4 Years	$.04235
Commencement Calendar Year + 5 Years	$.04335
Commencement Calendar Year + 6 Years	$.04435
Commencement Calendar Year + 7 Years	$.04535
Commencement Calendar Year + 8 Years	$.04635
Commencement Calendar Year + 9 Years	$.04735
Commencement Calendar Year + 10 Years	$.04835
Commencement Calendar Year + 11 Years	$.04935
Commencement Calendar Year + 12 Years	$.05035
Commencement Calendar Year + 13 Years	$.05135
Commencement Calendar Year + 14 Years	$.05235
Commencement Calendar Year + 15 Years	$.05335
Commencement Calendar Year + 16 Years	$.05435
Commencement Calendar Year + 17 Years	$.05535

OPEN-END LEASEHOLD MORTGAGE, SECURITY AGREEMENT AND AGREEMENT AS TO REAL ESTATE MATTERS

AMONG

PADUCAH CONVENTION HOTEL, LLC, GRANTOR

CITY OF PADUCAH, KENTUCKY

and

INDEPENDENCE BANK, GRANTEE

SECURING:

CITY OF PADUCAH, KENTUCKY
INDUSTRIAL BUILDING REVENUE BONDS, SERIES 2014
(PADUCAH CONVENTION HOTEL, LLC PROJECT)

DATED AS OF:

July 15, 2014

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OPEN-END MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT AND AGREEMENT AS TO REAL ESTATE MATTERS

THIS OPEN-END LEASEHOLD MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT AND AGREEMENT AS TO REAL ESTATE MATTERS (the "Mortgage") is made as of July 15, 2014 among PADUCAH CONVENTION HOTEL, LLC (the "Grantor"), a Kentucky limit liability company, the CITY OF PADUCAH, KENTUCKY, a municipal corporation and political subdivision of the Commonwealth of Kentucky (the "Issuer") and INDEPENDENCE BANK, a Kentucky banking corporation, as Original Purchaser (the "Grantee") under the following circumstances:

A. The Grantor has entered into an Agreement of Lease of even date herewith (the "Lease Agreement") with the Issuer, pursuant to the terms of which the Issuer has agreed to lease, and grant certain options to purchase to Grantor, the Project (as hereinafter defined) and Grantor has agreed to grant this Mortgage on and security interest in its leasehold interest created by the Lease Agreement in the Project and the Project Site (both as hereinafter defined) as security for the payment of the Bonds (both as hereinafter defined), such Bonds having a final maturity date that is no later than February 1, 2036.

B. The Issuer has agreed to issue its Industrial Building Revenue Bonds, Series 2014 (Paducah Convention Hotel, LLC Project) in the aggregate principal amount of up to $10,500,000 (the "Bonds") in order to finance the acquisition, construction and equipping of a hotel in downtown Paducah, Kentucky (the "Project"); such Bonds being issued under an ordinance of the Issuer adopted on July __, 2014 (the "Bond Ordinance").

C. Pursuant to a Bond Purchase Agreement dated as of July 15, 2014 (the "Bond Purchase Agreement") among the Issuer, the Grantor and the Grantee, as Original Purchaser and Servicing Agent (each as defined in the Bond Purchase Agreement), the Grantee is purchasing the Bonds from the Issuer.

D. As a condition to the purchase of the Bonds, the Grantee has required that the Grantor enter into this Mortgage and that the Issuer execute this Mortgage with respect to, and limited to the provisions of Article VI hereof.

E. The maximum indebtedness secured hereby (exclusive of interest, advances and expenses of the Grantee pursuant to this Mortgage or other Bond Documents) is $10,500,000.

NOW, THEREFORE, for good and valuable considerations, the receipt of which are hereby acknowledged by Grantor, and in consideration of the foregoing recitals, which shall be construed as parts hereof for all purposes, and as security for the payment of the principal of, premiums (if any) and interest on the Bonds, and all other sums provided for in the Lease Agreement and the Bonds, and any extensions or renewals thereof, and for payment and performance of the agreements, conditions, covenants, provisions and stipulations contained herein and in the Bonds, the Lease Agreement and in any other agreements and instruments made and given by Grantor to the Issuer or Grantee in connection therewith, the Grantor does hereby grant, bargain, sell, convey, mortgage and warrant, assign, transfer and grant a security interest in and pledge unto Grantee, and unto its successors and assigns forever, all of Grantor's estate, right, title and interest in, to and under any and all of the following described property, rights and interests, whether now owned or hereafter acquired (herein called the "Mortgaged Property"):

GRANTING CLAUSE FIRST

All right, title and interest of Grantor in and to Grantor's leasehold interest created by the Lease Agreement in the Project and the Project Site (as defined herein), together with the entire interest of Grantor in and to all buildings, structures, improvements and appurtenances and any property located on the Project Site, including these items in Granting Clause Second of any nature whatsoever now standing, or at any time hereafter constructed or placed, upon the Project Site, including all right, title and interest of Grantor, if any, in and to all building material (whether on or off the Project Site), building equipment and fixtures of every kind and nature whatsoever at the Project or in any building, structure or improvement now or hereafter standing on the Project Site, and the proceeds of any insurance on such property, and together with the entire interest of Grantor in and to all and singular the tenements, hereditaments, easements, rights-of-way, rights, privileges and appurtenances to the Project Site, belonging or in any ways appertaining thereto (including without limitation the entire right, title and interest of Grantor in, to and under any streets, ways, alleys, gores or strips of land adjoining the Project Site, and all claims or demands whatsoever of Grantor either at law or in equity, in possession or expectancy of, or in and to the Project Site), it being the intention of the parties hereto that, so far as may be permitted by law, all property of the character hereinabove described, which is now owned or is hereafter acquired by Grantor and is affixed or attached or annexed to the Project Site, shall be and remain or become and constitute a portion of the Project Site, and the security covered by and subject to the lien of this Mortgage, together with all rents, income, revenues, issues and profits thereof, and the right to make claim for, collect, receive and receipt for any and all of such rents, income, revenues, issues and profits arising therefrom or in connection therewith; subject, however, to Permitted Encumbrances (as hereinafter defined).

GRANTING CLAUSE SECOND

All accounts, inventory, general intangibles, fixtures, and equipment (as such terms are defined in the Kentucky version of the Uniform Commercial Code) and other articles of property now or at any time hereafter owned by Grantor, including without limitation all items (if any) listed or described on Exhibit A attached hereto, and any property acquired in substitution, replacement, renewal or repair thereof pursuant to this Mortgage, and all accessions to and proceeds of any of the foregoing, and the proceeds of any insurance on or condemnation award for any of the foregoing; subject, however, to Permitted Encumbrances.

GRANTING CLAUSE THIRD

All rentals, issues and profits and other payments due or to become due under any sublease or subleases or rights or licenses to use or occupation of any part of the Mortgaged Property now or hereafter created, as well as all rights or licenses and remedies provided in such subleases, rights or licenses, including, but not limited to, amounts payable under the Lease Agreement.

GRANTING CLAUSE FOURTH

Any and all other rights and interests in property, whether tangible or intangible, required to be subject to the lien hereof, or from time to time by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by Grantor or by anyone in its behalf or with its written consent to Grantee, which are hereby

authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

ASSIGNMENT

Grantor hereby further assigns all its right, title and interest in, and to all of its several options to purchase the Project and the Project Site to the extent and as set forth in the Lease Agreement, including, without implied limitation, the option to purchase the Mortgage Property.

TO HAVE AND TO HOLD all and singular the Mortgaged Property hereby conveyed, granted and assigned, and the assignment of said purchase options hereby made, as agreed or intended so to be, unto Grantee, its successors and assigns forever.

PROVIDED, HOWEVER, and this instrument is upon the express condition that, if Grantor pays, or causes to be paid (i) the entire principal sum of the Bonds and the premiums (if any) and interest thereon to the Grantee (ii) all other sums payable by Grantor to Grantee as are secured hereby in accordance with the provisions of the Bonds, the Lease Agreement and this Mortgage, at the times and in the manner specified, without deduction, fraud or delay, and Grantor performs and complies with, or causes to be performed and complied with, all the agreements, conditions, covenants, provisions and stipulations contained herein and in the Bonds and the Lease Agreement, then this Mortgage and the estate and security interest and assignment hereby granted shall terminate, cease, determine and be void: otherwise this Mortgage and the estate and security interest hereby granted shall be and remain in full force and effect.

Grantor does hereby further agree and covenants with Grantee as follows:

ARTICLE I

DEFINITIONS

Section 1.1. General. In addition to the words and terms defined in the recitals and elsewhere in this Mortgage, certain words and terms as used in this Mortgage shall have the meaning given to them by the definitions and descriptions in this Article I unless the context or use indicates another or different meaning or intent and such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms herein defined. Those words and terms not specifically defined herein and used in this Mortgage with initial capitalization where rules of grammar do not otherwise require capitalization shall have the meanings set forth in the Lease Agreement and the Bond Purchase Agreement.

Section 1.2. Definitions. The following words and terms are defined terms under this Mortgage:

"Assignment of Rents" means the Assignment of Rents and Leases dated as of July 15, 2014 from the Grantor to the Grantee.

"Default Rate" means the lesser of (i) five percent (5%) of the amount of any payment due and payable (ii) the maximum amount allowed by law.

"Net Proceeds" means, as to any insurance proceeds or any condemnation award, the amount remaining after deducting therefrom all expenses (including attorneys' fees and expenses of Grantee) incurred in the collection of such proceeds or award, plus any interest earned on the investment thereof.

"Notice Address" means for the Grantor and Grantee, the respective notice addresses provided for in the Lease Agreement. If to the Issuer, City of Paducah, Kentucky, 300 South 5th Street, Paducah, Kentucky 42002-2267, Attn: City Manager. A duplicate copy of each notice, approval, consent, request or other communication given hereunder by either the Issuer or the Grantor to the other shall also be given to the Grantee. The Issuer, the Grantor and the Grantee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same shall be directed, but no such communication shall thereby be required to be sent to more than two addresses.

"Permitted Encumbrances" means as of any particular time,

(i) the right reserved to or vested in any municipality or public authority by the terms of any provision of law to terminate any right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of the Project for the purposes for which it is held by Tenant or materially adversely affect its value;

(ii) the right reserved to or vested in any municipality or public authority to purchase, condemn or appropriate all or any part of the Mortgage Property;

(iii) liens for taxes, payments in lieu of taxes, assessments, levies, fees, charges, duties, imposts, claims and demands referred to in this Lease which are not at the time due and payable, or the validity or amount of which is being contested in compliance with the provisions of this Lease;

(iv) easements, rights of way, licenses, restrictions and other defects, encumbrances and irregularities in the title to the Mortgage Property which in the opinion of the Project's architect do not materially impair the use thereof for the purposes for which it is held by Tenant or materially adversely affect its value;

(v) rights reserved to or vested in any municipality or public authority to control or regulate the Mortgage Property or to use the Mortgage Property in any manner which does not materially impair the use thereof for the purposes for which it is held by Tenant or materially adversely affect its value;

(vi) the leasehold estate created by and under the Lease and the statutory mortgage lien created upon issuance of the Bonds and the recording of the Lease;

(vii) the lien of the Mortgage;

(viii) the lien of the Assignment of Rents;

(ix) the Subordinated Mortgage; and

(x) those exceptions contained in the _____ commitment for title insurance, as amended on the date of delivery of the Bonds, relating to the Project and the Project Site.

"Project" means the Project Site and the real, personal, or real and personal property, including undivided interests or other interests therein, identified in Exhibit A attached hereto as a part hereof, or acquired, constructed or installed as a replacement or substitution therefor or an accession thereto, or as may result from any revision of the plans and specifications in accordance with the provisions of the Lease Agreement or this Mortgage.

"Project Site" means the real estate and interests in real estate constituting the site of and part of the Project, as described in Exhibit B attached hereto as a part hereof.

"Subordinated Mortgage" means the Subordinated Open-End Leasehold Mortgage and Security Agreement dated as of July 15, 2014, relating to the Project, between the Tenant and the Landlord, as amended or supplemented from time to time.

[End of Article I]

ARTICLE II

PAYMENTS, TAXES, INSURANCE, MAINTENANCE, SUBSTITUTIONS, REMOVALS, LIENS, DAMAGE AND DESTRUCTION, CONDEMNATION, EXPENSES OF GRANTEE

Section 2.1. Lease Agreement;. Grantor shall make all payments when due under the Lease Agreement and shall perform and comply with all covenants, agreements, conditions, provisions, stipulations and obligations set forth therein on its part to be performed, at the times and in the manner required thereby.

Section 2.2. Taxes and Other Charges. Grantor shall pay or cause to be paid when due and payable and before interest or penalties are due thereon, without any deduction, defalcation or abatement, all taxes, assessments, water and sewer rents, charges and claims which may be assessed, levied, or filed at any time against Grantor, the Mortgaged Property or any part thereof (including without limitation any taxes levied upon or with respect to the revenues, income or profit of Grantor from the Mortgaged Property) or against the interest of Grantee therein, or which by any present or future law may become or be made a lien on the Mortgaged Property, or any part thereof, or a charge on such revenues, income or profits; and provided, that if Grantor in good faith and by appropriate legal action shall contest the validity of any such item, or the amount thereof, and shall have established by deposit of a letter of credit or bond with the Issuer, the amount required for the payment thereof, then Grantor shall not be required to pay the item or to produce the required receipts while the amount is maintained and so long as the contest operates to prevent collection, is maintained and prosecuted with diligence, and shall not have been terminated or discontinued adversely to Grantor.

Section 2.3. Insurance. Grantor shall keep the Project insured for the benefit of the Grantor, Issuer and Grantee (with Grantee named as mortgagee) by (i) an "all risk" property insurance policy with an agreed amount endorsement for full replacement cost (defined below) without any coinsurance provisions or penalties, or the broadest form of coverage available, in an amount sufficient to prevent the Issuer and Grantee from ever becoming a coinsurer under the policy or laws, and with a deductible not to exceed Twenty-Five Thousand Dollars ($25,000.00); (ii) a policy or endorsement insuring against acts of terrorism; (iii) a policy or endorsement insuring against claims applicable to the presence of Microbial Matter; (iv) a policy or endorsement providing business income insurance (including business interruption insurance and extra expense insurance and/or rent insurance) on an actual loss sustained basis in an amount equal to at least one (1) year's total income from the Project including all rents plus all other pro forma annual income such as percentage rent and tenant reimbursements of fixed and operating expenses, which business interruption insurance shall also provide coverage as aforesaid for any additional hazards as may be required pursuant to the terms of this Mortgage; (v) a policy or endorsement insuring against damage by flood if the Project is located in a Special Flood Hazard Area identified by the Federal Emergency Management Agency or any successor or related government agency as a 100 year flood plain currently classified as Flood Insurance Rate Map Zones "A", "AO", "AH", "A1-A30", "AE", "A99", "V", "V1-V30", and "VE" in an amount equal to the original amount of the Bonds; (vi) a policy or endorsement covering against damage or loss from (A) sprinkler system leakage and (B) boilers, boiler tanks, HVAC systems, heating and air-conditioning equipment, pressure vessels, auxiliary piping, and similar apparatus, in the amount reasonably required by the Grantee; (vii) during the period of any construction, repair,

restoration, or replacement of the Project, a standard builder's risk policy with extended coverage in an amount at least equal to the full replacement cost of such Project, and worker's compensation, in statutory amounts; and (viii) a policy or endorsement covering against damage or loss by earthquake and other natural phenomenon in the amounts reasonably required by the Grantee. "Full replacement cost" shall mean the one hundred percent (100%) replacement cost of the Project, without allowance for depreciation and exclusive of the cost of excavations, foundations, footings, and value of land, and shall be subject to verification by the Grantee. Full replacement cost will be determined, at the Grantor's expense, periodically upon policy expiration or renewal by the insurance company or an appraiser, engineer, architect, or contractor approved by said company and the Grantee.

The Grantor shall also maintain commercial general liability insurance with per occurrence limits of $1,000,000, a products/completed operations limit of $2,000,000, and a general aggregate limit of $2,000,000, with an excess/umbrella liability policy of not less than $10,000,000 per occurrence and annual aggregate covering the Grantor, with the Issuer and Grantee named as additional insureds, against claims for bodily injury or death or property damage occurring in, upon, or about the Project or any street, drive, sidewalk, curb, or passageway adjacent thereto. In addition to any other requirements, such commercial general liability and excess/umbrella liability insurance shall provide insurance against acts of terrorism and against claims applicable to the presence of Microbial Matter, or such coverages shall be provided by separate policies or endorsements. The insurance policies shall also include operations and blanket contractual liability coverage which insures contractual liability under the indemnifications set forth in Section 2.10 hereof (but such coverage or the amount thereof shall in no way limit such indemnifications). Upon request of the Grantee, the Grantor shall also carry additional insurance or additional amounts of insurance covering the Grantor or the Project as the Grantee shall reasonably require.

All insurance required under this Section shall be fully paid for, non-assessable, and the policies shall contain such provisions, endorsements, and expiration dates as the Grantee shall reasonably require. The policies shall be issued by insurance companies authorized to do business in the Project Site, approved by the Grantee, and must have and maintain a current financial strength rating of "A-, X" (or higher) from A.M. Best or equivalent (or if a rating by A.M. Best is no longer available, a similar rating from a similar or successor service). In addition, all policies shall (i) include a standard mortgagee clause, without contribution, in the name of the Grantee, (ii) provide that they shall not be canceled, amended, or materially altered (including reduction in the scope or limits of coverage) without at least thirty (30) days' prior written notice to the Issuer and Grantee except in the event of cancellation for non-payment of premium, in which case only ten (10) days' prior written notice will be given to the Issuer and Grantee, and (iii) include a waiver of subrogation clause substantially equivalent to the following: "The Company may require from the Insured an assignment of all rights of recovery against any party for loss to the extent that payment therefor is made by the Company, but the Company shall not acquire any rights of recovery which the Insured has expressly waived prior to loss, nor shall such waiver affect the Insured's rights under this policy."

Subject to the provisions of Section 2.8 hereof, each insurer is hereby authorized and directed to make payment of any amount under the insurance described in this Section (except liability insurance), including return of unearned premiums, directly to the Grantee instead of to the Grantor and the Grantee jointly, and the Grantor hereby appoints the Grantee, irrevocably, as

Grantor's attorney-in-fact to endorse any draft therefor for application as herein provided; provided that the foregoing provisions of this paragraph shall not limit Grantor's right to negotiate or agree to settlement of any claim under the insurance described in this Section.

Grantor shall comply with all applicable workers' compensation laws.

Section 2.4. Tax and Insurance Deposits. Without limiting the effect of Sections 2.2 and 2.3 hereof, if an Event of Default hereunder has occurred and is continuing, Grantor shall pay to the Grantee monthly on or before the first day of each month, commencing with the month following the recording of this Mortgage, an amount equal to one-twelfth (1/12) of the annual premiums for the insurance policies referred to hereinabove and the annual real estate taxes, water and sewer rents, rates and charges, any special assessments, charges or claims and any other items which at any time may be or become a lien upon the Mortgaged Property prior to the lien of this Mortgage; and Grantor shall pay to the Grantee any additional sums necessary to pay, at least thirty (30) days prior to the due date thereof, the premiums and other items. The amounts so paid shall be security for the premiums and other items and shall be used in payment thereof if Grantor is not otherwise in default hereunder. No amount so paid shall be deemed to be trust funds but may be commingled with general funds of the Grantee, and no interest shall be payable thereon. If, pursuant to any provision of this Mortgage, the whole amount of the unpaid principal debt becomes due and payable, Grantee shall have the right, at its election, to apply any amount so held against the entire indebtedness secured hereby. So long as Grantor is not in default under Sections 2.2 or 2.3 hereof and has provided to Grantee evidence of timely payment of its obligations thereunder, the provisions of this Section 2.4 shall be waived by Grantee.

Section 2.5. Maintenance and Modification of Mortgaged Property. Grantor shall keep and maintain or cause to be kept and maintained the Mortgaged Property as provided in Section 14.1 of the Lease Agreement and make such modifications or alterations of the Project as provided in Sections 10.2 and 10.3 of the Lease Agreement.

Section 2.6. Substitutions for Portions of the Project. Grantor shall have the right from time to time to substitute, remove or dispose of portions of the Project consisting of furnishings, machinery and equipment in the manner and subject to the terms set forth in Sections 10.1 and 10.2 of the Lease Agreement. Notwithstanding anything to the contrary contained in the Lease Agreement, the lien of the Trustee hereunder shall continue with such property until specifically released by the Grantee.

Section 2.7. Mechanics' and Other Liens. Grantor shall not suffer or permit any mechanics' liens to be filed or exist against the Mortgaged Property, or against any payment to be made under the Lease Agreement, by reason of work, labor, services or materials supplied or claimed to have been supplied to Grantor or anyone holding the Project or the Project Site or any part thereof through or under Grantor. If any such mechanics' liens shall at any time be filed, Grantor shall, within thirty days after notice of the filing thereof, cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise; provided that if Grantor in good faith and by appropriate legal action shall contest the validity of any such mechanic's lien, or the amount thereof, then Grantor shall not be required to discharge such mechanic's lien so long as the contest is maintained and prosecuted with diligence, and shall not have been terminated or discontinued adversely to Grantor.

Section 2.8. Damage and Destruction. Unless Grantor shall have elected to exercise its option to purchase the Project pursuant to Section 11.5 of the Lease Agreement, if the Project is damaged by fire or other casualty and Grantor has not been declared in default of the Lease Agreement, unless Grantor elects within 90 days to prepay the Bonds in full in accordance with the provisions of the Lease Agreement, (i) Grantor will promptly repair, replace, rebuild or restore the property damaged or destroyed to substantially the same condition as existed prior to the event causing such damage or destruction, with such changes or alterations (including substitution and addition of other property), as Grantor may deem necessary for proper operation of the Mortgaged Property, and (ii) Grantor and Grantee will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from claims for losses, under the insurance policies required to be carried herein, resulting from such damage. In the event that Grantor is in default of the Lease Agreement, all proceeds of insurance shall, at the election of the Grantee, be applied to prepay Basic Rent, as defined in the Lease Agreement, as the Grantee, in its sole discretion, and in accordance with the related documents, may determine.

