

GRANT AGREEMENT

THIS GRANT AGREEMENT (the "Agreement") is made and entered into as of this ____ day of _____, 2023, by and between the City of Hopkinsville, Kentucky (the "City"); and Phoenix Property Group of WKY, LLC (the "Grantee") a limited liability company authorized to do business in Hopkinsville, Christian County, Kentucky.

Recitals:

WHEREAS, Grantee has proposed to renovate an existing building, said building located at 1002 South Virginia Street in Hopkinsville, Christian County, Kentucky; and

WHEREAS, Grantee estimates investing at least \$2,337,500.00 in said building, equipment, furniture and fixtures, which will result in 40 new jobs; and

WHEREAS, said development will provide much needed health care services space in Hopkinsville, Kentucky and will provide additional revenue to City through the collection of occupational license fees and ad valorem tax revenue; and

WHEREAS, it is the public policy of the City to encourage, promote, and support economic development, new job formation, and the development and growth of industry and commerce, and to preserve existing jobs in Kentucky for the public purposes of providing employment opportunities for its citizens and residents, alleviating conditions of unemployment, stabilizing and promoting the economy of Kentucky, and creating new tax bases and sources of revenue for the City; and

WHEREAS, the City has determined