All Net Proceeds of insurance resulting from claims for losses not in excess of $5,000 shall be paid to Grantor by Grantee, assuming Grantor acts to promptly repair, replace, rebuild or restore the damaged property. All Net Proceeds of insurance resulting from claims for losses in excess of $5,000 shall be paid to and held by the Grantee in a separate disbursement account, and the Grantee will apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs incurred by Grantor for the repair, replacement, rebuilding or restoration of the Project, either on completion thereof or as the work progresses as directed by Grantor. In the event any Net Proceeds of insurance will be insufficient to pay in full the costs of repair, replacement, rebuilding or restoration under this Section, as determined by an independent architect or engineer, then Grantor, prior to commencing such repair, replacement, rebuilding or restoration, shall pay to the Grantee for deposit in the separate disbursement account an amount equal to the deficiency, which deposit shall first be exhausted before any disbursement of Net Proceeds of insurance. Grantor shall not, by reason of the payment of any such deficiency be entitled to any reimbursement from Grantee or the Issuer or any abatement or diminution of payments under the Lease Agreement.

Any moneys held by the Grantee in the separate disbursement account under the provisions of the preceding paragraph shall, at the written request of the Authorized Tenant Representative, be invested or reinvested by the Grantee in Eligible Investments (as defined in the Lease Agreement), such request to specify the particular investment to be made.

Any balance of such Net Proceeds remaining after payment of all the costs of repair, replacement, rebuilding or restoration under this Section shall be paid to the Bond Account or to Grantor, provided no default has been declared under the Lease Agreement.

If upon any damage to or destruction of the Project Grantor elects to prepay the Basic Rent in full pursuant to the provisions of the Lease Agreement rather than repair, replace, rebuild or restore the property damaged or destroyed, all Net Proceeds of insurance shall be applied to such prepayment of Basic Rent, and any balance remaining after such prepayment shall be paid to Grantor.

Section 2.9. Condemnation. If title to, or the temporary use of, the Project or the Project Site or any part thereof shall be taken under the exercise of the power of eminent domain

by any governmental body or by any person, firm or corporation acting under governmental authority, Grantor shall be obligated to continue to make the payments required by the Lease Agreement. Grantor and Grantee will cause the Net Proceeds received by them or either of them from any award made in such eminent domain proceedings, to be paid to and held by the Grantee in a separate disbursement account, to be applied in one or more of the following ways as shall be directed in writing by Grantor:

(a) The modification or restoration of the improvements located on the Project Site, or the acquisition, construction, installation or otherwise, by Grantor of buildings, machinery, equipment, fixtures or other improvements on the Project Site, all to the extent deemed appropriate by Grantor for its uses and purposes; provided that, at a minimum, the Project as so modified, restored or acquired shall have a value, as reasonably determined by the Grantor, sufficient to fully secure the then outstanding principal amount of the Bonds; and provided further that the Project as so modified, restored or acquired shall be subject to no liens or encumbrances except Permitted Encumbrances.

(b) Redemption of the Bonds, together with accrued interest thereon, to the date of redemption; provided, that no part of any such condemnation award may be applied for such redemption unless (i) all of the Bonds are to be redeemed in accordance with the Bond Purchase Agreement upon exercise of the option to purchase the Project pursuant to the provisions of Section 11.5(b) of the Lease Agreement, or (ii) if less than all of the Bonds are to be redeemed, Grantor shall furnish to Grantee a certificate of the Authorized Tenant Representative stating (1) that the property forming a part of the Mortgaged Property that was taken in such eminent domain proceeding is not essential to Grantor's use or occupancy of the Mortgaged Property, (2) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking in such eminent domain proceeding, or (3) that improvements have been acquired which are suitable for Grantor's operations at the Project as contemplated by the foregoing subsection (a) of this Section.

(c) Payment into the Bond Account of an amount sufficient to permit Payment in Full of the Bonds.

If Grantor elects to apply any Net Proceeds of any such award in the manner set forth in paragraph (a) above, and the amount of such Net Proceeds will be insufficient to pay in full the costs of such modification, restoration or acquisition, as determined by an independent architect or engineer, then Grantor, prior to commencing such modification, restoration or acquisition, shall pay to the Grantee for deposit in the separate disbursement account provided for in the Lease Agreement an amount equal to the deficiency. Such deposit shall first be applied to the costs of such modification, restoration or acquisition before any Net Proceeds of any such award are so applied. Grantor will not, by reason of the payment of any excess costs of modification, restoration or acquisition, be entitled to any reimbursement by the Grantee or the Issuer or any abatement or diminution of payments under the Lease Agreement.

Within 30 days from the date of entry of a final order in any eminent domain proceedings granting condemnation, Grantor shall direct Grantee in writing as to which of the ways specified in this Section Grantor elects to have the condemnation award applied. Any balance of the Net

Proceeds of the award in such eminent domain proceedings shall be paid and applied in the same manner as specified in Section 2.8 hereof for excess Net Proceeds of insurance.

Any moneys held by the Grantee under the provisions of the preceding paragraph shall be invested or reinvested by the Grantee in Eligible Investments in the manner provided for investment of funds under the Lease Agreement and Bond Purchase Agreement.

Section 2.10. Protection of Grantee. Grantor will protect, defend, indemnify and hold harmless Grantee from and against all liabilities, obligations, claims, damages, penalties, causes of action, cost and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against the Grantee by reason of (a) ownership of any interest in the Mortgaged Property or any part thereof, (b) any accident, injury to or death of any person or persons, or loss of or damage to property, occurring on or about the Mortgaged Property or any part thereof or any adjoining sidewalks, curbs, vaults and vault spaces, streets or highways, (c) any use, nonuse or condition of the Mortgaged Property or any part thereof, or any adjoining sidewalks, curbs, vaults and vault spaces, street or highways, (d) any failure on the part of Grantor to perform or comply with any of the terms, covenants or conditions of this Mortgage, (e) any necessity to defend any of the rights, title or interest conveyed by this Mortgage, or (f) the performance of any labor or services or the furnishing of any materials or other property in respect of the Mortgaged Property or any part thereof. Notwithstanding the foregoing, Grantor shall have no obligation to protect, defend, indemnify or hold Grantee harmless with respect to any liability, obligation, claim, damage, penalty, cause of action, cost or expenses arising from or due to the negligent or willful misconduct of Grantee. In the event that any action, suit or proceeding is brought against Grantee by reason of any of the matters described in the immediately preceding sentence, Grantor, upon the request of Grantee, will, at Grantor's expense, cause such action, suit or proceeding to be resisted and defended by counsel designated by Grantor and approved by Grantee. Any amounts payable to Grantee pursuant to the provisions of this paragraph shall be secured by this Mortgage. The obligations of Grantor under this paragraph shall survive any defeasance of this Mortgage.

For purposes of clause (d) in the first sentence of the preceding paragraph (and without limiting the generality thereof), it is expressly understood and agreed that Grantee shall have no duty to examine or make any investigation with respect to any work done, action taken or payment made by Grantor under Sections 2.5, 2.6, 2.8 or 2.9 of this Mortgage, and any determination of value under any such Section (except as therein provided) shall be the sole responsibility of Grantor.

[End of Article II]

ARTICLE III

EVENTS OF DEFAULT AND REMEDIES

Section 3.1. Events of Default. The following shall be "events of default" under this Mortgage:

(a) The occurrence of an Event of Default as defined in the Lease Agreement or the Assignment of Rents.

(b) Failure by Grantor to pay to Grantee any advances made pursuant to Section 3.11 hereof within 10 days after written notice to Grantor.

(c) Failure by Grantor to observe and perform any other covenant, warranty, condition or agreement to be observed or performed hereunder, for a period of 30 days (unless the Grantee shall agree in writing to an extension of such time prior to its expiration) after notice of such failure requesting such failure to be remedied, given to Grantor, by Grantee.

Section 3.2. Other Remedies. In addition to any other remedy available to Grantee, as provided herein or otherwise, Grantee may exercise any remedy available to it under the Lease Agreement, Assignment of Rents or any applicable law, including the rights and remedies of a secured party under the Uniform Commercial Code as adopted in the Commonwealth of Kentucky.

Section 3.3. Acceleration. Upon the occurrence of an event of default, the Grantee may declare the principal, premium, if any, interest (Basic Rent) and all other sums secured by this Mortgage to be due and payable immediately and, upon said declaration, such principal, interest and other sums shall become and be immediately due and payable.

Section 3.4. Surrender of Possession; Rights and Duties of Grantee in Possession. Upon the occurrence of an event of default, Grantor, upon demand of Grantee, shall forthwith, to the extent possible, assemble the Mortgaged Property and proceeds and make them available to the Grantee at the Project Site or some other place to be designated by the Grantee which is convenient to all parties, and Grantor and Issuer shall forthwith surrender the possession of, and it shall be lawful for the Grantee to take possession of, all or any part of the Mortgaged Property together with the books, papers and accounts of Grantor pertaining thereto, and to hold, operate and manage the same, and from time to time to make all needful repairs, replacements and improvements; and Grantee may sublease or license the use of the Mortgaged Property or any part thereof in the name and for the account of Grantor and collect, receive and sequester the rents, license fees, revenues and other income, charges and moneys therefrom, and out of the same and any moneys received from any receiver of any part thereof, after deducting all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to Grantee, their respective agents and counsel, pay and/or set up proper reserves for the payment of any or all of the following in such order and amounts as Grantee, in Grantee's sole discretion, may elect: the payment of any sums due under any prior or subordinate lien, taxes, water and sewer rents, charges and claims, insurance premiums and all other carrying charges, costs of maintenance, repair, replacement or restoration of the Mortgaged Property, and on account and in reduction of the principal or interest, or both, on the indebtedness hereby

secured. For the aforesaid purpose, Grantor and Issuer hereby assign Grantee all rentals and license fees due and to become due under any subleases or rights or licenses to use and occupation of all or any part of the Mortgaged Property now or hereafter created, as well as all rights and remedies provided in such subleases, rights or licenses. In the event that all events of default have been made good and Grantee shall have surrendered possession to Grantor, the right of entry provided in this Section shall again exist upon any subsequent event of default.

Section 3.5. Actions to Recover Amounts Due. Grantee shall have the right, from time to time, to bring an appropriate action to recover any sums required to be paid by Grantor under the terms of this Mortgage, the Assignment of Rents or the Lease Agreement as they become due, without regard to whether or not the principal indebtedness or any other sums secured by the Lease Agreement, the Assignment of Rents or this Mortgage shall be due, and without prejudice to the right of Grantee thereafter to institute foreclosure or otherwise dispose of the Mortgaged Property or any part thereof, or any other action, for any default by Grantor existing at the time the earlier action was commenced.

Section 3.6. Foreclosure. Upon the occurrence of an event of default, the lien on the Mortgaged Property created and vested by this Mortgage may be foreclosed and the Grantee may sell or otherwise dispose of the Mortgaged Property in the manner provided by law, and either or both Grantee, if the highest bidder, may become the purchaser of the Mortgaged Property at any such sale. Grantee will give Grantor and Issuer reasonable notice of the time and place of any public sale thereof. The requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the Notice Address of Grantor at least 10 days before the time of such sale or disposition.

Section 3.7. Appointment of Receiver. Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of Grantee under this Mortgage, Grantee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Mortgaged Property and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer; provided, however, that Grantee may, with or without action under this Section, pursue any available remedy to enforce the payment of principal and interest and premium, if any, or to remedy any event of default.

Section 3.8. Application of Moneys. All moneys received by Grantee or a receiver pursuant to any right given or action taken under the provisions of this Article shall, after the payment of any applicable late charges and the costs, expenses, liabilities and advances incurred by Grantee or receiver, together with interest thereon at the Default Rate, be applied in the manner provided in Section 3.4 hereof if such moneys are received other than as a result of foreclosure or any other disposition of the Mortgaged Property, and if received as a result of foreclosure or any other disposition of the Mortgaged Property shall be applied first to the payment of the costs, expenses, liabilities and advances incurred by Grantee or receiver, together with interest thereon at the Default Rate, and then on account and in reduction of the principal, premium (if any) and interest on the indebtedness hereby secured.

Section 3.9. Rights and Remedies Cumulative; No Waiver or Release of Obligation. The rights and remedies of Grantee as provided in this Mortgage, the Assignment of Rents or the Lease Agreement, and in the warranties contained herein and therein shall be cumulative and

concurrent, may be pursued separately, successively or together against Grantor or against the Mortgaged Property, or any combination thereof, at the sole discretion of Grantee, and may be exercised as often as occasion therefor shall arise. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof. The rights and remedies provided for in this Mortgage are not exclusive, but are in addition to all other rights and remedies provided by law or equity.

Any failure by Grantee to insist upon strict performance by Grantor of any of the terms and provisions of this Mortgage or the Lease Agreement shall not be deemed to be a waiver of any of the terms or provisions thereof, and Grantee shall have the right thereafter to insist upon strict performance by Grantor of any and all of them.

No delay or omission to exercise any right or power accruing upon any failure or event of default shall impair any right or power or shall be construed to be a waiver of any such failure or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any failure or event of default hereunder by Grantee shall extend to or shall affect any subsequent failure or event of default or shall impair any rights or remedies consequent thereon.

Neither Grantor nor any other person now or hereafter obligated for payment of all or any part of the sums now or hereafter secured by this Mortgage shall be relieved of such obligation by reason of the failure of Grantee to comply with any request of Grantor or of any other person so obligated to take action to foreclose on this Mortgage or otherwise enforce any provisions of this Mortgage, the Bonds, the Assignment of Rents or the Lease Agreement, or by reason of the release, regardless of consideration, of all or any part of the security held for the indebtedness secured by this Mortgage, or by reason of any agreement or stipulation between any subsequent owner of the Mortgaged Property and Grantee extending the time of payment or modifying the terms of the Mortgage, without first having obtained the consent of Grantor or such other person; and in the latter event Grantor and all such other persons shall continue to be liable to make payments according to the terms of any such extension or modification agreement, unless expressly released and discharged in writing by Grantee.

The Grantee may in writing release, regardless of consideration, any part of the security held for the indebtedness secured by this Mortgage without, as to the remainder of the security, in any way impairing or affecting the lien of this Mortgage or its priority over any subordinate lien.

Section 3.10. Termination of Proceedings. If Grantee shall have proceeded to enforce any right under this Mortgage by the appointment of a receiver, by entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case Grantor, the Issuer and Grantee shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of Grantee shall continue unimpaired as before.

Section 3.11. Right to Remedy Default. In the event that Grantor should fail to pay Lease Payments, as defined in the Lease Agreement, to carry the insurance required herein or pursuant hereto, or to pay or cause to be paid real estate or other taxes, assessments, water and

sewer rents, charges and claims (unless and only for so long as, in strict compliance with the provisions of Section 2.2 hereof, Grantor is contesting the validity of any such item or the amount thereof), corporate taxes, sums due under any prior lien or approved prior lien, or insurance premiums, or fail to make necessary repairs or replacements, or permit waste, or fail to cure any default under any prior lien or approved prior lien, or fail to comply with any other obligation on the part of Grantor contained herein or in the Lease Agreement, Grantee, at its election and without notice to Grantor, shall have the right, but shall have no obligation whatsoever, to make any payment or expenditure and to take any action which Grantor should have made or taken, or which such Grantee deems advisable to protect the security of this Mortgage or the Mortgaged Property, without prejudice to any of Grantee' rights or remedies available hereunder or otherwise, at law or in equity. All such sums, as well as costs, advanced by such Grantee or due such Grantee pursuant to this Mortgage, the Lease Agreement or the Assignment of Rents shall be due immediately from Grantor to Grantee and, together with interest thereon at the Default Rate, shall be secured hereby.

Section 3.12. Relationship to Lease Agreement. This Mortgage is made subject to all of the terms, covenants and conditions of the Lease Agreement. It is understood that the Original Purchaser shall have hereunder such rights with respect to direction of and taking Grantee's actions hereunder as are provided in the Lease Agreement.

[End of Article III]

ARTICLE IV

COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 4.1. Representations and Warranties. Grantor represents and warrants that (i) it is lawfully seized with a good and marketable leasehold interest in the Project Site, subject only to Permitted Encumbrances; (ii) it will hold a leasehold interest in the Project Site free and clear of liens and claims, subject only to Permitted Encumbrances; (iii) it has full right and authority to grant a first priority security interest in its leasehold interest in the Project and a first mortgage on its leasehold interest in the Project Site and all its interests and rights therein in the manner and form herein done or intended to be done; (iv) this Mortgage is and will remain a valid and enforceable first lien on its leasehold interest in the Project Site and a first priority security interest on the Mortgaged Property and all interests and rights of Grantor related thereto, except for Permitted Encumbrances; and (v) it will preserve such leasehold interest in and to the Mortgaged Property and will forever warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever.

Section 4.2. Notices to Grantee. Grantor shall notify Grantee promptly, in writing, of the occurrence of any of the following:

(a) a fire or other casualty causing damage in excess of $5,000 to the Mortgaged Property;

(b) receipt of notice of condemnation of the Mortgaged Property or any part thereof;

(c) receipt of notice from any governmental authority concerning any action or condition that may materially adversely affect the structure, use or occupancy of the Mortgaged Property;

(d) receipt of any notice of alleged default from the holder of any lien or security interest in the Mortgaged Property, including receipt of any notice of alleged default from the Issuer under the Subordinated Mortgage;

(e) commencement of any litigation in which a claim for a single cause of action exceeds $50,000 or for claims which in the aggregate exceed $50,000.

(f) receipt of any notice of alleged default from any tenant of any portion of the Mortgaged Property; or

(g) any change in the occupancy of the Mortgaged Property in which the new tenant does not execute a Subordination, Non-Disturbance and Attornment Agreement acceptable to Grantee, and is not in all ways in compliance with the terms of this Mortgage; it being understood that all changes in occupancy must be in accordance with Section 4.3 and 4.4 hereof.

Section 4.3. Subleases and Restrictions. Grantor hereby represents that there are no subleases, or agreements to sublease all or any part of the Mortgaged Property now in effect. Grantor hereby agrees not to sublease or allow or suffer to be subleased any part of the

Mortgaged Property from and after the date hereof except in accordance with the Lease Agreement; provided that any sublease shall be in compliance with the Act.

Section 4.4. No Other Liens; No Disposition; Exercise of Options to Purchase. Except for Permitted Encumbrances, Grantor shall not create or cause or permit to exist any lien or security interest in the Mortgaged Property, including any fixtures, machinery, equipment or other items of personal property which are intended to be or become part of the Mortgaged Property. Without the prior written consent of the Grantee, and except as may be expressly contemplated or permitted herein or in the Lease Agreement, Grantor shall not sell, transfer, assign or otherwise dispose of all or any part of the Mortgaged Property, or any legal or equitable interest therein, or the revenues and receipts thereof (other than to Grantee hereunder) or assign, transfer or hypothecate (other than to Grantee hereunder) any rentals or license fees (or analogous payment) then due or to accrue in the future under any lease of or license to use the Mortgage Property or any part thereof, or permit assumption by any third party of Grantor's obligations under the Lease Agreement or its indebtedness secured hereby. Without the prior written consent of the Grantee, Grantor shall not exercise any option to purchase all or any portion of the Mortgaged Property under the Lease Agreement or take any other actions which would cause the termination of the Lease Agreement under the terms thereof or by operation of law.

Section 4.5. Environmental Representations, Warranties, and Covenants.

(a) Environmental Representations and Warranties. Grantor represents and warrants, to the best of Grantor's knowledge (after due inquiry and investigation) and additionally based upon the environmental site assessment report of the Project Site (the "Environmental Report"), that except as fully disclosed in the Environmental Report delivered to and approved by the Grantee: (i) there are no Hazardous Materials (defined below) or underground storage tanks affecting the Mortgage Property ("affecting the Mortgage Property" shall mean "in, on, under, stored, used or migrating to or from the Mortgage Property") except for (A) routine office cleaning, janitorial and other materials and supplies necessary to operate the Project for its current use and (B) Hazardous Materials that are (1) in compliance with Environmental Laws (defined below), (2) have all required permits, and (3) are in only the amounts necessary to operate the Project; (ii) there are no past, present or threatened Releases (defined below) of Hazardous Materials in violation of any Environmental Law affecting the Mortgage Property; (iii) there is no past or present non-compliance with Environmental Laws or with permits issued pursuant thereto; (iv) Grantor does not know of, and has not received, any written or oral notice or communication from any person relating to Hazardous Materials affecting the Mortgage Property; and (v) Grantor has provided to Grantee, in writing, all information relating to environmental conditions affecting the Mortgage Property known to Grantor or contained in Grantor's files. "Environmental Law" means any present and future federal, state and local laws, statutes, ordinances, rules, regulations, standards, policies and other government directives or requirements, as well as common law, that apply to Grantor or the Mortgage Property and relate to Hazardous Materials including the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Sections 9601, et seq.) and the Resource Conservation and Recovery Act (42 U.S.C. Sections 6901, et seq.). "Hazardous Materials" shall mean petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives,

flammable materials; radioactive materials; polychlorinated biphenyls ("PCBs") and compounds containing them; lead and lead-based paint; Microbial Matter, infectious substances, asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which on the Mortgage Property is prohibited by any federal, state or local authority; any substance that requires special handling; and any other material or substance now or in the future defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "contaminant," or "pollutant" within the meaning of any Environmental Law. "Release" of any Hazardous Materials includes any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, pumping, pouring, escaping, dumping, disposing or other movement of Hazardous Materials. "Microbial Matter" shall mean the presence of fungi or bacterial matter which reproduces through the release of spores or the splitting of cells, including, but not limited to, mold, mildew and viruses, whether or not such Microbial Matter is living.

(b) Environmental Covenants. Grantor covenants and agrees that: (i) all use and operation of the Mortgage Property shall be in compliance with all Environmental Laws and required permits; (ii) there shall be no Releases of Hazardous Materials affecting the Mortgage Property in violation of Environmental Laws; (iii) there shall be no Hazardous Materials affecting the Mortgage Property except (A) routine office, cleaning and janitorial supplies, (B) in compliance with all Environmental Laws, (C) in compliance with all required permits, and (D) (1) in only the amounts necessary to operate the Mortgage Property or (2) as shall have been fully disclosed to and approved by Grantee in writing; (iv) Grantor shall keep the Mortgage Property free and clear of all liens and encumbrances imposed by any Environmental Laws due to any act or omission by Grantor or any person (the "Environmental Liens"); (v) Grantor shall, at its sole expense, fully and expeditiously cooperate in all activities performed under Section 3.12(c) including providing all relevant information and making knowledgeable persons available for interviews; (vi) Grantor shall, at its sole expense, (A) perform any environmental site assessment or other investigation of environmental conditions at the Mortgage Property upon Grantee's request based on Grantee's reasonable belief that the Mortgage Property is not in compliance with all Environmental Laws, (B) share with Grantee the results and reports and Grantee and the Indemnified Parties (defined below) shall be entitled to rely on such results and reports, and (C) complete any remediation of Hazardous Materials affecting the Mortgage Property or other actions required by any Environmental Laws; (vii) Grantor shall not allow any tenant or other user of the Mortgage Property to violate any Environmental Law; (viii) Grantor shall immediately notify Grantee in writing after it becomes aware of (A) the presence, Release, or threatened Release of Hazardous Materials affecting the Property, (B) any non-compliance of the Mortgage Property with any Environmental Laws, (C) any actual or potential Environmental Lien, (D) any required or proposed remediation of environmental conditions relating to the Mortgage Property, or (E) any written communication or notice from any person relating to Hazardous Materials, or any oral communication relating to or alleging any violation or potential violation of Environmental Law, and (ix) if an Asbestos Operation and Maintenance Plan and any other Operation and Maintenance Plan (collectively, the "O&M Plan") is in effect (or required by Grantee to be implemented) at the time of the issuance of the Bonds, then

Grantor shall, at its sole expense, implement and continue the O&M Plan (with any modifications required to comply with applicable laws), until payment and full satisfaction of the Bonds. Any failure of Grantor to perform its obligations under this Section 4.5 shall constitute bad faith waste of the Mortgage Property.

(c) Grantee's Rights. Grantee and any person designated by Grantee may enter the Project Site to assess the environmental condition of the Mortgage Property and its use including (i) conducting any environmental assessment or audit (the scope of which shall be determined by Grantee) and (ii) taking samples of soil, groundwater or other water, air, or building materials, and conducting other invasive testing at all reasonable times when (A) a default has occurred under the Bond Documents, or (B) Grantee reasonably believes that a Release has occurred or the Project Site or Project is not in compliance with all Environmental Laws. Grantor shall cooperate with and provide access to Grantee and such person.

Section 4.6. Compliance with Laws and Regulations. Grantor covenants and agrees that in the maintenance, repair, renewal, replacement, remodeling, modification, operation and management of the Mortgaged Property it will observe and comply with all insurance underwriters' requirements and with all applicable, Federal, state and local statutes, ordinances, regulations, orders and restrictions, reserving hereby its right to contest the same, or the application of the same, so long as such contest shall not prejudice the lien of this Mortgage nor affect the amounts secured hereby.

Section 4.7. Covenant Running with the Land. Any act or agreement to be done or performed by Grantor shall be construed as a covenant running with the land and shall be binding upon Grantor and its respective successors and assigns as if they had personally made such agreement.

Section 4.8. Recordation. Grantor, at its expense, shall cause this Mortgage, any instruments supplemental hereto, financing statements, including all necessary amendments, supplements and appropriate continuation statements to be recorded, registered and filed, and to be kept recorded, registered and filed, in such manner and in such places as may be required in order to establish, preserve and protect the lien of this Mortgage as a valid, first mortgage lien on Grantor's leasehold interest in all real property, fixtures and interests therein included in the Mortgaged Property and a valid, perfected first priority security interest in Grantor's leasehold interest in all personal property, fixtures, and interests therein included in the Mortgaged Property (including in each such case, without limitation, any such properties acquired after the execution hereof).

Section 4.9. After-Acquired Property. All property of every kind acquired by Grantor after the date hereof, which by the terms hereof is intended to be a part of the Project and subject to the lien of this Mortgage, shall immediately upon the acquisition or lease (pursuant to the Lease Agreement) thereof by Grantor, and without further mortgage, conveyance or assignment, become subject to the lien of this Mortgage as fully as though now owned or leased (under the Lease Agreement) by Grantor and specifically described herein. Nevertheless, Grantor shall take such actions and execute and deliver such additional instruments as are necessary or customary to further evidence or confirm the subjection to the lien of this Mortgage of any such property.

Section 4.10. Opinion to be Provided. Prior to July 1, 2019, and July 1 of each fifth year thereafter during the term of this Mortgage, the Grantor shall on behalf of the Issuer cause to be delivered to the Grantee an opinion of counsel, who may be counsel for the Grantor, addressed to the Issuer, the Grantee, and stating that based upon the law in effect on the date of such opinion no filing, registration or recording and no refiling, reregistration or rerecording of any agreement or instrument, including the Mortgage and Lease Agreement, any assignment or amendment thereto, any financing statement or amendments thereto, or any continuation statements or instruments of a similar character relating to the pledges and assignments made by the Issuer or the Grantor to secure the Bonds, is required by law during the five year period commencing on the next following July 1, in order to fully preserve and protect the security of the Grantee under the Mortgage, or if such filing, registration, recording, refiling, reregistration or rerecording is necessary, setting forth the requirements in respect thereto. The Grantor with such assistance and cooperation from the Issuer as the Grantor may reasonably request, shall take or cause to be taken all actions necessary to satisfy any such requirements. Promptly after any filing, registration, recording, refiling, reregistration or rerecording of any such agreement or instrument, the Grantor on behalf of the Issuer will deliver to the Grantee an opinion of counsel, who may be counsel for the Grantor, to the effect that such filing, registration, recording, refiling, reregistration or rerecording has been duly accomplished and setting forth the particulars thereof.

[End of Article IV]

ARTICLE V

MISCELLANEOUS

Section 5.1. Notices. All notices, certificates, requests or other communications hereunder shall be sufficiently given and shall be deemed given when delivered, if hand delivered or sent by a nationally recognized courier service, or three business day after postmarked if mailed by first class registered or certified mail, postage prepaid, addressed as provided in Section 19.1 of the Lease Agreement.

Section 5.2. Amendments, Changes and Modifications. Except as may otherwise be provided in the Lease Agreement, this Mortgage may not be effectively amended, changed, modified or altered without the prior written consent of the party against whom enforcement of such amendment, change, modification or alteration is sought.

Section 5.3. Execution Counterparts. This Mortgage may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 5.4. Severability. In case any clause, provision or section of this Mortgage, or any covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken under this Mortgage, or any application thereof, is for any reason held to be illegal, invalid or inoperable, such illegality, invalidity, or inoperability shall not affect the remainder thereof or any other clause, provision or section or any other covenant, stipulation, obligation, agreement, act or action or part thereof, made, assumed, entered into, or taken thereunder, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein, nor shall such illegality or invalidity or inoperability of any application thereof affect any legal and valid and operable application thereof, from time to time, and each such clause, provision or section, covenant, stipulation, obligation, agreement, act, or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent from time to time permitted by law.

Section 5.5. General Waivers By Grantor. Grantor hereby waives and releases, to the extent permitted by law:

(a) all errors, defects and imperfections in any proceeding instituted by Grantee hereunder or under the Lease Agreement, the Assignment of Rents or the Bonds;

(b) all benefit that might accrue to Grantor by virtue of any present or future law exempting the Mortgaged Property, or any part of the proceeds arising from any sale thereof, from attachment, levy or sale on execution, or providing for any stay of execution, exemption from civil process or extension of time for payment;

(c) any appraisement, valuation, stay, extension or redemption or usury law now or hereafter in force and all rights of marshaling of assets in the event of any sale of the Mortgaged Property or any part thereof or interest therein, it being understood and agreed that any court having jurisdiction to foreclose the lien hereof may sell the Mortgaged Property in part or as an entirety; and

(d) unless specifically required herein, all notices of Grantor's default or of Grantee's election to exercise, or Grantee's actual exercise, of any option or remedy hereunder or under the Lease Agreement, the Assignment of Rents or the Bonds.

Section 5.6. Effect of Mortgage. This Mortgage constitutes a security agreement under the Uniform Commercial Code as adopted in the Commonwealth of Kentucky and creates a security interest in favor of Grantee in and to all that property (and the proceeds, accessions and replacements thereof, and the proceeds of any insurance on such property) included in the Mortgaged Property which constitutes fixtures or personal property. Grantor shall execute, deliver, file and refile any financing statements, continuation statements, or other security agreements as are necessary or appropriate from time to time to confirm the lien of this Mortgage with respect to such property. If certificates of title are issued with respect to any such property, Grantor will cause the interest of the Grantee to be properly noted thereon. Without limiting the foregoing, Grantor hereby irrevocably appoints Grantee attorney-in-fact for Grantor to execute, deliver and file such instruments for and on behalf of Grantor. Notwithstanding any release of any or all of that property included in the Mortgaged Property which is deemed "real property", any proceedings to foreclose this Mortgage, or its satisfaction of record, the terms hereof shall survive as a security agreement with respect to the security interest created hereby and referred to above until the repayment or satisfaction in full of the obligations of Grantor as are now or hereafter evidenced by the Lease Agreement or otherwise secured hereby. Nothing herein shall preclude Grantee from proceeding as to both real and personal property in accordance with Grantee' rights and remedies in respect of personal property or fixtures, as provided in the Uniform Commercial Code as adopted in the Commonwealth of Kentucky.

Section 5.7. Advances. Grantee is authorized and empowered to, but in no way obligated to, do all things provided to be done by a Mortgagee. This Mortgage shall serve as notice of the Lease Agreement under the terms of which Grantee is obligated to advance certain sums upon definite conditions, in a particular manner at the times and upon the conditions as set forth therein, the total outstanding indebtedness of which, at any one time, is equal to the amount of the debt secured by this Mortgage. Grantor and Grantee intend and agree that this Mortgage shall secure unpaid balances of any advances, whether obligatory or not, made by the Grantee after this Mortgage is delivered to the Clerk for record to the extent that the total unpaid rent indebtedness, exclusive of interest, advances and reimbursable expenses of the Grantee pursuant to this Mortgage, Lease Agreement, Assignment of Rents or other Bond Documents, does not exceed the maximum amount of unpaid loan indebtedness which may be outstanding at any time, which is $10,500,000.

Section 5.8. No Merger. It being the desire and intention of the parties hereto that this Mortgage and the lien thereof do not merge in leasehold title to the Mortgaged Property, it is hereby understood and agreed that should the Grantee acquire any additional or other interest in or to the Mortgaged Property or the ownership thereof, then, unless a contrary intent is manifested by the Grantee as evidenced by an appropriate document duly recorded, this Mortgage and the lien thereof shall not merge in the leasehold title, that this Mortgage may be foreclosed as if owned by a stranger to the leasehold title. It is further the intention and desire of the parties that the leasehold title to the Mortgaged Property cannot merge with the fee simple title interest to the Mortgaged Property without the prior written consent of the Grantee.

Section 5.9. Captions. The captions or headings in this Mortgage are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Mortgage.

Section 5.10. Governing Law. This Mortgage shall be deemed to be a contract made under the laws of the Commonwealth of Kentucky and for all purposes shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

[End of Article V]

ARTICLE VI

CONVEYANCE BY ISSUER

Section 6.1. Conveyance of Project by Issuer. Issuer, pursuant to Section 7.1 of the Lease Agreement and this Article VI conveys, mortgages and assigns to the Grantee as security for the payment of the principal of, premium, if any, and interest on the Bonds, all its right, title and interest in and to the Mortgage Property.

Issuer further agrees and covenants with Grantor and Grantee that, except as set forth herein, it will not sell, convey, mortgage, encumber, lease, assign or otherwise dispose of any part of the Project during the term of this Mortgage. If the laws of the Commonwealth at the time shall permit such sale, or other disposition to be made, nothing contained in this Section shall prevent the consolidation of the Issuer with, or merger of the Issuer into, or transfer of the Project as an entirety to, any political subdivision or instrumentality thereof whose property and income are not subject to taxation and which has corporate authority to carry on the business of owning and leasing the Project; provided, that upon any such consolidation, merger or transfer, the due and punctual payment of the principal of, premium, if any, and interest on the Bonds according to their tenor, and the due and punctual performance and observance of all the agreements and conditions of the Lease Agreement to be kept and performed by Issuer, shall be expressly assumed in writing by the corporation resulting from such consolidation or surviving such merger or to which the Project shall be transferred as an entirety.

Section 6.2. Limitation of Obligations. The Issuer has executed this Mortgage solely for the purpose of its covenant and agreement set forth in this Article VI, and no further representation, covenant, warranty, agreement or other obligation of the Issuer is expressed or shall be implied under this Mortgage.

[End of Article VI]

ACKNOWLEDGMENTS

COMMONWEALTH OF KENTUCKY)
) ss:
COUNTY OF MCCRACKEN)

The foregoing Mortgage was acknowledged before me this ____ day of July, 2014, by _____, the Manager of Paducah Convention Hotel, LLC, a Kentucky limited liability company, on behalf of the company.

_____
Notary Public

My Commission Expires: _____

COMMONWEALTH OF KENTUCKY)
) ss:
COUNTY OF MCCRACKEN)

The foregoing Mortgage was acknowledged before me this _____ day of July, 2014, by _____ of Independence Bank, Paducah, Kentucky, a Kentucky banking corporation, as Original Purchaser, on behalf of the corporation.

_____
Notary Public

My Commission Expires: _____

COMMONWEALTH OF KENTUCKY)
) ss:
COUNTY OF MCCRACKEN)

The foregoing Mortgage was acknowledged before me this _____ day of July, 2014, by Gayle Kaler and Tammara Sanderson, Mayor and City Clerk, respectively, of the City of Paducah, Kentucky, a Kentucky municipal corporation, on behalf of the City.

_____
Notary Public

My Commission Expires: _____

EXHIBIT A

PROJECT DESCRIPTION

The Project consists of a 121 room Hilton Garden Hotel located on the Project Site.

EXHIBIT B

PROJECT SITE

4001357v1

Agenda Action Form
Paducah City Commission

Meeting Date: June 24, 2014

Short Title: 2014/2015 Kentucky Household Hazardous Waste Grant Award

☒ Ordinance ☐ Emergency ☐ Municipal Order ☐ Resolution ☐ Motion

Staff Work By: Chris Yarber, Sheryl Chino
Presentation By: Steve Ervin

Background Information: The Kentucky Division of Waste Management, through the Household Hazardous Waste Award Program funds cities across the commonwealth for annual clean-up days. This grant award program provides a partial reimbursement for the expenses incurred by the city for the disposal and advertising/education of Spring Clean-up Day. For the past 24 years this project has been a collaborative effort between the McCracken County Fiscal Court and the City of Paducah.

Through Municipal Order #1762 the Engineering/Public Works and Planning Departments submitted an application for the 2014/2015-Kentucky Division of Waste Management-Household Hazardous Waste Award Program on March 27, 2014.

The City as Lead Agency/Fiscal Agent has received an award of $26,800. This funding requires a local match of $14,637.50 to be divided between equally between the city and the county. The City's share of the local cash match, as in previous years will be paid through the Engineer/Public Works 2014-2015 Budget.

This award requires an Inter-local Agreement to be signed by the City and Fiscal Court

If the Commission desires to accept this joint award, it must authorize and direct the Mayor and/or Mayor's designee to execute all required application documents.

Goal: ☒ Strong Economy ☒ Quality Services ☐ Vital Neighborhoods ☐ Restored Downtowns

Funds Available: Account Name:
Account Number: 050-2209-513-2004
Project Number:

6/19/2014
Finance

Staff Recommendation:

Attachments:

Department Head	City Clerk	City Manager

ORDINANCE NO. 2014-7-_____

AN ORDINANCE ACCEPTING MATCHING GRANT FUNDS THROUGH THE KENTUCKY DIVISION OF WASTE MANAGEMENT FOR A 2014-2015 HOUSEHOLD HAZARDOUS WASTE GRANT FOR FUNDING THE ANNUAL CITY/COUNTY CLEAN-UP DAY AND AUTHORIZING THE MAYOR TO EXECUTE A GRANT AGREEMENT, AN INTERLOCAL AGREEMENT WITH MCCRACKEN COUNTY, AND ALL DOCUMENTS RELATING THERETO

WHEREAS, the City of Paducah applied for a matching Household Hazardous Waste Grant through the Kentucky Division of Waste Management, adopted by Municipal Order No. 1762 on March 27, 2014, to be used for funding the 2014-2015 Annual City/County Clean-Up Day; and

WHEREAS, the Kentucky Division of Waste Management, has approved the application and is now ready to award this grant.

BE IT ORDAINED BY THE CITY OF PADUCAH, KENTUCKY:

SECTION 1. That the City of Paducah hereby accepts matching grant funds in the amount of $26,800 through the Kentucky Division of Waste Management for a 2014-2015 Household Hazardous Waste Grant to fund disposal services for the 2015 Annual City/County Clean-Up Day and an educational outreach program. A local match of $14,637.50 is required with the City of Paducah and County of McCracken contributing $7,318.75 each, through cash and/or in-kind contributions. The City's contribution will come from the Engineering/Public Works FY2014-2015 Budget.

SECTION 2. That the Mayor is hereby authorized to execute a Grant Agreement, and all documents relating to same, with the Kentucky Division of Waste Management. The City of Paducah hereby accepts and agrees to administer the funds in the amount of $26,800 as approved in Section 1 above.

SECTION 3. The Mayor is hereby authorized to execute an Interlocal Agreement between the City of Paducah and McCracken County to act as the legal recipient and fiscal agent for the Household Hazardous Waste Grant funds.

SECTION 4. This expenditure shall be charged to account no. 050-2209-513-2004.

SECTION 5. This ordinance shall be read on two separate days and will become effective upon summary publication pursuant to KRS Chapter 424.

_____
Mayor

ATTEST:

_____
Tammara S. Sanderson, City Clerk

Introduced by the Board of Commissioners, June 24, 2014
Adopted by the Board of Commissioners, July _____, 2014
Recorded by Tammara S. Sanderson, City Clerk, July _____, 2014
Published by *The Paducah Sun*, _____
\ord\plan\grants\Household Hazardous Waste 2015

Agenda Action Form
Paducah City Commission

COPY

Meeting Date: June 24, 2014

Short Title: Authorize an Agreement with Shawnee Professional Services for Engineering Design Services related to updating the Utility and Roadway plans for the Olivet Church Road Improvement Project

☒Ordinance ☐ Emergency ☐ Municipal Order ☐ Resolution ☐ Motion

Staff Work By: Angela Weeks, EPW Proj Mgr
Presentation By: Rick Murphy, P.E., City Engineer-Public Works Director

Background Information:

In 2006, a professional engineering design services for the Olivet Church Roadway Improvement Project was entered into with Civil Design Group, Inc. Subsequently, design plans related to the Utility and Roadway plans for the Project were essentially completed. At this time, the utility relocation portion of the Project is being completed by the individual utility companies. After completion of the utility portion, the City will be proceeding with the advertisement and Construction of the Roadway portion of the Project.

Due to the excessive time lapse, the Utility and Roadway plans are in need of being updated and/or revised. Shawnee Professional Services (previously Civil Design Group, Inc.) has provided a cost estimate of $52,000 to update the Utility and Roadway plans and specifications for this Project. A copy of Shawnee's proposal identifying the items that will be completed in order to update the Project plans has been attached.

Goal: ☐Strong Economy ☒Quality Services ☐Vital Neighborhoods ☐Restored Downtowns

Funds Available: Account Name: 040-3315-532-2307
Project Number: ST0027

6/20/2014
Finance

Staff Recommendation:

To adopt an Ordinance authorizing the Mayor to execute an Agreement with Shawnee Professional Services for Engineering Design Services related to updating the Utility and Roadway plans for the Olivet Church Road Improvement Project in an amount not to exceed $52,000.

Attachments:

Shawnee Professional Services Proposal and proposed Agreement

Department Head	City Clerk	City Manager

ORDINANCE NO. 2014-7-_____

AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE AN ENGINEERING SERVICE AGREEMENT IN AN AMOUNT NOT TO EXCEED $52,000 FOR PROFESSIONAL ENGINEERING DESIGN SERVICES RELATED TO UPDATING THE UTILITY AND ROADWAY PLANS FOR THE OLIVET CHURCH ROAD IMPROVEMENT PROJECT

WHEREAS, by Ordinance No. 2006-4-7111 executed an Engineering Services Agreement for professional engineering services with Civil Design Group, Inc., of the utility and roadway plans for the Olivet Church Roadway Improvement Project more particularly a portion of the existing Olivet Church Road from the existing intersection of Commerce Drive to the intersection of Hinkleville Road (U.S. 60) and to construct a new roadway from Olivet Church Road to the intersection of New Holt Road and Hinkleville Road (U.S.60); and

WHEREAS, there has been a significant time lapse and the City is now in the process to proceed with the utility relocation and subsequently the roadway construction of the Project; and

WHEREAS, the plans of the Project are in need of updating to the current Commonwealth of Kentucky Transportation Cabinet's specifications and additional requirements/revisions; and

WHEREAS, Shawnee Professional Services f/k/a Civil Design Group, Inc., has in its employ persons experienced in this area of expertise.

BE IT ORDAINED BY THE CITY OF PADUCAH, KENTUCKY:

SECTION 1. That the Mayor of the City of Paducah is hereby authorized to execute an Engineering Service Agreement with Shawnee Professional Services in an amount not to exceed $52,000 for updating of the Utility and Roadway plans for the Olivet Church Road Improvement Project.

SECTION 2. This expenditure shall be charged to Project Account ST0027.

SECTION 3. This ordinance shall be read on two separate days and will become effective upon summary publication pursuant to KRS Chapter 424.

_____
Mayor

ATTEST:

_____
Tammara S. Sanderson, City Clerk

Introduced by the Board of Commissioners June 24, 2014
Adopted by the Board of Commissioners July _____, 2014
Recorded by Tammara S. Sanderson, City Clerk, July _____, 2014
Published by The Paducah Sun, _____
:ord:eng:contract-Olivet Church Rd-2014 update

AGREEMENT FOR PROFESSIONAL ENGINEERING
for the
OLIVET CHURCH ROAD IMPROVEMENT PROJECT

THIS AGREEMENT, made and entered into this _____ day of _____, 2014, by and between the **CITY OF PADUCAH, KENTUCKY** (hereinafter called the "CITY") and **SHAWNEE PROFESSIONAL SERVICES** (hereinafter called the "CONSULTANT") for the consideration named, agree as follows:

WHEREAS, the CITY has been chosen to be the lead agency of the Olivet Church Road Improvement Project (to be known as the "PROJECT"); and

WHEREAS, the PROJECT will consist of the construction of a five-lane urban roadway section originating near the intersection of Commerce Drive along the existing Olivet Church Road (KY 998) via a new roadway to the intersection of New Holt Road at Hinkleville Road (U.S. 60) and the construction of a 3-lane section along the remaining section of Olivet Church Road to the intersection of Hinkleville Road (U.S. 60); and

WHEREAS, the CITY is in the process proceeding with the Utility Relocation and subsequently the Roadway Construction of the PROJECT; and

WHEREAS, the PROJECT plans are in need of updating to the current Commonwealth of Kentucky Transportation Cabinet's specifications and additional requirements/revisions; and

WHEREAS, the CONSULTANT has in its employ, professional persons experienced to provide engineering design services required to update the PROJECT plans;

NOW THEREFORE, the CITY and the CONSULTANT, in consideration of the mutual covenants hereinafter set forth, agree as follows:

1.0 Services to be Provided:

1.1 Construction Plans Update and Bidding Services

The CONSULTANT shall perform civil engineering, surveying, and design services as related to the following:

1.1A Construction Plans:

- Conversion of Drawings from Microstation V7 to V8i – Due to conversion, cleanup of linetypes, lineweights and notes will be required.
- Update KYTC Standard Drawings (Entrance standard will remain)
- Review and Update (if needed) Traffic Control Plans
- Review and Update (if needed) Erosion Protection & Sediment Control Plans
- Update Plans Based on Considerations/Revisions from Negotiations in Easement and Right of Way Procurement.
- Update Plans to Reflect the Newly Relocated Utilities, i.e., Power and Sanitary Sewer (Gas, Telephone & Water Information Provided by Others)

- Final Quantity Calculations & Itemization
- Review of General Notes on Plans
- Attend Any Necessary KYTC & City Meetings

Once the Construction Plans are complete, The CONSULTANT will provide the following Bidding Services:

1.1B Bidding Services:

- Provide Construction Plans for Printing and also Provide Electronic Files as Necessary
- Provide and Prepare all Necessary Construction Technical Specifications
- Attend a Pre-Bid Meeting and Pre-Construction Conference
- Prepare a Final Engineer's Estimate of Probable Cost
- Take Questions from Contractors and Prepare any Necessary Addendums
- Attend Bid Opening

Section 1.1 - Construction Plans Update and Bidding Services in an Amount Not To Exceed $52,000

2.0 **Standard of Care**: In providing the Services under this Agreement, CONSULTANT will endeavor to perform in a manner consistent with the degree of care and skill ordinarily used by members of CONSULTANT's profession currently practicing under similar conditions at the same time and in the same locality.

3.0 **CITY's Responsibilities**: At CITY's expense, CITY shall furnish to CONSULTANT all data, reports, studies, drawings, permits, approvals and other information reasonably required by CONSULTANT for performance of the Services. CITY shall be responsible for, and CONSULTANT may rely upon, the accuracy and completeness of all such information furnished by or on behalf of CITY. CITY shall provide for CONSULTANT's right to enter the project site in order to perform the Services. CITY, upon learning of any errors, omissions or defects in the performance of the Services, shall promptly notify CONSULTANT and shall assist CONSULTANT in remedying any such errors, omissions or defects unless caused by CONSULTANT'S willful, malicious, or grossly negligent conduct. CITY shall at all times ensure the project site is reasonably safe under the circumstances and free and clear of any hazardous materials.

4.0 **Ownership of Instruments of Service**: All PROJECT Documents prepared by the CONSULTANT pursuant to this Agreement are to be considered instruments of service with respect to the PROJECT. The completed as-built plans, reports and documents required by the CITY shall become the property of the CITY. Their future use on any subsequent related projects will be for reference only.

5.0 **Compensation**: CITY shall pay CONSULTANT for the Services as shown herein. CONSULTANT shall prepare invoices in accordance with CONSULTANT's standard invoicing practices and shall submit such invoices to CITY on or about the 30th day of each month or such other date as mutually agreed to by both parties. Invoices shall be accompanied by all supporting documentation reasonably requested by CITY. CITY shall pay each invoice properly submitted by and due CONSULTANT within 30 days. In the event of any suspension or termination of this Agreement, CONSULTANT shall be entitled to invoice CITY and shall be paid for the Services performed and incurred through the effective date of suspension or termination.

6.0 **Termination by Either Party**: If either party breaches a material provision of this Agreement through no fault of the other party and fails to cure such breach within thirty days after receiving written notice of the breach from the non-breaching party, the non-breaching party may terminate this Agreement upon notice to the breaching party. The right to terminate under this Section shall be in addition to, and not in lieu of, all other rights and remedies the non-breaching party may have at law or in equity.

7.0 **Force Majeure**: If any default or delay occurs which prevents or materially impairs a party's performance and is due to a cause beyond the party's reasonable control, and provided that the default or delay is not caused by the fault of such party, including but not limited to an act of God, flood, fire, explosion, earthquake, war, terrorism, revolution, civil commotion, blockade or embargo, the affected party shall promptly notify the other party in writing of such cause and shall exercise diligent efforts to resume performance under this Agreement as soon as possible. Neither party will be liable to the other party for any loss or damage due to such cause. Either party may terminate this Agreement because of such default or delay upon thirty days prior written notice to the other party if the default or delay has existed for 90 days and is continuing at the end of the thirty day notice period.

8.0 **Indemnification**: CONSULTANT covenants and agrees to indemnify, hold harmless and render whole the CITY for any loss, cost, and expense, including attorney fees, which are incurred by the CITY for reason of the CONSULTANT's failure to properly perform under this agreement. Additionally, it is expressly agreed and understood that CONSULTANT shall at all times indemnify and save the CITY harmless from any and all loss or damage which may be sustained by the CITY by reason of any negligent act or omission committed by CONSULTANT, and/or its employees and agents, in the performance of its work hereunder. CONSULTANT shall indemnify and save the CITY harmless from any and all claims, demands, and causes of action arising either directly or indirectly from any of such negligent act or omission including but not limited to claims by third parties for property damage or personal injury. Notwithstanding the foregoing provisions, in the event loss or damage incurred by the CITY or claims, demands, or causes of action asserted against the CITY is attributable, in part, to the negligence of the CITY, through its employees and agents, the foregoing provisions shall not apply, but rather, the parties shall have such rights and remedies as provided by law. Said indemnification shall also include reimbursement to the CITY for any attorney fees and court costs incurred by the CITY by reason of making a claim for loss or damage or by reason of the assertion of any claims, demands, or causes of action against it, provided, however, that in the event such attorney fees and costs of the CITY are reimbursed or paid by any insurance carrier, the foregoing provision shall not apply.

9.0 **Non-Binding Mediation**: If a good faith effort to resolve a dispute on terms satisfactory to both parties is unsuccessful, CITY and CONSULTANT may submit the dispute to non-binding mediation to be held in Paducah, Kentucky, unless the parties mutually agree otherwise.

10.0 **Governing Law**: The parties agree that this Agreement and any legal actions concerning its validity, interpretation and performance shall be governed by the laws of the Commonwealth of Kentucky. The parties further agree that the venue for any legal proceeding relating to this Agreement shall exclusively be in McCracken County, Kentucky.

11.0 **Total Agreement**: This Agreement, together with the exhibits attached hereto and permitted amendments, constitutes the entire Agreement between CITY and CONSULTANT and supersedes all prior written or oral understandings. This Agreement may only be amended by a duly executed written instrument signed by all parties involved. Neither party shall transfer or assign any rights under or interest in this Agreement without the prior written consent of the other party. CONSULTANT's use of sub-consultants shall not be considered an assignment for purposes of this Agreement; however, if CONSULTANT plans to utilize the services of a sub-consultant, the CONSULTANT shall seek the CITY'S approval prior to such use.

12.0 **Independent Contractors**: The relationship of the parties is that of independent contractors and neither party will incur any debts or make any commitments for the other party except to the extent expressly provided in this Agreement. Nothing in this Agreement is intended to create or will be construed as creating between the parties the relationship of joint ventures, co-partners, employer/employee or principal and agent.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, the day and year first above written.

SHAWNEE PROFESSIONAL SERVICES

BY _____
Michael Hansen, PE
Vice President, Engineering

ADDRESS:
133 Market House Square
Suite 100
Paducah, Kentucky 42001

CITY OF PADUCAH, KENTUCKY

BY_____
Gayle Kaler
Mayor

ADDRESS:
Post Office Box 2267
Paducah, Kentucky 42002-2267

Agenda Action Form
Paducah City Commission

Meeting Date: June 24, 2014

Short Title: Authorize a Contract with Nichols Electric Company, LLC, for the Fire Station #1 Emergency Generator Project

☒Ordinance ☐ Emergency ☐ Municipal Order ☐ Resolution ☐ Motion

Staff Work By: Angela Weeks, EPW Proj Mgr
Presentation By: Rick Murphy, P.E., City Engineer-Public Works Director

Background Information:

On June 10, 2014, sealed written bids were opened and read aloud for the Fire Station #1 Emergency Generator Project. The Project consists of the installation of a 125 KW diesel powered emergency generator with an automatic transfer switch on a newly constructed concrete pad at Fire Station #1. Two responsive bids were received for the installation of the generator, with Nichols Electric Co., LLC, submitting the lowest responsive bid in the amount of $83,900.00.

This Project is being funded thru a FEMA-Kentucky Division of Emergency Management Hazardous Mitigation Grant in the total amount of $120,570 with a 75% Federal share of $90,428, a 12% KYEMA match of $14,468 and a 13% City match in the amount of $15,674.

Goal: ☐Strong Economy ☒Quality Services ☐Vital Neighborhoods ☐Restored Downtowns

Funds Available: Project Account: FI0026
Account Number: 040-1802-522.23-07

6/19/14
Finance

Staff Recommendation:

To receive and file the bids and adopt an Ordinance authorizing the Mayor to execute a contract with Nichols Electric Co., LLC, in the amount of $83,900 for the Fire Station #1 Emergency Generator Project.

Attachments:

Bids, Bid Tab, Advertisement and Proposed Contract

Department Head	City Clerk	City Manager

ORDINANCE NO. 2014-7-_____

AN ORDINANCE ACCEPTING THE BID OF NICHOLS ELECTRIC CO., LLC FOR THE PURCHASE OF A NEW EMERGENCY GENERATOR TO BE INSTALLED AT FIRE STATION NO. 1, AND AUTHORIZING THE MAYOR TO EXECUTE AN AGREEMENT FOR SAME

BE IT ORDAINED BY THE CITY OF PADUCAH, KENTUCKY:

SECTION 1. That the City of Paducah accepts the bid of Nichols Electric Co., LLC in the amount of $83,900. for the purchase of a new emergency generator to be installed at Fire Station No. 1, said bid being in substantial compliance with bid specifications, and advertisement for bids, as contained in the bid of Nichols Electric Co., LLC as of June 10, 2014.

SECTION 2. That the Mayor is hereby authorized to execute an agreement for the purchase of the emergency generator, authorized in Section 1 above, according to the specifications, bid proposal and all contract documents heretofore approved and incorporated in the bid.

SECTION 3. This expenditure shall be charged to FI0026 Project Account.

SECTION 4. This ordinance shall be read on two separate days and will become effective upon summary publication pursuant to KRS Chapter 424.

_____
Mayor

ATTEST:

_____
Tammara S. Sanderson, City Clerk

Introduced by the Board of Commissioners, June 24, 2014
Adopted by the Board of Commissioners, July _____, 2014
Recorded by Tammara S. Sanderson, City Clerk, July _____, 2014
Published by The Paducah Sun, _____.
\ord\fire\agree-emergency generator-Fire Station 1

CITY OF PADUCAH, KENTUCKY

ENGINEERING-PUBLIC WORKS DEPARTMENT

Project: Fire Station #1 Generator Project

Bid Opening: Tuesday, June 10, 2014, 2:00 PM CST

LOWEST RESONSIVE BID

OFFICIAL BIDDER OF RECORD: Contact: Mailing Address:				Nichols Electric Co., LLC Steve Nichols 532 Milliken Road Paducah, KY 42003		Story Electrical Service, Inc Rex Story 6335 Hill Chapel Raod Paducah, KY 42001	
#	DESCRIPTION	QUANT	UNIT	UNIT PRICE	BID AMOUNT	UNIT PRICE	BID AMOUNT
1	125KW Diesel Generator Set	1	Each	$28,525.00	$28,525.00	$32,203.00	$32,203.00
2	Automatic Transfer Switch	1	Each	$5,000.00	$5,000.00	$5,971.00	$5,971.00
3	Electrical Demolition - All Work and Materials Required	1	LS	$5,000.00	$5,000.00	$3,379.00	$3,379.00
4	New Electrical Connection - All Work and Materials Required	1	LS	$45,375.00	$45,375.00	$58,400.00	$58,400.00
TOTAL CONTRACT BID					**$83,900.00**		**$99,953.00**
Type of Generator				**Caterpillar Model D125**		**Cummins 125 DSGAB**	
REQUIRED DOCUMENTS:							
1. Bid Bond - 5% of Bid				Yes		Yes	
2. Bidder's Certificate				Yes		Yes	
3. Manufacturer Specifications and Warranty Info				Yes		Yes	
BID RECOMMENDED FOR ACCEPTANCE				Yes - Lowest Responsive Bid		No	

CITY OF PADUCAH, KENTUCKY
ENGINEERING-PUBLIC WORKS DEPARTMENT

AGREEMENT FOR FIRE STATION #1 GENERATOR PROJECT

THIS AGREEMENT, made this _____ day of _____, 2014 by and between the **CITY OF PADUCAH**, hereinafter called the **OWNER**, and **NICHOLS ELECTRIC COMPANY, LLC**, hereinafter called the **CONTRACTOR**, for the consideration hereinafter named, agree as follows:

ARTICLE 1. SCOPE OF WORK

The Contractor agrees to furnish all the necessary labor, materials, equipment, tools and services necessary for the construction of the Fire Station #1 Generator Project. All Work shall be in accordance with this Agreement, the Plans, Specifications and any Addendum(s) issued.

Throughout the performance of this Contract, the Engineering-Public Works Department of the City of Paducah shall, in all respects, be acting as both Engineer and agent for the Owner, City of Paducah. All work done by the Contractor shall be completed under the general supervision of the Engineer.

ARTICLE 2. TIME FOR COMPLETION AND LIQUIDATED DAMAGES

The Contractor hereby agrees to commence work under this contract on or before a date to be specified in the Notice to Proceed and to fully complete the project **within One Hundred and Twenty (120)** consecutive calendar days thereafter.

ARTICLE 3. THE CONTRACT SUM

The Owner agrees to pay the Contractor for the performance of the Contract, subject to additions and deductions provided therein: **Eighty Three Thousand Nine Hundred Dollars and no cents ($83,900.00)** as quoted in the Bid Proposal by the Contractor dated June 10, 2014, which shall constitute full compensation for the work and services authorized herein.

ARTICLE 4. PROGRESS PAYMENTS

The Contractor may submit a Request for Payment subsequent to satisfactory performance of the required Work in accordance with all of the provisions thereof and upon approval by the Owner. The Owner agrees to make Payment to the Contractor within **Thirty (30) days** after receipt of a properly completed invoice. The Owner reserves the right to withhold any of all payments or portions thereof if the Contractor fails to perform in accordance with the provisions of the contract.

ARTICLE 5. ACCEPTANCE AND FINAL PAYMENT

The Contract will be considered complete when all Work has been finished, the final inspection made by the Owner/Engineer and the Final Payment has been made to the Contractor.

ARTICLE 6. GOVERNING LAW

The Parties agree that this Agreement and any legal actions concerning its validity, interpretation and performance shall be governed by the laws of the Commonwealth of Kentucky. The parties further agree that the venue for any legal proceeding relating to this Agreement shall exclusively be in McCracken County, Kentucky.

ARTICLE 7. THE CONTRACT DOCUMENTS

The Plans, Specifications and any addendum that may have been issued are fully a part of this Contract as if thereto attached or herein repeated.

IN WITNESS WHEREOF:

The parties hereto have executed this Agreement, the day and year first above written.

NICHOLS ELECTRIC COMPANY, LLC

BY _____
TITLE _____

ADDRESS:
532 Milliken Road
Paducah, Kentucky 42003

CITY OF PADUCAH

BY _____
Gayle Kaler, Mayor

ADDRESS:
Post Office Box 2267
Paducah, Kentucky 42002-2267

174906

AGENDA ACTION FORM
PADUCAH CITY COMMISSION

Meeting Date: June 24, 2014

Short Title: Authorizing a Lease Agreement and Revolving Loan Credit Agreement between City of Paducah, Kentucky, McCracken County, Kentucky and Genova Products, Inc., for real property and industrial building located at 5400 Commerce Drive in Paducah, Kentucky and the equipping of the building with trade fixtures, equipment, and fixtures that enhances Genova's manufacturing operations on the Premises and creates additional and new job opportunities to Kentucky residents.

X Ordinance ☐ Emergency ☐ Municipal Order ☐ Resolution ☐ Motion

Staff Work By: Lisa Emmons, Attorney
Presentation By: Jeff Pederson, City Manager

Background Information:

GPEDC, as agent for the City of Paducah and McCracken County entered into a Memorandum of Understanding ("MOU") with Genova Productions, Inc., ("Genova") whereby certain public incentives were to be provided to Genova to defray certain costs and expense to be incurred by Genova in locating, equipping, operating and managing its manufacturing and distribution facility at 5400 Commerce Drive within the boundaries of Paducah, McCracken County. The MOU was previously approved by the City Commission. In order to induce Genova to locate its facility to Paducah, McCracken County, GPEDC, as agent for the City and County, is negotiating, in good faith, with Genova for a definitive lease and revolving loan credit agreement incorporating the essential terms of the commitments of the parties as outlined in the MOU. Negotiations are still continuing but pursuant to the MOU definitive documents are to be executed on or before June 30, 2014. The latest revised version of the lease and the revolving loan credit agreement are attached to the ordinance for review. It is anticipated further revisions will be negotiated prior to the Commission Meeting on June 24th. A current version will be provided as soon as possible.

These transactions further the public purpose of the City to achieve long-term economic growth and employment opportunities for its citizens

Therefore, I seek approval from the City Commission to enter into and have the Mayor execute (1) the Lease Agreement between City of Paducah, Kentucky, McCracken County, Kentucky, and Genova Products, Inc., in substantially the same form attached hereto as Exhibit A; and (2) the Revolving Loan Credit Agreement, between the City and County and

Genova Products, Inc., in substantially the form attached hereto as Exhibit B.

Goal: XStrong Economy ☐ Quality Services☐ Vital Neighborhoods☐ Restored Downtowns

Funds Available: Account Name:
Account Number:

Finance

Staff Recommendation:

Attachments:

Department Head	City Clerk	City Manager

ORDINANCE NO. 2014 - _____

AN ORDINANCE OF THE CITY OF PADUCAH, KENTUCKY, APPROVING A LEASE AGREEMENT AND A REVOLVING LOAN CREDIT AGREEMENT AMONG THE CITY OF PADUCAH, MCCRACKEN COUNTY, AND GENOVA PRODUCTIONS, INC., WITH RESPECT TO A PUBLIC PROJECT; AUTHORIZING THE EXECUTION OF THE LEASE AGREEMENT, THE REVOLVING LOAN CREDIT AGREEMENT, AND OTHER DOCUMENTS RELATED THERETO

WHEREAS, the City of Paducah, Kentucky (the "City") has previously determined, and hereby further determines, that it is a public purpose to reduce unemployment in the City, to increase the City's tax base, to foster economic development within the City and to promote the development of a skilled workforce, all to the benefit of the citizens and residents of the City; and

WHEREAS, the City and McCracken County (the "County") jointly own an industrial building located at 5400 Commerce Drive within the boundaries of Paducah, McCracken County, Kentucky, (the "Project Site") which building was constructed by the City and the County for the public purpose of economic development; and

WHEREAS, the City and the County have determined that it is in the best interest of citizens of the City of Paducah and McCracken County that the City and the County lease the aforesaid building and the Project Site (collectively, the "Premises") to Genova Productions, Inc., a Michigan corporation ("Genova") for the purposes of locating, equipping, operating and managing a manufacturing and distribution facility of vinyl building products, and the hiring and maintaining an estimated 125 new full-time employees at the Premises, which will promote the public purpose of the City and the County; and

WHEREAS, as an additional public incentive to induce Genova to locate, equip, operate, and manage a manufacturing and distribution facility on the Premises, and in consideration of Lessee's commitment to create jobs for Kentucky residents, the City and the County have agreed to extend a revolving loan of up to Million One Hundred Thousand and 00/100 Dollars ($1,100,000.00) to Genova for the sole purpose of purchasing trade fixtures, equipment, and fixtures for the Project that enhances its operations on the Premises and creates additional and new job opportunities to Kentucky residents upon certain terms and conditions as negotiated among the parties.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF PADUCAH, KENTUCKY, AS FOLLOWS:

Section 1. Recitals and Authorization. The City hereby approves the Lease Agreement among the City, the County, and Genova (the "Lease") in substantially the form attached hereto

as Exhibit A and made a part hereof. It is further determined that it is necessary and desirable and in the best interest of the City to enter into the Lease for the purposes therein specified, and the execution and delivery of the Lease is hereby authorized and approved. The Mayor of the City is hereby authorized to execute the Lease, together with such other agreements, instruments or certifications which may be necessary to accomplish the transaction contemplated by the Lease with such changes in the Lease not inconsistent with this Ordinance and not substantially adverse to the City as may be approved by the official executing the same on behalf of the City or the City Manager. The approval of such changes, and that such are not substantially adverse to the City, shall be conclusively evidenced by the execution of the Lease by the authorized official.

Section 2. Recitals and Authorization. The City hereby approves the Revolving Loan Credit Agreement among the City, the County, and Genova (the "Credit Agreement") in substantially the form attached hereto as Exhibit B and made a part hereof. It is further determined that it is necessary and desirable and in the best interest of the City to enter into the Credit Agreement for the purposes therein specified, and the execution and delivery of the Credit Agreement is hereby authorized and approved. The Mayor of the City is hereby authorized to execute the Credit Agreement, together with such other agreements, instruments or certifications which may be necessary to accomplish the transaction contemplated by the Credit Agreement with such changes in the Credit Agreement not inconsistent with this Ordinance and not substantially adverse to the City as may be approved by the official executing the same on behalf of the City or the City Manager. The approval of such changes, and that such are not substantially adverse to the City, shall be conclusively evidenced by the execution of the Credit Agreement by the authorized official.

Section 3. Severability. If any section, paragraph or provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Ordinance.

Section 4. Compliance With Open Meetings Laws. The City Commission hereby finds and determines that all formal actions relative to the adoption of this Ordinance were taken in an open meeting of this City Commission, and that all deliberations of this City Commission and of its committees, if any, which resulted in formal action, were in meetings open to the public, in full compliance with applicable legal requirements.

Section 5. Conflicts. All ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed and the provisions of this Ordinance shall prevail and be given effect.

Section 6. Effective Date. This Ordinance shall be read on two separate days and will become effective upon summary publication pursuant to KRS Chapter 424.

_____

MAYOR

ATTEST:

City Clerk

Introduced by the Board of Commissioners, _____, 2014

Adopted by the Board of Commissioners, _____, 2014

Recorded by City Clerk, _____, 2014

Published by *The Paducah Sun*, _____, 2014

EXHIBIT A

LEASE AGREEMENT

See attachment

EXHIBIT B

REVOLVING LOAN CREDIT AGREEMENT

See attachment

174600-3marked6-19-14

LEASE AGREEMENT

By and Between

CITY OF PADUCAH, KENTUCKY

AND

MCCRACKEN COUNTY, KENTUCKY

Lessor

and

GENOVA PRODUCTS, INC.

Lessee

Dated as of:

_____~~May 31~~, 2014

Project Site: 5400 Commerce Drive
Paducah, Kentucky

LEASE AGREEMENT

This Lease Agreement (this "Lease"), made and entered into as of the _____31st day of _____May, 2014, by and among **MCCRACKEN COUNTY, KENTUCKY** ("County"), with a principal mailing address of 300 South 7th Street, Paducah, Kentucky 42003; and **CITY OF PADUCAH, KENTUCKY** ("City"), with a principal mailing address of Post Office Box 2267, Paducah, Kentucky 42002-2267 (County and City shall collectively be referred to as the "Lessor"), and **GENOVA PRODUCTS, INC.**, with a principal mailing address of Post Office Box 309, Davison Michigan 48423 (the "Lessee"), (Lessee, City, and County may collectively be referred to as the "Parties" and singularly be referred to as a "Party");

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W I T N E S S E T H

WHEREAS, capitalized terms used and not otherwise defined in this preamble shall have the respective meanings ascribed thereto in Section 1 of this Lease set forth below; and

WHEREAS, the Lessor has a compelling public interest in fostering economic development and promoting the development of a skilled workforce, all to the benefit of the citizens and residents of the city of Paducah and the county of McCracken, Kentucky; and

WHEREAS, the Lessor owns the Building and has determined that it is in the best interest of citizens of the City of Paducah and McCracken County that Lessor rent the Building and the Project Site (collectively, the "Premises") to Lessee for the purposes of locating, equipping, operating and managing a manufacturing and distribution facility of vinyl building products, and the hiring and maintaining an estimated 125 new full-time employees at the Premises, all as more particularly set forth in the MOU (the "Project"), which will promote the public purpose of the Lessor; and

WHEREAS, the Lessee desires to rent the Premises from the Lessor for the rentals, and upon the terms and conditions, hereinafter set forth; and

WHEREAS, it is appropriate at this time that this Lease be consummated by and between the parties.

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING PREMISES, WHICH ARE INCORPORATED AS A PART OF THIS LEASE, AND IN FURTHER CONSIDERATION OF THE TERMS, COVENANTS AND CONDITIONS HEREIN SET FORTH AND CONTAINED HEREIN AND IN THE MOU, THE LESSOR AND THE LESSEE MUTUALLY COVENANT AND AGREE AS FOLLOWS:

SECTION 1. Definitions.

Unless the context clearly indicates some other meaning, the following words and terms shall, for all purposes of this Lease, have the following meanings:

"Additional Rent" shall mean, Lessee's payment obligations under this Lease other than Base Rent.

"Authorized Officer" shall mean, with respect to (i) the Lessor, the Mayor of the City and Judge Executive of the County and any officer, agent or employees duly authorized by ordinance or resolution of the Lessor to perform the act or sign the document in question, and (ii) the Lessee, the President and any other of its officers, agents or employees duly authorized by resolution of the Lessee to perform the act or sign the document in question.

"Base Rent" shall mean the monthly payments from Lessee to Lessor, as set forth in Section 3 of this Lease.

"Building" shall mean that certain existing industrial building located on the Project Site.

"City" shall mean the City of Paducah, Kentucky, a municipal corporation and political subdivision of the Commonwealth of Kentucky.

"County" shall mean the County of McCracken, Kentucky, a county and political subdivision of the Commonwealth of Kentucky.

"Event of Default" means an event described in Section 17 of this Lease.

"Interest Rate for Advances" means ten percent (10%) per annum.

"Lease" shall mean this agreement dated as of ~~May 31~~, 2014, by and between the Lessor and the Lessee, as amended or supplemented from time to time in accordance with the terms hereof.

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"*Lease Rental Payments*" means Base Rent and Additional Rent, which constitute the payments payable by the Lessee for and in consideration of the right to use the Premises.

"Lessee" shall mean Genova Products, Inc., a Michigan corporation.

"Lessor" shall mean collectively the City of Paducah and the County of McCracken, Kentucky.

"*MOU*" shall mean that certain Memorandum of Understanding among the Lessor and the Lessee relating to the Project, executed by the respective parties thereto on June, 2014, as the same may be amended or supplemented from time to time in accordance with its terms, and which MOU is hereby incorporated as a part of this Lease.

"Premises" shall mean, collectively, the Building and the Project Site.

"Project" shall mean the locating, equipping, operating and managing a manufacturing and distribution facility of vinyl building products on the Premises by Lessee, all as more particularly set forth in this Lease and the MOU.

"Project Site" shall mean the real property on which the Building is located, including the parking lot and adjacent real property owned by Lessor which is used in connection with the Building and Lessee is to equip, operate and manage the Project, which site is generally located at 5400 Commerce Drive, Paducah, McCracken County, Kentucky, and is more particularly described in **Exhibit A** attached hereto.

SECTION 2. Term; Renewal Term.

In consideration of the representations, warranties, covenants and conditions set forth herein, the Lessee hereby leases from the Lessor, and the Lessor hereby lets to the Lessee, the Premises for a term of ten (10) years (the "Initial Term"), which Term shall commence on July~~June~~ 1, 2014; (the "Commencement Date"). Lessor shall deliver exclusive possession of the Premises to Lessee in compliance with the Delivery Conditions, not later than the Commencement Date. The Initial Term together with the Renewal Term, if exercised by Lessee, shall be referred to herein as the "Term". As used herein, the "Delivery Conditions" shall mean that on the Commencement Date the Premises are: (a) in broom clean condition and free of all debris, (b) in compliance with all laws, ordinances, administrative rules and regulations, building codes, and fire codes ~~and insurance underwriter requirements~~ (collectively, "Laws"), (c) in good ~~operating and~~ physical condition and otherwise ready for Lessee to commence renovations ~~use~~ of the Premises to accommodate Lessee's use of the Premises for the Project; and (d) ~~a~~ that an existing certificate of occupancy for the Premises is transferable to Lessee permitting ~~has been issued which permits~~ Lessee's to take possession~~use~~ of the Premises, ~~for the purposes permitted under this Lease.~~

Provided Lessee is not then in default under this Lease beyond any applicable grace or curative period, the Term of this Lease may be renewed for one (1) additional term of ten (10) years (the "Renewal Term"). At the expiration of the Initial Term, Lessee shall be permitted to renew this Lease for the Renewal Term by providing Lessor with written notice not less than sixty (60) days prior to the expiration of the Initial Term. The Renewal Term shall be subject to all covenants, terms, conditions and obligations set forth and contained in this Lease.

SECTION 3. Rental.

Commencing on September 1, 2015 ("Base Rent Commencement Date"), Lessee shall pay to Lessor as Base Rent $289,000.00 annually (the "Base Rent") in equal monthly installments of $24,083.33 on the first day of each and every calendar month following the ~~Rent Commencement Date~~Base Rent Commencement Date and through-out the Term. In the event the Base Rent Commencement Date occurs on a date other than the first calendar day of a month, the Base Rent for such month shall be prorated on a per diem basis. It is expressly acknowledged by Lessor that Lessee may occupy and use the Premises from the Commencement Date until the ~~Rent Commencement Date~~Base Rent Commencement Date without payment of Base Rent~~, or Additional Rent.~~

Additionally, from and after the Commencement Date, Lessee shall be responsible and agrees to pay, all expenses and costs related to (i) except as otherwise provided in this Lease or to the extent such costs are Lessor's obligation under the terms of this Lease, costs incurred by Lessee for the operation, repair, replacement, and maintenance of the Premises, (ii) the insuring of the Premises after the Commencement Date as required pursuant to this Lease, (iii) a prorated portion of any Real Estate Taxes assessed against the Premises after the Commencement Date for the 2014~~5~~ tax year and such Real Estate Taxes thereafter during the Term, and (iv) any amounts payable by Lessee pursuant to Sections 17 or 18 of this Lease (the "Additional Rent"). Lessee shall not be obligated to pay Lessor or any third party a management or other administrative fee with respect to Premises. During the last year of the Term, the real estate taxes shall be prorated in accordance with the customary method of proration in the area where the Premises are located. Any such amounts due as Additional Rent shall be paid by Lessee as the same become due and payable~~, but in no event upon less than ten (10) days after written notice from Lessor~~. The term "Real Estate Taxes" shall mean all real property governmental taxes, assessments, fees and charges due during the Term and any extensions thereof, in connection with the Premises. Lessee's obligation to pay Real Estate Taxes shall expressly exclude: (a) excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, and federal and state income taxes to the extent applicable to Lessor's general or net income (as opposed to rents, receipts or income attributable to operations at the Building); (b) any tax imposed on any mortgage or other lien encumbering the Premises which secures any indebtedness of the Lessor, and (c) transfer tax upon the passing of Lessor's interest in the any part of the Premises or portion thereof~~; (d) taxes in excess of the amount which would be payable if such tax or assessment expense were paid in installments over the longest possible term; and (e) increases in taxes caused by Lessor's transfer or conveyance of the Building, Premises or any portion thereof.~~ Lessee shall be permitted to appeal the assessment of Real Estate Taxes for the Premises and Lessor will reasonably cooperate with Lessee in connection with the filing of such appeal, to the extent permitted by law.

Except as otherwise provided by the terms of this Lease, all Lease Rental Payments hereunder shall be made without notice, demand, setoff, defense, deferment or deduction at the times and in the manner set forth above.

SECTION 4. Use of the Premises.

The Premises shall be occupied and used by Lessee for the Project, general office use and such other uses which are permitted under the applicable zoning code. No use shall be made or permitted of the Premises or any part thereof, nor any acts done which shall constitute a nuisance, it being acknowledged, however, that the anticipated uses of the Project contemplated by this MOU and this Lease and which are otherwise in compliance with applicable zoning and other laws, rules and regulations, shall not be deemed to be a nuisance. Lessor acknowledges that the Premises includes the parking areas adjacent to the Building, which parking lot is located on the Project Site, and Lessee shall have exclusive use of such parking areas during the Term of the Lease.

Lessee shall use its best efforts to comply with all governmental rules, regulations, ordinances, statutes and laws now in force or which may hereafter be in force pertaining to the Premises and to Lessee's use thereof; provided, however, that during the Term of this Lease,

Lessor shall not consent to or permit any change in any zoning or land use regulations which would render the use of the Premises for the Project unlawful or as a conditional use. Notwithstanding anything contained in this Lease to the contrary, ~~Lessee's obligation to comply with Laws applicable to the Premises shall be limited to Laws which are implicated due to Lessee's unique or specific use of the Premises and not such Laws which are applicable to all users of similar commercial properties. In addition,~~ Lessee shall not be obligated to correct any violation of Law which was in existence on the Commencement Date, unless such violation of Law due to Lessee's unique or specific use of the Premises and not applicable to all users of similar commercial properties or arises due to a newly enacted Law or change in any existing Law during the Term of the Lease. ~~it being acknowledged that Lessor shall cause the Premises to comply with applicable Law in all such cases.~~

Lessee shall have exclusive use of all signage located on the Premises as of the date of this Lease. Lessee shall have the right to install and display signage on the Premises and on the interior and exterior of the Building, in form, size and character as its desires, provided that such signage is in conformity with applicable laws. The signs shall be maintained by Lessee at its cost. Lessee shall remove all signs of Lessee upon the expiration or earlier termination of this Lease and immediately repair any material damage to the Premises caused by, or resulting from, such removal.

Subject to compliance with laws and securing any required governmental approvals and permits, Lessee, at its sole cost and expense, shall have the right to install (i) telecommunications antennas, microwave dishes and other communications equipment on the roof top; (ii) solar panels on the Building, and (iii) an uninterruptible power supply system and emergency stand-by battery system and/or natural gas powered generator with all associated equipment, components, connections, wiring and batteries (collectively, the "UPS"). Lessee shall be responsible for the entire cost of the operation, repair, replacement and removal of any such equipment and UPS installed by Lessee. All such equipment and the UPS installed by Lessee shall be removed at Lessee's expense prior to the expiration of the Term and Lessee shall repair any material damage caused by such installation and removal.

Lessor represents and warrants to Lessee that (i) the Premises are not subject to any covenants, encumbrances, conditions, restrictions, private agreements, reciprocal easement agreements or any other exceptions to title which would adversely affect Lessee's use of the Premises for the Project and general office use~~the purposes permitted under this Lease~~ (the "Encumbrances"); (ii) the Premises ~~(including all equipment and systems)~~ are and will be on the Commencement Date, in compliance with all Laws (except those Laws that are regulate or govern Lessee's unique or specific use of the Premises and; Encumbrances ~~and fire underwriter's requirements~~; (iii) the Premises are zoned consistent with Lessee's use of the Premises for the Project and general office use ~~such other uses as are permitted under this Lease~~ and there will be on the Commencement Date a valid certificate of occupancy or similar permit in place which permits Lessee's use of the Premises for the Project and general office use~~purposes permitted by this Lease~~; (iv) there are no outstanding delinquent taxes for the Premises; (v) the Premises are not subject to any pending litigation or government investigation; and (vi) the Premises are not leased and are not subject to any rights of first refusal, rights of first offer, options or other preferential rights to lease, occupy, license or purchase.

SECTION 5. Delivery of the Premises.

Lessee has inspected the Premises, and has found the Premises to be in an acceptable state of condition and repair and except as otherwise provided in this Lease to the contrary, Lessee accepts the Premises "AS IS", with all defects and deficiencies. Lessee shall be entitled to possession of the Premises on the Commencement Date.

SECTION 6. Release and Indemnification Covenants.

(a) Subject to the waiver of subrogation in Section 7 ~~and except to the extent caused by the negligence or willful misconduct of Lessor, its employees, officers, agents or contractors~~, Lessee will and hereby agrees to indemnify and save the Lessor harmless against and from any or all claims, by or on behalf of any person, firm, corporation or other legal entity, and all liabilities, obligations, losses and damages whatsoever, and the expenses, penalties and fees in connection therewith (including reasonable attorney's fees and expenses), arising from or as a result of the occupancy or use of the Premises by Lessee, or the operation or management of the Project at the Premises during the Initial Term and the Renewal Term of this Lease (collectively, "Lessee Indemnified Claims"), including, but not limited to: (i) any condition of the Premises for which Lessee is responsible from and after the Commencement Date; (ii) any act of negligence of the Lessee or of any of the agents, contractors or employees of Lessee, or any violation of law by the Lessee or breach of any covenant or warranty by the Lessee hereunder; (iii) any accident on the Premises resulting in damage to property or injury or death to any person and not caused by the negligence or malfeasance of Lessor; ~~and~~ (iv) the presence or alleged presence of any Hazardous Substances (as hereafter defined) on, in or under the Premises which was released by Lessee or any of the agents, employees, contractors or invitees of Lessee; and (v) any breach of Lessee's obligations under this Lease. The Lessee will indemnify and save the Lessor harmless from any such Lessee Indemnified Claims, or in connection with any action or proceeding brought thereon and, upon notice from the Lessor, will defend or pay the cost of defending such indemnitee, in any such action or proceeding.

(b) Subject to the waiver of subrogation in Section 7, Lessor will and hereby agrees to indemnify and save the Lessee harmless against and from any or all claims, by or on behalf of any person, firm, corporation or other legal entity, and all liabilities, obligations, losses and damages whatsoever, and the expenses, penalties and fees in connection therewith (including reasonable attorney's fees and expenses), arising from or as a result of the negligent acts or omissions of Lessor, its agents, contractors and employees, on or with respect to the Premises during the Initial Term and the Renewal Term of this Lease (collectively, "Lessor Indemnified Claims"), including, but not limited to: (i) the presence or alleged presence of any Hazardous Substances (as hereafter defined) on, in or under the Premises as of the date of this Lease; (ii) any act of negligence of the Lessor or of any of the agents, contractors or employees of Lessor, or any violation of law by the Lessor or breach of any covenant or warranty by the Lessor hereunder; (iii) any breach of Lessor's obligations under this Lease; and (iv) any accident resulting in damage to property or injury or death to any person caused by or related to the negligent act or omission of Lessor, its agents, contractors or employees. The Lessor will

indemnify and save the Lessee harmless from any such Lessor Indemnified Claims, or in connection with any action or proceeding brought thereon and, upon notice from the Lessee, will defend or pay the cost of defending such indemnitee, in any such action or proceeding.

(c) The indemnification obligations of Lessor and Lessee arising under this Section 6 will continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease for any reason; provided, however, that nothing herein shall give rise to an obligation to indemnify for any actions arising after the date of termination of this Lease.

SECTION 7. Insurance of the Premises.

On the Commencement Date and during the Initial Term and the Renewal Term of this Lease, Lessee shall, at its sole cost and expense, carry and maintain for the mutual benefit of itself and Lessor, as their respective interests may appear, an ISO Special Causes of Loss policy of casualty insurance insuring the Premises and all additions, alterations, and improvements to the same, against damage and destruction by all causes generally insured against in policies of fire and extended coverage insurance written on properties in McCracken County, Kentucky, including earthquake insurance, for the full replacement cost of the Premises as improved, as determined by the insurance company issuing such policy of insurance. Such policy of insurance shall bear an endorsement to the effect that the insurer agrees to notify the Lessor not less than thirty (30) days in advance of any modification or cancellation thereof. Such policy of insurance shall be issued by an insurance company licensed to do business within the Commonwealth of Kentucky and shall be reasonably acceptable to Lessoree. Lessee shall, upon demand, provide evidence satisfactory to Lessor of the payment of such premiums and of the renewal of such policy of insurance.

Additionally, on the Commencement Date and during the Initial Term and the Renewal Term of this Lease, Lessee shall, at its sole cost and expense, carry and maintain for the mutual benefit of itself and Lessor, as their respective interests may appear, Public Liability Insurance, with a combined single limit for bodily injury and property damage of not less than One Million ($1,000,000) Dollars, with a reputable insurance company licensed to do business in the Commonwealth of Kentucky covering the Premises. Such policy of insurance shall bear an endorsement to the effect that the insurer agrees to endeavor to notify the Lessor not less than thirty (30) days in advance of any modification or cancellation thereof. Such policy of insurance shall be in a form reasonable acceptable to Lessor. Lessee shall, upon demand, provide evidence satisfactory to Lessor of the payment of such premiums and of the renewal of such policy of insurance. In addition, Lessee shall cause to be issued and shall maintain during the term of this Lease such Worker's Compensation and disability insurance as may, from time to time, be required by applicable city, county, state or federal laws. Further, Lessee shall maintain insurance coverage for Lessee's equipment and personal property on the Premises. Lessor will not be responsible for contents belonging to the Lessee or any other party in the event of damage or loss.

Without affecting the coverage provided by insurance required to be maintained hereunder, Lessor and Lessee each waive any right to recover against the other for damages to personal property or damages to all or any portion of either or both of the Premises, arising by any cause whatsoever, to the extent such damages and claims are (a) insured against, or (b) required to be insured against by Lessor or Lessee under this Lease, or (c) were otherwise insurable against (whether or not actually insured). This provision is intended to waive, fully and for the benefit of each party, any rights and/or claims which might give rise to a right of subrogation by any insurance carrier. The coverage obtained by each party pursuant to this Lease shall include, without limitation, a waiver of subrogation by the carrier which conforms to the provisions of this section.

SECTION 8. Operation, Maintenance and Repair of the Premises.

Except as otherwise provided in this Lease to the contrary, the Lessee agrees to take good care of the Premises, to maintain and repair the same at the sole expense of the Lessee, to keep all of the Premises in the same condition as existed on the Commencement Date, including without limitation (a) the roof (including roof membrane, flashings and water tightness of the Premises), (b) the structure of the Premises (including, pile caps, load bearing walls, columns, beams, struts, ties, plates, joists, trusses, and items of similar character), (c) load-bearing walls, (d) exterior walls (including caulking and painting), and (e) foundations, provided, however, the cost of such maintenance, repair, and replacement do not exceed $5,000.00 per occurrence; subject to: (i) damages caused by casualty or condemnation; (ii) ordinary wear and tear; (iii) damages which are Lessor's obligation to repair or replace under the terms of this Lease; and (iv) any alterations or other improvements to the Premises which Lessee elects not to remove from the Premises. The Lessee further agrees to pay, at is sole cost, any and all (i) costs of collection of waste generated at the Premises, (ii) landscaping maintenance and snow removal costs, (iii) costs of janitorial services, (iv) utility costs and charges, whether public or private, (v) personal property taxes, if applicable, and (vi) Real Estate Taxes, in accordance with the terms of Section 3 of this Lease. The Lessee has and does hereby covenant for the benefit of the Lessor that it will accept custody, control, dominion and possession of the Premises on the Commencement Date, and, at all times during the Term of this Lease to either operate, maintain and repair the Premises itself in accordance with the terms of this Lease. ~~Notwithstanding anything contained herein to the contrary, in the event any of Lessee's repair or replacement obligations shall constitute a capital expenditure in accordance with GAAP or Federal tax law, including without limitation, repairs or replacements of the parking lot, HVAC or other building systems (for purposes of this section, a repair which costs more than 1/3 of the cost of replacement shall be deemed a replacement), such repair or replacement shall be completed by Lessor, at its expense but subject to reimbursement by Lessee of an amortized portion of such cost over the remaining years of the Term with such amortized portion calculated without interest and based on the reasonable useful life of the replaced item.~~

Notwithstanding anything contrary herein, Lessor shall, at its cost and without charge to Lessee, maintain, repair and replace, so as to keep in good condition and in compliance with all Laws, (a) the roof (including roof membrane, flashings and water tightness of the Premises), (b) the structure of the Premises (including, pile caps, load bearing walls, columns, beams, struts, ties, plates, joists, trusses, and items of similar character), (c) load-bearing walls, (d) exterior walls (including caulking and painting), and (e) foundations, provided, however, the cost of such maintenance, repair, and replacement is in excess of $5,000.00 per occurrence. ~~(f) utility lines~~

~~up to the point of entry into the Building, (g) any portion of the Premises required to correct latent defects or violations of Law that existed prior to the Commencement Date, (k)~~ Further, Lessor shall, at its cost, repair and replace any portion of the Premises necessitated by the negligent acts or omissions of Lessor or its agents, employees or contractors.

SECTION 9. Alteration of the Premises; Additional Improvements.

Lessee shall have and is hereby given the right, at its sole cost and expense, to make such other additions, changes and alterations in and to any part of the Building as Lessee from time to time may deem necessary or advisable; provided, however, Lessee shall not make any addition, change or alteration, which materially affects the structure or use of the Building (a "Structural Alteration"), without the prior written approval of Lessor, which approval will not be unreasonably delayed, withheld or conditioned, and which consent will be deemed given if any such request is not either approved or denied with specificity by Lessor within twenty~~ten~~ (20~~10~~) business days after submission by Lessee. Except for Structural Alterations, Lessee shall be permitted to make any other alterations or improvements to the Premises without obtaining Lessor's consent. Any denial of approval shall be accompanied by a detailed explanation of the conditions upon which approval of such request shall be granted by Lessor. The additions, changes and alterations made by Lessee pursuant to the authority of this Section 9 shall (a) be made in a workmanlike manner and in compliance with all subdivision regulations, laws and ordinances applicable thereto, (b) when commenced, be prosecuted to completion with due diligence without delay or abatement in Lessee's payment of Lease Rental Payments due hereunder, subject to casualty, and other matters beyond the control of Lessee, and (c) when completed, be deemed a part of the Project Site and the separate and absolute property of Lessor.~~; provided, however, that Lessee may elect to remove any alterations or improvements if such removal will not damage the structure of the Building and~~ Lessee shall ~~also~~ be permitted to remove trade fixtures, furnishings, machinery and equipment; provided such trade fixtures, furnishing, machinery, and equipment shall be removed in a manner that is least destructive to the Premises and Lessee shall repair the Premises to a state of good condition as it was at the Commencement Date.~~.~~

SECTION 10. No Hazardous Wastes.

(a) From and after the Commencement Date, Lessee shall not cause or permit the release or disposal of any Hazardous Substances (as hereafter defined) on or about the Premises, except for normal and customary use and disposal of substances customarily used in connection with the use of the Premises permitted under this Lease and used in accordance with all applicable laws, rules and regulations, such as cleaning agents and other Hazardous Substances used in Lessee's business operations. For purposes of this Lease, "Hazardous Substances" shall mean all substances, wastes and materials which are defined as hazardous, toxic or dangerous in, or the use of which is otherwise regulated by, the Comprehensive Environmental/Environmental Response Compensation and Liability Act of 1980, as amended, 42 USC Section 6901 et seq., and the Toxic Substance Control Act, as amended, 15 USE Section 2601 et seq. To the extent permitted by law, Lessee shall indemnify, defend and hold Lessor and its officers, employees and agents ~~-~~harmless from and against all claims, costs, damages, demands, expenses, fines, judgments, liabilities and losses (including reasonable attorneys' fees, paralegal fees, expert witness fees, consultant fees, and other costs of defense)~~any claims or liability, including~~

~~reasonable attorneys' fees and costs~~, arising out of or connected with Lessee's failure to comply with the terms of this Section 10, which terms and this obligation shall survive the expiration or earlier termination of this Lease. Notwithstanding anything herein to the contrary, Lessee will not have any responsibility or liability whatsoever for, resulting from, or in any way related to (i) any Hazardous Substances, at, in, on, under, emanating from or in connection with the Premises (except for Hazardous Substances that Lessee or any agent, employee, member, manager, subcontractor, contractor or invitee of Lessee introduces onto the Premises after the date of this Lease in violation of applicable environmental laws); (ii) ~~the investigation, remediation, cleanup, closure, and/or removal of any environmental structures or devices existing at the Premises which were used in connection with Hazardous Substances, irrespective of Lessee's use thereof; (iii)~~ the negligent acts or omissions of Lessor, any other lessee or sublessee, or any respective agents, employees, members, managers, invitees, contractors or subcontractors; (iii~~iv~~) any environmental permits, licenses, authorization, or approvals, except for those which Lessee must by law obtain in its or their own name for their use of the Premises; (iv) minimal losses of oil, petroleum, or other substances contained in (but not transported by) vehicles which enter the Premises~~operty~~ or any roads, parking areas, or other areas used in connection therewith; or (vi) all existing underground storage tanks and related piping, equipment and systems (if any) that are located at the Premises~~operty~~ (collectively, the "USTs"), including, without limitation, any required closure, investigation, removal, cleanup or other remedial activity associated with such USTs.

(b) Lessor represents and warrants that to the best of Lessor's current actual knowledge: (i) any handling, transportation, storage, treatment or use of Hazardous Substances that have occurred on the Premises and Building prior to the Commencement Date have been in compliance with all applicable federal, state, and local laws, regulations and ordinances; (ii) that no leak, spill, release, discharge, emission or disposal of hazardous substances in violation of applicable environmental laws has occurred on the Premises prior to the Commencement Date: (iii) that the soil, groundwater, and soil vapor on or under the Premises are free of Hazardous Substances as of the Commencement Date. (iv) that the Premises is in full compliance with environmental laws and (v) that as of the Commencement Date the Premises will not contain any asbestos or PCBs.

(c) To the extent permitted by law, Lessor hereby agrees to defend, indemnify and save harmless Lessee and its officers, employees and agents from all claims, costs, damages, demands, expenses, fines, judgments, liabilities and losses (including reasonable attorneys' fees, paralegal fees, expert witness fees, consultant fees, and other costs of defense) which arise during or after the term of this Lease from or in connection with the Lessor's breach of Paragraph 10(b) above. This obligation shall survive the expiration or termination of the Lease.

(d) On or before~~Within ___ days after~~ the Commencement Date, Lessor, at its sole cost and expense, shall provide Lessee with a Phase I Environmental Site Assessment ("Phase I") from an environmental consultant acceptable to Lessee, in its sole discretion. If Phase I identifies any "recognized environmental conditions" of if the consultant completing the Phase I recommends additional testing, Lessor shall promptly complete such additional testing at its sole cost and expense. If upon completion of the Phase I and other environmental testing Lessee is not satisfied with the environmental condition of the Premises, Lessee shall be permitted to terminate this Lease and the MOU~~A~~ within thirty (30) days after the later of: (i) Lessee's receipt

of the Phase I; or (ii) Lessee's receipt of any additional environmental reports or testing with respect to the Premises which is completed after the Phase I as required by this Section 10(d).

SECTION 11. Utilities.

From and after the Commencement Date, Lessee shall pay all charges for utilities (including gas, electric, water and telephone) furnished to the Premises during the Initial Term and the Renewal Term of this Lease. Lessor shall not be responsible for the quality, quantity, interruption or failure in the supply of any utility to the Premises when said supply is so affected as a result of conditions beyond the control of Lessor. ~~but in the event the Premises are rendered unusable due to a lack of utility or other services for a period exceeding seven (7) days, all Lease Rental Payments shall abate until such services are restored.~~

SECTION 12. Damage or Destruction of the Premises.

(a) If the Premises are damaged by fire or other casualty which does not result in termination of this Lease under Section 12(c), Lessor shall repair the damage and restore and rebuild the Premises with reasonable dispatch after the adjustment of the insurance proceeds attributable to such damage. Lessor shall use its diligent, good faith efforts to make such repair or restoration promptly and in such manner as not to unreasonably interfere with Lessee's use and occupancy of the Premises. Lessor's duty to repair the Premises is limited to repairing the Premises to the condition existing immediately prior to such fire or other casualty. In the event of a casualty which does not result in a termination of this Lease under Section 12(c), then if the Lessor does not restore the Premises within one hundred eighty~~twenty~~ (180~~120~~) days from the date of the adjustment of the insurance proceeds attributable to such damage~~casualty~~, Lessee may terminate this Lease retroactive to the date of the casualty if the restoration is not completed within such 180~~120~~-day period.

(b) If (a) the Premises are damaged by fire or other casualty thereby causing the Premises to be inaccessible or (b) the Premises are partially damaged by fire or other casualty, the Lease Rental Payments shall be proportionally abated to the extent of any actual loss of use of the Premises by Lessee.

(c) If the Premises shall be totally destroyed by fire or other casualty, or if the Premises shall be so damaged by fire or other casualty that (in the reasonable opinion of a reputable contractor or architect designated by Lessor and approved by Lessee, which opinion Lessor shall be provided within 10 days of the casualty or other damage): (i) its repair or restoration requires more than 180~~120~~ days, or occurs during the last two years of the Term, Lessor and Lessee shall each have the option to terminate this Lease (by so advising the other, in writing) within 30 days after said contractor or architect delivers written notice of its opinion to Lessor and Lessee or the date of the casualty, whichever is applicable. ~~but in all events prior to the commencement of any restoration of the Premises.~~ In such event, the termination shall be effective as of the date upon which either Lessor or Lessee, as the case may be, receives timely written notice from the other terminating this Lease pursuant to the preceding sentence. If neither Lessor nor Lessee timely delivers a termination notice, this Lease shall remain in full force and effect.

SECTION 13. Condemnation.

The term "condemnation" as used in this Lease shall mean the exercise of the power of eminent domain by any person, entity, body agency or authority, or private purchase in lieu of eminent domain, and the date of condemnation shall mean the day on which the actual physical taking of possession pursuant to the exercise of said power of eminent domain, or private purchase in lieu thereof, occurs, or the date of settlement or compromise of the claim of the parties thereto during the pendency of the exercise of said power, whichever first occurs.

In the event the entire Premises are condemned, or so much thereof that in Lessee's reasonable judgment the Premises are no longer suitable for the continuation of the Project or its business then being conducted therein, then, in either event, this Lease shall terminate on the date of condemnation. In the event only a part of the Premises is condemned and, in Lessee's reasonable judgment, the part not condemned remains reasonably suitable for Lessee's continued occupancy and conduct of the Project or its business thereon, this Lease shall, only as to the part so taken, terminate on the date of condemnation, and the Lease Rental Payments shall thereupon be reduced proportionately for the area of the Premises taken.

Whether or not this Lease is terminated pursuant to this Section, Lessee shall have no claim against Lessor or be entitled to any part or portion of the amount that may be paid or awarded to Lessor as compensation and/or damages for the condemnation of the Premises. Lessee shall be entitled to seek to recover as against the condemnor, and Lessor shall have no claim for or thereto, for the loss of the value of Lessee's leasehold interest, the Lessee's trade fixtures erected and made by Lessee to or upon the Premises which Lessee is entitled to remove at the expiration of this Lease, and for such other claims available to Lessee under applicable law.

SECTION 14. Lessee to Have Exclusive Possession of the Premises.

During the Initial Term and the Renewal Term of this Lease, the Lessee shall have full possession, control and operation of the Premises.

SECTION 15. Subordination And Attornment.

This Lease shall be subject to and subordinate and inferior at all times to the lien of any mortgage or other method of financing or refinancing now or hereafter existing against all or a part of the Premises, and to all renewals, modifications, replacements, consolidations and extensions of any of the foregoing, provided that, as a condition precedent to subordination of this Lease, the holder of any such indebtedness executes and delivers to Lessee a form of subordination, non-disturbance and attornment agreement providing that Lessee's leasehold interest in the Premises shall not be disturbed for so long as Lessee is in compliance with the terms of this Lease and which includes such other normal and customary provisions as are reasonably acceptable to Lessee ("SNDA"). Subject to Lessee's reasonable satisfaction with the form of such documents, Lessee shall execute and deliver all documents reasonably requested by any mortgagee or security holder to effect such subordination, non-disturbance and attornment. Lessee's failure to execute and deliver such documents or instruments provided for in this Section 15 despite the requesting party's willingness to make reasonable and customary changes to the form thereof, within twenty (20) days after the receipt by Lessee of a written request shall constitute a default under this Lease.

Subject to Lessee's receipt of an SNDA, as described above, if the holder of any mortgage or deed to secure debt shall hereafter succeed to the rights of Lessor under this Lease, Lessee shall attorn to and recognize such successor as Lessee's lessor under this Lease, and shall promptly execute and deliver any commercially reasonable instrument that may be necessary to evidence such attornment. If any such successor requests such attornment and provides Lessee with an SNDA, this Lease shall continue in full force and effect as a direct lease between such successor, as lessor and Lessee, subject to all of the terms, covenants and conditions of this Lease, regardless of whether Lessee executes and delivers the instrument requested by such successor Lessor.

SECTION 16. Estoppel Certificates.

At any time, but not more often than twice in any calendar year, Lessee, on or before the date specified in a written request therefor, made by Lessor, which date shall not be earlier than twenty (20) days from the making of such request, shall execute, acknowledge and deliver to Lessor a certificate evidencing whether or not to the best of the Lessee's current actual knowledge: (a) this Lease is in full force and effect; (b) this Lease has been amended in any way; (c) there are any existing defaults hereunder to the knowledge of Lessee and specifying the nature of such defaults if any; and (d) the amount of the Lease Rental Payments and the dates to which the Lease Rental Payments have been paid. Each certificate delivered pursuant to this Section may be relied on by any prospective purchaser or transferee or the holder or prospective holder of any mortgage of the Premises or of Lessor's interest hereunder.

SECTION 17. Default Provisions.

This Lease is made on condition that if (each of the following events being deemed an "Event of Default" under the provisions of this Lease):

(a) Lessee fails to pay within ten (10) days ~~after written notice from Lessor~~ after the applicable due date, any Base Rent or Additional Rent as provided in Section 3 of this Lease or any other monetary obligations hereunder~~.~~;

(b) Lessee shall fail to observe and perform any other agreement, term or condition contained in this Lease, and such failure or neglect continues unremedied for a period of thirty (30) days after written notice thereof to Lessee, or if the default is of such a nature which cannot be cured within such 30-day period, Lessee shall have not commenced to cure the same within such 30-day period and thereafter diligently prosecute such cure to completion; ~~or~~

(c) The Lessee shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the Federal bankruptcy laws, as now or hereafter in effect; (iii) commence a proceeding under any other Federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property; or

(d) Lessee abandons or vacates the Premises for a period in excess of sixty (60) consecutive days (In addition to any other meaning as defined by the law, "abandons or vacates" shall include cessation of the Project on the Premises);

then Lessor may take any one or more of the following remedial steps, in addition to all other remedies available at law or equity:

(i) Lessor may then or at any time thereafter, and while such default shall continue, give Lessee written notice of intention to terminate this Lease on a date specified therein, which date shall not be earlier than ten (10) days after such notice is given, and, if all defaults have not then been cured, on the date so specified, Lessee's rights to possession of the Premises shall cease and this Lease shall thereupon be terminated, and Lessor may re-enter and take possession of the Premises pursuant to judicial eviction proceedings and Lessor shall be entitled to immediately recover from Lessee the sum of $867,000.00 as liquidated damages, in addition to any other sums or damages for which Lessee may be liable to Lessor; and (ii) as an alternative remedy Lessor may at Lessor's election, without terminating this Lease or the term thereof, re-enter the Premises and take possession thereof pursuant to judicial eviction proceedings, as agent for Lessee, and having elected to re-enter and take possession of the Premises without terminating this Lease or the term thereof, Lessor shall use reasonable diligence to relet the Premises, or parts thereof for Lessee's account, for such term or terms and at such rental and upon such other terms and conditions as Lessor may deem advisable, with the right to make alterations and repairs to the Premises, and no such re-entry or taking of possession of the Premises by Lessor shall be construed as an election on Lessor's part to terminate this Lease, and no such re-entry or taking of possession by Lessor shall relieve Lessee of its obligation to pay Base Rent or Additional Rent (at the time or times provided herein), or of any of its other obligations under this Lease, all of which shall survive such re-entry or taking of possession, and Lessee shall continue to pay the Base Rent and Additional Rent provided for in this Lease until the end of the current term thereof and whether or not the Premises shall have been relet, less the net proceeds, if any, of any reletting of the Premises after deducting all of Lessor's reasonable expenses in connection with such reletting, including without limitation all reasonable repossession costs, brokerage commissions, legal expenses, expenses of employees, and reasonable costs and expenses of preparation for reletting including the reasonable cost of any alterations that may be necessary in connection therewith. Any such reletting may be effected by private negotiation and without public advertisement. Having elected to re-enter or take possession of the Premises without terminating the term of this Lease, Lessor may, by notice to Lessee given at any time thereafter while Lessee is in default in the payment of Base Rent or Additional Rent or in the performance of any other obligation under this Lease, elect to terminate this Lease on a date to be specified in such notice, which date shall be not earlier than ten (10) days after the giving of such notice, and if all defaults shall not have then been cured, on the date so specified, this Lease shall thereupon be terminated. If in accordance with any of the foregoing provisions of this Section 17, Lessor shall have the right to elect to re-enter and take possession of the Premises, Lessor may enter and expel Lessee and those claiming through or under Lessee and remove the property and effects of both or either but only after Lessee has been evicted from the Premises pursuant to judicial eviction proceedings.

The declaration of an Event of Default and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of Federal bankruptcy law affecting or

precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

The provisions of this Section 17 are subject to the further limitation that a declaration of an Event of Default under this Section 17 by the Lessor may be waived or rescinded in writing by the Lessor, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

LESSEE MAY BE EVICTED FOR FAILURE TO TIMELY PAY LEASE RENTAL PAYMENTS. LESSEE WAIVES THE RIGHT TO A THIRTY (30) DAY NOTICE TO VACATE; THE LESSEE AGREES TO RECEIVE A TEN (10) DAY NOTICE INSTEAD.

If Lessor defaults or fails to perform any of its representations, warranties, covenants or obligations under this Lease and fails to cure such default within thirty (30) days after written notice from Lessee specifying the nature of such default or such longer period as is necessary to cure such failure which due to the nature thereof cannot be cured within such thirty (30) day period (provided Lessor shall have initiated action to cure the default within the thirty (30) day period). Lessee, at its option, in addition to any other remedies available to Lessee at law or in equity, may (i) ~~proceed in equity or at law to compel Lessor to perform its obligations, (ii)~~ terminate this Lease in whole or as to any particular portion of the Premises, and/or (iii) perform or cause the performance of Lessor's obligations, and any such amount incurred by Lessee shall be payable by Lessor to Lessee within ten (10) days following Lessee's written demand for payment. ~~(with interest at the per annum rate equal to 10%) and if not so paid, may be offset against and deducted from the Lease Rental Payments and other sums subsequently accruing under this Lease.~~

SECTION 18. Performance of Lessee's Obligations by Lessor.

If Lessee shall fail to keep or perform any of its obligations as provided in this Lease in respect of (a) maintenance of liability insurance or casualty insurance with respect to the Premises~~Lessee's personal property~~, (b) repairs and maintenance of the Premises but only to the extent such repairs are Lessee's obligation under the terms of this Lease, (c) compliance with Law hereunder but only to the extent Lessee is obligated to comply with such Law under the terms of this Lease, (d) keeping the Premises lien free in connection with any improvements or alterations which are undertaken by Lessee and in connection with Real Estate Taxes, or (e) the making of any other payment or performance of any other obligation of Lessee under the terms of this Lease, then Lessor may (but shall not be obligated so to do) upon the continuance of such failure on Lessee's part for thirty (30) days after written notice of such failure is given Lessee by Lessor, or such longer period as is necessary to cure such failure which due to the nature thereof cannot be cured within such thirty (30) day period (provided Lessee shall have initiated action to cure the default within the thirty (30) day period), and without waiving or releasing Lessee from any obligation hereunder, as an additional but not exclusive remedy, make any such payment or perform any such obligation, and all sums so paid by Lessor and all necessary incidental costs and expenses incurred by Lessor in performing such obligation shall be deemed Additional Rent and shall be paid to Lessor on demand with interest thereon from the date of such payment at the Interest Rate for Advances, and if not so paid by Lessee, Lessor shall have the same rights and

remedies as provided for in Section 17 in the case of default by Lessee in the payment of the Lease Rental Payments.

SECTION 19. Attorneys' Fees and Expenses.

Should a default under the provisions of this Lease occur and the non-defaulting Party employ attorneys or incur other expenses for the enforcement of performance of any other obligation of the defaulting Party under this Lease, the defaulting Party shall on demand pay to the non-defaulting Party the reasonable fees of such attorneys and such other reasonable expenses so incurred; provided that such attorney's fees shall be allowed only to the extent actually paid and shall not be allowed to a salaried employee of the non-defaulting Party. If any such expenses sought from Lessee are not so reimbursed, the amount thereof, together with interest thereon from the date of demand for payment at the Interest Rate for Advances, shall constitute Additional Rent, and in any action brought to collect Lease Rental Payments, the Lessor shall be entitled to seek the recovery of those expenses in such action.

SECTION 20. Lessor's Right of Entry.

Lessee shall have exclusive possession of the Premises from and after the Commencement Date, and thereafter Lessor may from time to time enter the Premises during normal business hours of Lessee and upon at least three (3) business days' prior written notice, for any legitimate purposes related to Lessor's obligations under this Lease and for purposes of exhibiting the Premises to prospective purchasers or lessees but in the case of lessees only during the last year of the Term or in the event of default by Lessee under this Lease.

SECTION 21. No Encumbrance, Mortgage or Pledge of the Premises.

The Lessee will not directly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Premises.

SECTION 22. Subleasing of the Premises; Assignment. Lessee shall not sublease, assign, transfer, or dispose of the Premises, or its interest under this Lease, except to an affiliate or subsidiary of Lessee or in connection with a merger or sale of substantially all of Lessee's assets, without the prior written consent of Lessor, which approval shall not be unreasonably withheld, delayed or conditioned. Any consent by Lessor to any assignment subject to Lessor approval shall not constitute a waiver of the necessity of such consent to any subsequent assignment. Each Sublessee, assignee or transferee shall assume and be deemed to have assumed this Lease and shall remain liable jointly and severally with Lessee for the payment of all Lease Rental Payments and for the due performance of all the terms, covenants, conditions and agreements herein contained on Lessee's part to be paid and performed for the Initial Term and the Renewal Term of this Lease. No sublease or assignment shall be binding on Lessor unless such sublessee, assignee or Lessee shall deliver to Lessor a counterpart of such Sublease, assignment and an instrument in recordable form which contains a covenant of assumption by the assignee or sublessee. No assignment by Lessee shall relieve Lessee of its obligations hereunder unless Lessor expressly so agrees in writing.

SECTION 23 Scope of the Agreement.

Except for the MOU and loan documents pertaining to an equipment loan from Lessor to Lessee, this Lease is and shall be considered to be the only agreement between the parties hereto as to the subject matter hereof, with the MOU and this Lease to be read together in the interpretation of the terms of the relationship among the Parties. In the event of any conflict between the express terms of the MOU and this Lease regarding the lease, and use of the Premises, this Lease shall be controlling. Time is of the essence of this Lease.

SECTION 24. Further Covenants of Lessee and Lessor.

In addition to all other covenants, stipulations, obligations and agreements of the Lessee contained in this Lease, the Lessee covenants and agrees to comply, at all times during the Initial Term of this Lease and the Renewal Term, with the covenants and agreements of the Lessee set forth in the MOU and the Revolving Loan Credit Agreement of even date herewith be and among Lessor and ~~Lesse~~Lessee, the provisions of both~~which~~ are incorporated herein by reference as fully as if set forth herein. ~~In addition to all other covenants, stipulations, obligations and agreements of the Parties other than Lessee contained in this Lease, such Parties covenant and agree to comply, at all times during the Initial Term of this Lease and the Renewal Term, with the covenants and agreements of such Parties set forth in the MOU, the provisions of which are incorporated herein by reference as fully as if set forth herein.~~ In the event this Lease is executed by the Parties prior to the execution of the MOU, Lessee's and Lessor's obligations under this Lease shall be expressly contingent on the execution of the MOU, in form and substance satisfactory to both Lessor and Lessee, in their~~its~~ sole discretion. If for any reason the MOU has not been executed by both Lessor and Lessee by the date which is thirty (30) days after the date of this Lease, Lessor and Lessee shall be permitted to terminate this Lease upon written notice to the other party~~Lessor~~ and upon such termination neither party shall have any further obligation under this Lease.

SECTION 25. Holding Over.

In the event Lessee shall, with Lessor's consent, hold over after the expiration of an Initial Term and the Renewal Term hereof (without renewal of the Term), such holding over shall be construed to be a tenancy from month-to-month and shall be governed by the other terms, conditions and covenants contained in this Lease.

SECTION 26. Binding Effect.

This Lease shall inure to the benefit of and shall be binding upon the Lessor and the Lessee and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 27. Amendments, Changes and Modifications.

This Lease may not be amended, changed, modified or altered, or any provision hereof waived, without the written consent of the Lessor and the Lessee.

SECTION 28. Invalidity of Provisions of Lease.

If for any reason any provision hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

SECTION 29. Captions.

The captions or headings herein shall not be treated as a part of this Lease or as affecting the true meaning of the provisions hereof.

SECTION 30. Execution of Counterparts.

This Lease may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. A copy of a signature received through telefax transmission or other electronic means (including files in Adobe .pdf or similar format) shall bind the party whose signature is so received, and shall be considered for all purposes, as if such signature were an original.

SECTION 31. References to Attorneys' Fees.

Any covenant contained in this Lease to pay or to reimburse the payment of attorneys' fees shall be construed to include reasonable attorneys' fees through all proceedings, including, but not limited to, negotiations, administrative hearings, trials and appeals.

SECTION 32. Notices.

Except as otherwise specifically provided herein, the Lease Rental Payments and all notices, approvals, consents, requests and other communications hereunder shall be in writing and shall be deemed to have been given when delivered, if hand delivered or sent by a nationally recognized courier service, or three business day after postmarked if mailed by first class registered or certified mail, postage prepaid, addressed, if to Lessor, at City of Paducah, Post Office Box 2267, Paducah, Kentucky 42002-2267, Attention: City Manager, and at McCracken County, Kentucky, 300 South 7th Street, Paducah, Kentucky 42003, Attention: Judge Executive, with a copy to Denton & Keuler, LLP, 555 Jefferson Street, Suite 301, Paducah, Kentucky, 42001, Attention: Lisa H. Emmons and to County Attorney, McCracken County, Kentucky, 300 South 7th Street, Paducah, Kentucky 42003; and if to the Lessee at _____, Attention: _____ with a copy to: Bodman PLC, 6th Floor at Ford Field, 1901 St. Antoine Street, Detroit, Michigan 48226, Attention: Amanda J. Pontes, Esq. The Lessor and the Lessee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same shall be directed, but no such communication shall thereby be required to be sent to more than three addresses.

SECTION 33. Governing Law.

This Lease and the MOU shall be deemed to be contracts made under the laws of the Commonwealth of Kentucky and for all purposes shall be governed by and construed in

accordance with the laws of the Commonwealth of Kentucky. The parties hereby consent to the exclusive jurisdiction of the state courts sitting in McCracken County, Kentucky and/or the federal court for the Western District of Kentucky, Paducah Division with respect to all matters arising out of or related to this Lease.

SECTION 34. Surrender of the Premises upon Termination.

At the expiration or termination of this Lease for any reason, the Lessee shall surrender the Premises in as good condition as it was at the Commencement Date, but subject to: (i) damages caused by casualty or condemnation; (ii) ordinary wear and tear; and (iii) damages which are Lessor's obligation to repair or replace under the terms of this Lease.~~; and (iv) any alterations or other improvements to the Premises which Lessee elects not to remove from the Premises.~~

SECTION 35. Memorandum of Lease.

A short form or memorandum of this Agreement, in substantially the form of **Exhibit B**, shall be placed of record evidencing the parties' respective interests hereunder.

IN TESTIMONY WHEREOF, the Parties have caused this instrument to be executed in its name and on its behalf by their Authorized Officers, effective as of the day and year first above written.

LESSOR:

CITY OF PADUCAH, KENTUCKY

By:_____

Title:_____

COMMONWEALTH OF KENTUCKY)
) ss
COUNTY OF MCCRACKEN)

The foregoing instrument was sworn and acknowledged before me this _____ day of _____, 2014, by _____, _____ (title) of City of Paducah, Kentucky, on behalf of said entity, Lessor.

My commission expires _____.

_____
NOTARY PUBLIC, STATE AT LARGE

IN TESTIMONY WHEREOF, the Parties have caused this instrument to be executed in its name and on its behalf by their Authorized Officers, effective as of the day and year first above written.

LESSOR:

MCCRACKEN COUNTY, KENTUCKY

By:_____

Title:_____

COMMONWEALTH OF KENTUCKY)
) ss
COUNTY OF MCCRACKEN)

The foregoing instrument was sworn and acknowledged before me this _____ day of _____, 2014, by _____, _____ (title) of McCracken County, Kentucky, on behalf of said entity, Lessor.

My commission expires _____.

_____
NOTARY PUBLIC, STATE AT LARGE

IN TESTIMONY WHEREOF, the Parties have caused this instrument to be executed in its name and on its behalf by their Authorized Officers, effective as of the day and year first above written

LESSEE:

GENOVA PRODUCTS, INC.

By:_____

Title:_____

STATE OF MICHIGAN)
) ss
COUNTY OF _____)

The foregoing instrument was sworn and acknowledged before me this _____ day of _____, 2014, by _____, _____ (title) of Genova Products, Inc., a Michigan corporation, on behalf of said corporation, Lessee.

My commission expires _____.

_____
NOTARY PUBLIC

EXHIBIT A

Project Site: 5400 Commerce Center
Paducah, Kentucky

BEING TRACT "D," CONSISTING OF 12 ~~{19}~~ ACRES, AND TRACT "E," CONSISTING OF 7.2207 ACRES, IN THE INDUSTRIAL PARK WEST AS SET FORTH ON THE WAIVER OF SUBDIVISION OF THE INDUSTRIAL PARK WEST TO CREATE NEW TRACT "D", AND TRACT "E" OF THE PADUCAH-MCCRACKEN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY PROPERTY OF RECORD IN PLAT SECTION "L," PAGE 1166, MCCRACKEN COUNTY COURT CLERK'S OFFICE.

SUBJECT TO DECLARATION OF PROTECTIVE COVENANTS AND RESTRICTIONS FOR INDUSTRIAL PARK WEST OF RECORD IN DEED BOOK, 1186, PAGE 67, AND RERECORDED IN DEED BOOK 1186, PAGE 643, IN THE AFORESAID CLERK'S OFFICE.

EXHIBIT B

MEMORANDUM OF LEASE

KNOW ALL MEN BY THESE PRESENTS that **MCCRACKEN COUNTY, KENTUCKY** ("County"), with a principal mailing address of 300 South 7th Street, Paducah, Kentucky 42003; and **CITY OF PADUCAH, KENTUCKY** ("City"), with a principal mailing address of Post Office Box 2267, Paducah, Kentucky 42002-2267 (County and City shall collectively be referred to as the "Lessor"), has entered into a Lease Agreement dated ~~May 31~~_____, 2014, with **GENOVA PRODUCTS, INC.**, a Michigan corporation, ("Lessee") having a principal mailing address of P O Box 309, Davison, Michigan 48423, which agreement relates to the property as described on **Appendix "A"** attached hereto and made a part hereof.

The Lease is effective on the Commencement Date, as such term is defined in the Lease, and shall continue throughout a term of ten (10) years. All of the foregoing are pursuant to the provisions of a written Lease between McCracken County, Kentucky, City of Paducah, Kentucky and Genova Products, Inc., dated the _____ ~~31st~~ day of _____ ~~May~~, 2014, all of which are incorporated in this memorandum the same as if the terms, provisions, and conditions were written herein in full.

This _____ day of _____, 2014.

LESSOR:

MCCRACKEN COUNTY, KENTUCKY

By_____

Title_____

COMMONWEALTH OF KENTUCKY)
) ss
COUNTY OF MCCRACKEN)

The foregoing instrument was sworn and acknowledged before me this _____ day of _____, 2014, by _____, _____ (title) of McCracken County, Kentucky, on behalf of said entity, Lessor

My commission expires _____.

_____
NOTARY PUBLIC, STATE AT LARGE

LESSOR:

CITY OF PADUCAH, KENTUCKY

By_____

Title_____

COMMONWEALTH OF KENTUCKY)
) ss
COUNTY OF MCCRACKEN)

The foregoing instrument was sworn and acknowledged before me this _____ day of _____, 2014, by _____, _____ (title) of City of Paducah, Kentucky, on behalf of said entity, Lessor.

My commission expires _____.

_____
NOTARY PUBLIC, STATE AT LARGE

LESSEE:

GENOVA PRODUCTS, INC

By_____

Title_____

STATE OF_____)
) ss
COUNTY OF _____)

The foregoing instrument was sworn and acknowledged before me this _____ day of _____, 2014, by _____, _____ (title) of Genova Products, Inc., a Michigan corporation, on behalf of said corporation, Lessee.

My commission expires _____.

_____
NOTARY PUBLIC

This instrument prepared by:

_____
DENTON & KEULER, LLP
P. O. Box 929
Paducah, KY 42002-0929

APPENDIX "A"

BEING TRACT "D," CONSISTING OF 12 ACRES, AND TRACT "E," CONSISTING OF 7.2207 ACRES, IN THE INDUSTRIAL PARK WEST AS SET FORTH ON THE WAIVER OF SUBDIVISION OF THE INDUSTRIAL PARK WEST TO CREATE NEW TRACT "D", AND TRACT "E" OF THE PADUCAH-MCCRACKEN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY PROPERTY OF RECORD IN PLAT SECTION "L," PAGE 1166, MCCRACKEN COUNTY COURT CLERK'S OFFICE.

BEING PART OF THE SAME PROPERTY CONVEYED TO CITY OF PADUCAH, KENTUCKY, AND COUNTY OF MCCRACKEN, KENTUCKY, BY DEED DATED MARCH 26, 2004, OF RECORD IN DEED BOOK 1035, PAGE 452, IN THE MCCRACKEN COUNTY COURT CLERK'S OFFICE.

REVOLVING LOAN CREDIT AGREEMENT

Principal Amount: $1,100,000.00 Date:
_____~~May 31~~, 2014

THIS REVOLVING LOAN CREDIT AGREEMENT made and executed this _____~~31st~~ day of _____~~May~~, 2014, by and among **MCCRACKEN COUNTY, KENTUCKY** ("County"), with a principal mailing address of 300 South 7th Street, Paducah, Kentucky 42003; and **CITY OF PADUCAH, KENTUCKY** ("City"), with a principal mailing address of Post Office Box 2267, Paducah, Kentucky 42002-2267 (County and City shall collectively be referred to as the "Lessor"), and **GENOVA PRODUCTS, INC.**, a Michigan corporation, with a principal mailing address of Post Office Box 309, Davison Michigan 48423 (the "Lessee")

W I T N E S S E T H :

WHEREAS, capitalized terms used and not otherwise defined in this preamble shall have the respective meanings ascribed thereto in Section 1 of this Agreement set forth below; and

WHEREAS, the Lessor has a compelling public interest in fostering economic development and promoting the development of a skilled workforce, all to the benefit of the citizens and residents of the city of Paducah and the county of McCracken, Kentucky; and

WHEREAS, the Lessor owns the Building and has determined that it is in the best interest of citizens of the City of Paducah and McCracken County that Lessor rent the Building and the Project Site (collectively, the "Premises") to Lessee for the purposes of locating, equipping, operating and managing a manufacturing and distribution facility of vinyl building products, and the hiring and maintaining 125 new full-time employees at the Premises/Project Site, all as more particularly set forth in the MOU (the "Project"), which will promote the public purpose of the Lessor; and

WHEREAS, Lessor and Lessee have entered into a written lease agreement dated _____~~May 31~~, 2014 wherein Lessor has leased Lessee the Premises for the operation and management of the Project; and

WHEREAS, ancillary thereto, and in consideration of Lessee's commitment to hire and maintain up to 125 new full-time employees at the Premises/Project Site, Lessor has agreed to extend certain credit to Lessee for the sole purpose of purchasing trade fixtures, equipment, and fixtures for the Project that enhances its operations on the Premises and creates additional and new job opportunities to Kentucky residents on the condition that, among other things, Lessee enters into this Agreement, and, subject to the terms and conditions of this Agreement, Lessor has agreed to extend to Lessee a revolving loan of up to Million One Hundred Thousand and 00/100 Dollars ($1,100,000.00).

NOW, THEREFORE, in consideration of the foregoing premises, and for other good and valuable consideration, which is hereby acknowledged by all parties hereto, the parties do covenant and agree as follows:

1. **Definitions.** Each of the following terms as used in this Agreement shall have the meaning that is ascribed to that term:

"*Advance*" means each loan of money or credit made or extended to or for the benefit of Lessee by Lessor pursuant to this Agreement.

"*Agreement*" shall mean this Revolving Loan Credit Agreement.

"*Approved Equipment Costs*" shall mean and include the acquisition costs of Lessee's trade fixtures, equipment, and fixtures that are installed on the Premises and are determined by Lessor, in its sole discretion as enhancing Lessee's operations on the Premises and create additional and new job opportunities to Kentucky residents.

Building" shall mean that certain existing industrial building located on the Project Site.

"*City*" shall mean the City of Paducah, Kentucky, a municipal corporation and political subdivision of the Commonwealth of Kentucky.

"*Closing*" means the time and place of actual execution and delivery of this Agreement, the Lease, and except as waived by Lessor, the other documents, instruments, and things required by Section 5 hereof.

"*Collateral*" means the following assets of Lessor, located on the Premises, whether now owned or hereafter acquired: Lessee's trade fixtures, equipment, and fixtures purchase with Advances from the Revolving Credit Loan.

"*County*" shall mean the County of McCracken, Kentucky, a county and political subdivision of the Commonwealth of Kentucky.

"*Default*" means the occurrence of an event described in Section 4 hereof regardless of whether there shall have occurred any passage of time or giving of notice that would be necessary in order to constitute such event as an Event of Default.

"*Event of Default*" means the occurrence of an event described in Section 4 hereof provided that there shall have occurred any passage of time or giving of notice that would be necessary in order to constitute such event as an Event of Default under Section 4.

"*Lease*" shall mean this agreement dated as of May 31, 2014, by and between the Lessor and the Lessee, as amended or supplemented from time to time in accordance with the terms hereof.

"*Lessee*" shall mean Genova Products, Inc., a Michigan corporation.

"*Lessor*" shall mean collectively the City of Paducah and the County of McCracken, Kentucky, or their joint designee.

"Lessor's Lien" means the Lien granted to Lessor by Lessee by Borrower pursuant to this Agreement and the other Security Documents.

"Loan" means the Revolving Loan and other extensions of credit, if any, being made by Lessor to Lessee pursuant to this Agreement.

"Loan Documents" means this Agreement, and the Security Documents, and any and all other agreements, documents and instruments of any kind executed or delivered in connection with, or evidencing, securing, guaranteeing or relating to, the Loan, whether heretofore, simultaneously herewith or hereafter delivered, together with any and all extensions, revisions, modifications or amendments at any time made to any of the foregoing.

"MOU" shall mean that certain Memorandum of Understanding among the Lessor and the Lessee relating to the Project, executed by the respective parties thereto on _____ ~~May ___~~, 2014, as the same may be amended or supplemented from time to time in accordance with its terms, and which MOU is hereby incorporated as a part of this Agreement.

"Premises" shall mean, collectively, the Building and the Project Site.

"Project" shall mean the locating, equipping, operating and managing a manufacturing and distribution facility of vinyl building products on the Premises by Lessee, all as more particularly set forth in this Lease and the MOU.

"Project Site" shall mean the site on which the Building is located and Lessee is to equip, operate and manage the Project, which site is generally located at 5400 Commerce Drive, Paducah, McCracken County, Kentucky, and is more particularly described in **Exhibit A** attached hereto.

"Revolving Loan" means the loan which Lessor has agreed to advance to Lessee in accordance with the terms of Section 2 of this Agreement in the principal amount of $1,000,000.00, and includes any amendment to or modification of this Agreement and any promissory note given in extension or renewal of, or in substitution for, this Agreement.

"Revolving Loan Advancement Termination Date" means the earlier of (i) _____ ~~June 1~~, 2019 (viz., the date five years from the date of this Agreement), or (ii) the date of the occurrence of an Event of Default.

"Revolving Loan Amount" means One Million One Hundred Thousand and 00/100 Dollars ($1,100,000.00).

"Revolving Loan Maturity Date" means the date payment in full of the Revolving Loan is demanded by Lessor.

"Security Documents" means all documents or instruments of any kind executed or delivered in connection with the Loan, whether delivered prior to, at, or after the Closing, wherein Lessor is granted a lien in Lessee's trade fixtures, equipment, and fixtures purchased with the Loan, and all documents and instruments executed and delivered in connection with any of the foregoing, together with any and all extensions, revisions, modifications or amendments at

any time made to any of such documents or instruments, including but not limited to this Agreement, security agreements, fixture filing statements, and financing statements.

2. **The Revolving Loan.** Subject to the terms hereof, Lessor will lend Lessee, from time to time until the Revolving Loan Advancement Termination Date, such amounts which shall not exceed, in the aggregate principal amount at any one time outstanding, of the Revolving Loan Amount for the purpose of funding Lessee's Approved Equipment Costs. Subject to the terms hereof, Lessee may borrow, repay without penalty or premium, and reborrow hereunder, from the date of this Agreement until the Revolving Loan Advancement Termination Date. If at any time the unpaid principal balance of the Revolving Loan exceeds the amount Lessee could borrow at such time as set forth herein, Lessee shall immediately upon demand of Lessor pay or cause to be paid such amounts to Lessor, to the extent necessary to reduce the Revolving Loan to an amount which Lessee could borrow at that time.

Lessee shall have the right to request and obtain an Advance of the Revolving Loan to pay the Approved Equipment Costs as those costs are incurred, subject to the following conditions:

(a) At the time of each Advance, Lessor shall be satisfied that:

(i) Lessee has substantially complied with any of its obligations or duties under this Agreement, the Lease, and the Security Documents;

(ii) No Default shall have occurred and be continuing under this Agreement, the Lease, and the Security Documents;

(iii) As the commitment of Lessee to create and retain permanent new full time jobs is a material consideration for Lessor to provide Lessee with the Revolving Loan, Lessee shall have~~has~~ hired and retained a minimum of eighteen (18)~~50~~ new full-time employees ("FTEs")~~ at the Premises/Project Site~~ in order to request and obtain an Advance up to and not to exceed the first $900,000.00 of the Revolving Loan Amount and shall have hired and retained a minimum of 50 new FTEs in order to request and obtain an Advance after the advancement of the first $900,000.00 of the Revolving Loan amount (FTEs are defined as new full-time employed workers with an average hourly compensation of $13.114 per hour, plus~~including~~ health insurance benefits with a minimum of 50% Lessee contribution, which employed workers are subject to the City of Paducah's license fees as defined under Article IV of the Paducah Code of Ordinance, Sections 106-183 and 106-184, and who satisfy the Kentucky residency criteria under the provisions of the Kentucky Economic Development Finance Authority ("KEDFA") Direct Loan Program);

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(iv) All of the Loan Documents shall have remained in full force and effect;

(v) Lessee shall have paid all loan payments, rental payments, fees, expenses, costs, and other amounts then owing to Lessor under this Agreement and the Lease; ~~and~~

(vi) There shall exist no action, suit, investigation, litigation or proceeding affecting Lessee or threatened before any court, governmental agency or arbitrator that could have a material adverse effect, or purports to affect the legality, validity or enforceability of this Agreement, the Lease, or any other Loan Document or the consummation of the transactions contemplated hereby; and

(vii) Lessee shall provide current financial statements.

(b) To obtain each Advance from the Revolving Loan, Lessee shall submit a written request for each Advance ("Request for Advance") which describes the amount of the Advance, the assets to be purchased from the Advance, and the costs that are attributable to each asset. Each Request for Advance shall be duly signed and certified by the Lessee's designated representative.

(c) Lessor shall have the right to verify the information that is contained in the Request for Advance. Lessee shall provide Lessor with any information and documentation that Lessor may reasonably require in the verification process, including copies of purchase orders, invoices, bills, and any other documentation that evidence the items and costs described in the Request for Advance.

(e) Lessor shall approve the Request for Advance and provide the Advance unless (i) the Request for Advance does not comply with the requirements under this Section, or (ii) the costs identified in the Request for Advance do not qualify as an Approved Equipment Cost. Upon approval of a Request for Advance, the Lessor shall deposit the Advance into Lessee's account with _____ ("_____"). Lessee shall thereafter use each Advance to pay the Approved Equipment Costs that are identified in the Request for Advance.

(d) In the event Lessor rejects a Request for Advance (or any part thereof), Lessor shall inform Lessee of the grounds for Lessor's rejection, and accord Lessee an opportunity to resubmit the Request for Advance.

3. **Repayment of Revolving Loan**. Lessee shall pay the principal and interest under this Agreement upon Lessor's demand. Lessee shall repay each Advance obtained under this Agreement, together with all of the interest that has accrued under this Agreement at the rate of four and one-half percent (4.5%) per annum as follows: Lessee shall pay the aggregate amount of each Advance and all accrued interest in one hundred twenty (120) consecutive monthly installment payments. The first monthly installment payment shall be due and payable on or before the date thirty (30) days from the date of the first Advance, with the remaining monthly installment payments being due and payable on or before the same date in each successive month thereafter. Payments shall be made to the City Finance Director at City's designated address. All payment made by Lessee shall be applied first to accrued interest, and then to the principal balance.

4. **Lessee's Default**. Lessor shall have the right to terminate the Revolving Credit Loan under this Agreement upon the occurrence of any of the following events, each of which shall constitute an event of default under this Agreement and the Security Documents:

(a) Lessee fails to pay any monthly installment payment within ten (10) days following the due date;

(b) Lessee fails to substantially comply with any of its obligations or duties under this Agreement, the Lease, and the Security Documents, and such failure shall continue for ten (10) days after written notice of such failure from Lessor;

(c) There shall occur any Event of Default as defined and provided under any other Loan Document;

(d) Lessee has filed for bankruptcy relief, or is otherwise insolvent or unable to pay its debts;

(e) The institution of a foreclosure or other possessory action against the Collateral or any part thereof; or

(f) Assignment or attempted assignment by Lessee of the Lease, this Agreement, any rights hereunder, or any Advance to be made hereunder, or the conveyance, lease, mortgage, or any other alienation or encumbrance of the Collateral or any interest therein without the prior written consent of Lessor.

Upon the occurrence of an Event of Default, Lessor shall have the right to demand the immediate payment of the entire unpaid indebtedness owed under this Agreement, and to collect that indebtedness from Lessee, together with the costs and expenses that Lessor incurs in the enforcement and collection of that indebtedness, including reasonable attorney's fees.

Upon the occurrence and during the continuance of any Default, and notwithstanding any provision contained herein or in any other Loan Document to the contrary, Lessor shall have the absolute right to refuse to make, and shall be under no obligation to make, any further Advances.

Upon the occurrence of any Event of Default, Lessor shall have, in addition to the rights and remedies given it by this Agreement and the other Loan Documents, all those allowed by all applicable Laws, including but without limitation, the Uniform Commercial Code. Without limiting the generality of the foregoing, Lessor may immediately, without notice, sell at public or private sale or otherwise realize upon, the whole or, from time to time, any part of the Collateral, or any interest which Lessee may have therein

Except as otherwise expressly required to the contrary by applicable Law or any other Loan Document, the net cash proceeds resulting from the exercise of any of the rights and remedies of Lessor under this Agreement, after deducting all charges, expenses, costs and attorneys' fees relating thereto, shall be applied by Lessor to the payment of the unpaid

indebtedness owed under this Agreement, whether due or to become due, in such order and in such proportions as Lessor may elect; and Lessee shall remain liable to Lessor for any deficiency.

5. **Documents Required for the Closing.** Prior to or concurrently with the Closing, the following instruments and documents, duly executed by Lessee and in form and substance satisfactory to Lessor, shall have been delivered to Lessor or its designee:

(A) This Agreement;

(B) The Lease

(C) The Security Documents in substantially the same form as attached hereto as Exhibit B.

(D) Any and all financing statements and fixture filing statements, together with evidence that such statements have been duly recorded in all filing or recording offices that Lessor may deem necessary or desirable in order to create a valid Lessor's Lien on the Collateral described therein, and that all filing and recording taxes and fees have been paid;

(E) A certificate of an officer or other representative of Lessee acceptable to Lessor dated as of the date of this Agreement, certifying as to the incumbency and signatures of the representative(s) of Lessee this Agreement and each of the other Loan Documents, and each other document to be delivered pursuant hereto, together with the following documents attached thereto:

(1) A copy of the resolutions of Lessee's Governing Body authorizing the execution, delivery and performance of this Agreement, each of the Loan Documents, and each other document to be delivered pursuant hereto, as applicable; and

(2) A certificate, as of the most recent date practicable, of the appropriate secretary of state that Lessee is organized as to the existence and good standing of Lessee within such jurisdiction, and a certificate, as of the most recent date practicable, of the secretary of state of Kentucky as to the qualification and good standing of Lessor as a foreign entity doing business in Kentucky; and

Receipt and approval by Lessor of all other items reasonably required to be provided to Lessor, and not otherwise set forth above.

6. **Miscellaneous Provisions.** This Agreement shall incorporate the following miscellaneous terms and conditions, all of which shall be deemed a part of this Agreement:

(a) **Waiver.** Failure of a party to insist upon the other party's performance of any of the terms and conditions of this Agreement shall not be deemed a waiver of the right of the party to enforce such terms and conditions in the future.

(b) **Assignment.** All covenants and agreements contained in this Agreement shall

bind and inure to the benefit of the parties and their respective successors and assigns. Lessee shall not assign or transfer this Agreement, or any its rights and obligations under this Agreement, without the prior written consent of Lessor.

(c) **Entire Agreement**. This Agreement shall constitute the entire Agreement between the parties as to the matters addressed herein, and any prior understanding or representation of any kind, either written or verbal, preceding the date of this Agreement shall not be binding upon either party except to the extent incorporated in this Agreement.

(d) **Disputes**. This Agreement, and all of the rights and obligations of the parties hereunder, shall be governed, construed and interpreted under and pursuant to the law of the Commonwealth of Kentucky. Each party shall have the right to enforce the terms of this Agreement, and all of their rights and remedies that are provided under this Agreement. The parties hereby consent to the exclusive jurisdiction of the state courts sitting in McCracken County, Kentucky and/or the federal court for the Western District of Kentucky, Paducah Division with respect to all matters arising out of or related to this Agreement. Each party waives their right to trial by jury. In the event of a dispute, the prevailing party shall be entitled to recover the costs and expenses of the dispute (including attorney fees) from the other party.

IN TESTIMONY WHEREOF, the Parties have caused this instrument to be executed in its name and on its behalf by their Authorized Officers, effective as of the day and year first above written.

LESSOR:

CITY OF PADUCAH, KENTUCKY

By:_____

Title:_____

Date:_____

IN TESTIMONY WHEREOF, the Parties have caused this instrument to be executed in its name and on its behalf by their Authorized Officers, effective as of the day and year first above written.

LESSOR:

MCCRACKEN COUNTY, KENTUCKY

By:_____

Title:_____

Date:_____

IN TESTIMONY WHEREOF, the Parties have caused this instrument to be executed in its name and on its behalf by their Authorized Officers, effective as of the day and year first above written.

LESSEE:

GENOVA PRODUCTS, INC.

By:_____

Title:_____

Date:_____

EXHIBIT A

Project Site: 5400 Commerce Center
Paducah, Kentucky

BEING TRACT "D," CONSISTING OF 12 ACRES, AND TRACT "E," CONSISTING OF 7.2207 ACRES, IN THE INDUSTRIAL PARK WEST AS SET FORTH ON THE WAIVER OF SUBDIVISION OF THE INDUSTRIAL PARK WEST TO CREATE NEW TRACT "D", AND TRACT "E" OF THE PADUCAH-MCCRACKEN COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY PROPERTY OF RECORD IN PLAT SECTION "L," PAGE 1166, MCCRACKEN COUNTY COURT CLERK'S OFFICE.

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SUBJECT TO DECLARATION OF PROTECTIVE COVENANTS AND RESTRICTIONS FOR INDUSTRIAL PARK WEST OF RECORD IN DEED BOOK, 1186, PAGE 67, AND RERECORDED IN DEED BOOK 1186, PAGE 643, IN THE AFORESAID CLERK'S OFFICE.

EXHIBIT B

SECURITY AGREEMENT

THIS SECURITY AGREEMENT made and executed on this _____21st day of _____May, 2014, by and among **GENOVA PRODUCTS, INC.**, a Michigan corporation, whose principal offices are located at Post Office Box 309, Davison Michigan 48423, hereinafter referred to as "Grantor," and **MCCRACKEN COUNTY, KENTUCKY**, with a principal mailing address of 300 South 7th Street, Paducah, Kentucky 42003, and **CITY OF PADUCAH, KENTUCKY**, with a principal mailing address of Post Office Box 2267, Paducah, Kentucky 42002-2267, hereinafter collectively referred to as "Secured Party." [Terms not otherwise defined herein shall have the same meaning as defined in the "Credit Agreement"]

W I T N E S S E T H :

WHEREAS, Grantor and Secured Party entered into a Revolving Loan Credit Agreement of even date herewith (the "Credit Agreement") wherein Secured Party agreed to extend certain credit to Grantor for the sole purpose of purchasing trade fixtures, equipment, and fixtures for Grantor's manufacturing and distribution facility of vinyl building products (the "Project") upon certain a certain tract of real property located at 5400 Commerce Drive in Paducah, McCracken County, Kentucky (the "Property"); and

WHEREAS, the Project would have a positive impact on the entire community by stimulating the local economy, expanding the tax base, and reducing unemployment within the boundaries of Paducah, McCracken County, Kentucky; and

WHEREAS, as a condition to consummating such loan, Secured Party has requested that Grantor grant and assign unto Secured Party a security interest in the collateral hereinafter described in accordance with the terms and provisions herein contained, to which Grantor is agreeable; and

WHEREAS, Grantor does hereby expressly acknowledge and agree that Grantor executes this Security Agreement as inducement to Secured Party in consummating the aforesaid loan, without which execution said loan would not have been consummated.

NOW, THEREFORE, in consideration of the foregoing premises, and for valuable consideration, the legal adequacy and sufficiency of which is hereby acknowledged by all parties hereto, the parties do covenant and agree as follows:

1) **Assignment of Security Interest.** Grantor does hereby grant, transfer, and assign unto Secured Party a first and superior security interest in the collateral described in paragraph 2 below to secure the payment of the Credit Agreement and all other obligations and duties of Grantor under the Credit Agreement, which was executed by Grantor to Secured Party, and all interest accruing thereon, and any renewals and extensions thereof, and this Agreement shall in addition secure any and all other obligations and liabilities of Grantor to Secured Party, including but not limited to any and all late charges, collection costs and expenses, including

Secured Party's reasonable attorney's fees and legal expenses, any expenditures made by Secured Party hereunder, any future advances extended by Secured Party to Grantor, and any and all other obligations and liabilities of Grantor to Secured Party, direct or contingent, now existing or hereafter arising.

2) **Collateral.** The collateral covered by this Agreement includes all of the following-described property of Grantor, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located: All trade fixtures, equipment, and fixtures (including but not limited to items referenced on Exhibit "A" to be attached hereto), purchased with Advances from the Credit Agreement and owned or to be owned by Grantor and located at the Property. The collateral shall also include all attachments, accessions, accessories, tools, parts, supplies, increases and additions to and all replacements of and substitutions for any property described above, all accounts, contract rights, general intangibles, instruments, rents, monies, payments, and all other rights arising out of the sale, lease, or other disposition of any of the collateral described above, and all other proceeds (including insurance proceeds) arising from the sale, destruction, loss, or other disposition of any of the collateral as described above.

3) **Warranty of Title.** Grantor represents and warrants to Secured Party that Grantor is the absolute owner of the legal and beneficial title to the collateral and is in full possession thereof, and that the same is free and clear of all liens, encumbrances, and adverse claims whatsoever, and that the same shall at all times remain free and clear of any liens, encumbrances, and adverse claims.

4) **Perfection of Collateral.** The Grantor shall execute to Secured Party such financing statements in such form as the Secured Party may specify. Grantor shall take all other steps as required by Secured Party to perfect and to continue the perfection of the Secured Party's interest in the collateral. Grantor does hereby appoint Secured Party as its attorney-in-fact, without requiring the Secured Party to act as such, to execute any financing statement or continuation statement in its name and to perform all other acts that the Secured Party deems appropriate to perfect and continue to perfect its security interest in, and to protect and preserve, the collateral. In the event any item or items of collateral may only be perfected by possession, Grantor agrees that Secured Party shall have the right to the possession of such item or items of collateral until the above-described indebtedness is fully paid and satisfied. Any and all costs, taxes, and expenses of filing or recording any financing statement or continuation statement shall be at the sole cost and expense of Grantor. Grantor shall pay and satisfy such costs, tax, and expense which may be incurred by Secured Party regarding same upon demand from Secured Party. The address of the Grantor's registered agent is _____.

5) **Location of Collateral.** The Grantor shall keep the collateral at the Property, or at such other locations as may be deemed acceptable to Secured Party at its discretion. Grantor shall not remove the collateral from any approved location without the prior written consent of Secured Party, excepting, however, any assets sold in the ordinary course of business

6) **Identification of Collateral.** The Secured Party shall have the right, from time to time, to require Grantor to prepare a schedule or itemization of all items of collateral, with such itemizations or schedules to contain such descriptions, terms, and provisions as required by

Secured Party. Specifically, but not by way of limitation, such itemizations or schedules shall identify the nature, extent, and location of each item of collateral.

7) **Maintenance and Repair to Collateral.** Grantor shall at all times maintain all tangible items of collateral in good condition and repair. Grantor shall not permit any damage to or destruction of the collateral, or any part thereof. Secured Party, through its designated representatives, shall have the right at all reasonable times to examine, inspect, and audit the collateral wherever located. Grantor shall immediately notify Secured Party of all loss or damage to any item of collateral.

8) **Insurance.** The Grantor shall maintain, or cause to be maintained, public liability insurance and casualty, hazard, fire, earthquake, and extended coverage insurance for replacement value on all tangible items of collateral, and replacements thereto, all in such form and amounts and with such insurers as acceptable to Secured Party. Secured Party shall be named on any insurance procured hereunder as a first and prior secured party loss payee. Any policies provided hereunder shall contain a provision whereby they cannot be cancelled except after ten (10) days written notice to Secured Party. The Grantor shall furnish to Secured Party such evidence of insurance as the Secured Party may require. Any insurance proceeds received by Secured Party, as a loss payee, shall, at the Secured Party's discretion, be applied either to the repair or replacement of any item of collateral which is damaged or destroyed which resulted in the payment of the insurance proceeds, or in the alternative, be applied toward the satisfaction of the indebtedness as described above. Grantor does hereby appoint Secured Party as its attorney-in-fact for the purpose of processing and collecting upon any claim under any insurance policy provided hereunder.

9) **Taxes, Assessments, and Liens.** Grantor will pay when due all taxes, assessments, and liens upon the collateral, its use or operation, upon this Agreement, the Credit Agreement, or upon any promissory note or notes evidencing the indebtedness. If the collateral is subject to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Secured Party, in cash or acceptable bond or surety, in an amount to adequately provide for the discharge of the lien, plus any interest, cost, reasonable attorney fees or other charges that could accrue as a result of foreclosure sale of the collateral. In any contest, Grantor shall defend itself and Secured Party and shall satisfy all final adverse judgments before enforcement against the collateral. Grantor shall name Secured Party as an additional obligee under any bond furnished in any contest proceeding.

10) **Collection on Accounts and Contracts.** Grantor shall have the right to collect upon its contracts and its other accounts so long as the Credit Agreement, or any other of the indebtedness, is not in default, and so long as Grantor fully perform and satisfy all of the obligations and liabilities to Secured Party. In the event of any default under the Credit Agreement, or any other part of the indebtedness, or in the default of timely performance of any of the obligations and liabilities of Grantor to Secured Party, Grantor's right to collect upon and realize sums due pursuant to the aforesaid contracts or accounts shall immediately terminate, and all sums payable thereunder shall be paid directly to Secured Party and applied to the indebtedness. Grantor hereby appoints Secured Party as its attorney-in-fact for the purpose of notifying any debtor of Grantor of the existence of the security interest herein created and of collecting upon any

and all sums due under any of said contracts or accounts, and does hereby authorize and empower Secured Party to take any act for and in its behalf to effectuate same.

11) **Conduct of Business.** Debtor shall not conduct business under any other name other than given above nor change or reorganize the type of business entity under which it does business nor change the office of its registered agent except upon the written approval of Secured Party. If such approval is given, Grantor guarantees that all documents, instruments, and agreements demanded by Secured Party shall be prepared and filed at Grantor's expense before such change of name or business entity occurs. Additionally, Grantor hereby covenants and agrees to Secured Party that it shall operate its business in a reasonable and prudent manner in conformance with all obligations and liabilities of Grantor to Secured Party.

12) **Hazardous Use.** Grantor has not and shall not utilize any item of collateral in noncompliance with any federal, state, or local environmental law or regulation. Grantor shall indemnify Secured Party and save it harmless from any claim, demand, or cause of action regarding Grantor's failure to comply with this covenant.

13) **Expenditures by Secured Party.** In the event Grantor fails to timely pay and satisfy all of its obligations hereunder, including but not limited to Grantor's obligations to pay and satisfy any costs of maintenance and repair of the collateral, insurance premiums, taxes, liens, security interests, encumbrances, and other claims, the Secured Party shall have the right, but not the obligation, at its option, to pay such costs, and additionally have the right, but not the obligation, at its option, to pay any and all other costs and expenses for insuring, maintaining and preserving the collateral. All such expenditures incurred or paid by Secured Party shall bear interest at the rate charged under the Credit Agreement from the date incurred. All such expenditures shall become part of the indebtedness and, at Secured Party's option, shall be (a) payable upon demand, (b) be added to the balance on the Credit Agreement and be apportioned among and be payable with any installment payments to become due thereunder, or (c) be treated as a balloon payment which shall be due and payable at the Revolving Loan Maturity Date. This Agreement shall also secure payment of these amounts. Such rights of Secured Party shall be in addition to all other rights and remedies to which Secured Party may be entitled upon the occurrence of an event of default.

14) **Events of Default.** An event of default hereunder shall include the following:

a. Default in the timely payment of any installment payment or other payment to be made under the Credit Agreement, or a default in the timely payment of any other indebtedness or liability of Grantor to Secured Party;

b. Failure of Grantor to comply with and to perform all of its obligations, covenants, and liabilities to Secured Party in strict conformance with any agreement which evidences same, or in the event of any default under any agreement heretofore executed by Grantor to Secured Party;

c. The dissolution of termination of Grantor's existence as a going concern, insolvency of either of them, or the appointment of a receiver for either of them or either of their

property, or the commencement of any proceeding under any bankruptcy or insolvency law by or against either of them;

d. Commencement of any foreclosure or forfeiture proceeding against the collateral; or

e. A material adverse change occurs in Grantor's financial condition, or Secured Party believes the prospect of payment or the performance of the indebtedness is impaired, or the Secured Party in good faith, deems itself insecure.

15. **Remedies of Secured Party Upon Default.** In the event of default, Secured Party shall have all of the following rights and remedies, and additionally, shall have all other rights and remedies provided by law, specifically including all rights and remedies as set forth in KRS 355.9-501 et seq. Specifically, Secured Party shall have the following rights and remedies:

a. Secured Party shall have the right to accelerate the unpaid principal and interest due under the Credit Agreement, and all other indebtedness and liabilities of Grantor to Secured Party, at which time all of the indebtedness shall be immediately due and payable.

b. Upon request of Secured Party, Grantor shall assemble all collateral at any place designated by Secured Party. Secured Party shall have the right to take possession of the collateral and to enter any premises where the collateral may be located for the taking of possession or of removing the collateral. Grantor hereby grants to Secured Party the use of any of Grantor's premises or facilities for the purpose of possession, removal, placing the collateral in saleable form, sale, or other disposition of the collateral. Secured Party shall have the right to sell collateral at its discretion.

c. Secured Party shall have the right to appoint a receiver to take possession of, operate, control, and other sell and dispose of the collateral. It is agreed by Grantor that the receiver may be an employee of Secured Party and may serve without bond. All fees incurred by virtue of the appointment of a receiver and his or her attorney shall become part of the indebtedness secured by this Agreement and deemed an expenditure hereunder.

d. Any notices required under the Kentucky Revised Statutes shall be deemed reasonable if mailed by Secured Party to the persons entitled thereto at Grantor's last known address at least ten (10) days prior to disposition of the collateral and, in reference to a private sale, need state only that Secured Party intends to negotiate such a sale. Disposition of the collateral shall be deemed commercially reasonable if made to a public offering advertised at least once in a newspaper of general circulation in the community where the collateral is located or by a private sale for a sum equal to or in excess of the liquidating value of the collateral as determined by Secured Party.

e. All of Secured Party's rights and remedies, whether evidence by this Agreement or any other agreement executed by Grantor to Secured Party, shall be cumulative and may be exercised singularly or concurrently. Election by Secured Party to pursue any remedy shall not exclude pursuit of or other remedy, and an election to make expenditures or take action to perform

an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect the Secured Party's right to declare a default and to exercise its remedies.

f. All costs and expenses incurred by Secured Party upon default, including its reasonable attorney's fees, shall become part of the indebtedness secured by this Agreement and shall be deemed as an expenditure hereunder. Costs and expenses include lender's reasonable attorney's fees and legal expenses whether or not there is a lawsuit, including reasonable attorney's fees and legal expenses for protection and preservation of the collateral, for bankruptcy proceedings, appeals, and any anticipated post judgment collection services. Grantor shall also pay all court costs and such additional fees as be directed by a court of competent jurisdiction.

16. **Miscellaneous Provisions.** This Agreement, together with any related loan documents, constitutes the entire understanding and agreement of the parties as to the matters as set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment. This Agreement shall be construed under the laws of the Commonwealth of Kentucky. Grantor does hereby submit itself to the jurisdiction of the courts of McCracken County, Commonwealth of Kentucky. Grantor does further waive its right to trial by jury. This Agreement shall be binding upon the parties hereto, their heirs, successors and assigns.

WITNESS our signatures on the date first above written.

GRANTOR:

GENOVA PRODUCTS, INC.

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By: _____

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Title: _____

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_____

By _____

Title _____

STATE OF MICHIGAN _____)
) ss
COUNTY OF _____)

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The foregoing instrument was sworn and acknowledged before me this _____ day of _____, 2014, by _____ (title) of Genova Products, Inc., a Michigan corporation, on behalf of said corporation, Grantor.

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My commission expires _____.

_____
NOTARY PUBLIC

SECURED PARTY:

CITY OF PADUCAH, KENTUCKY

By: _____

Title: _____

COMMONWEALTH OF KENTUCKY)
)ss
COUNTY OF MCCRACKEN)

The foregoing instrument was sworn and acknowledged before me this _____ day of _____, 2014, by _____ (title) of City of Paducah, Kentucky, on behalf of said entity, Lessor.

My commission expires _____.

_____
NOTARY PUBLIC, STATE AT LARGE

SECURED PARTY:

MCCRACKEN COUNTY, KENTUCKY

By: _____

Title: _____

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COMMONWEALTH OF KENTUCKY)
) ss
COUNTY OF MCCRACKEN)

The foregoing instrument was sworn and acknowledged before me this _____ day of _____, 2014, by _____, _____ (title) of McCracken County, Kentucky, on behalf of said entity, Lessor.

My commission expires _____.

_____
NOTARY PUBLIC, STATE AT LARGE

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_____

By _____

Title _____

~~STATE OF KENTUCKY _____)~~

~~COUNTY OF MCCRACKEN _____)~~

~~Subscribed, sworn, and acknowledged before me on this _____ day of _____, 2014, by _____, _____ (title) of _____, a _____ corporation, on behalf of said corporation.~~

~~My commission expires _____.~~

_____
~~Notary Public, State at Large~~

~~STATE OF KENTUCKY _____)~~

~~COUNTY OF MCCRACKEN _____)~~

~~Subscribed, sworn, and acknowledged before me on this _____ day of _____, 2014, by _____, _____ (title) of _____, a _____ corporation, on behalf of said corporation.~~

~~My commission expires _____.~~

_____
~~Notary Public, State at Large~~

This instrument prepared by:

_____
DENTON & KEULER LLP
P. O. Box 929
Paducah, KY 42002-0929

EXHIBIT A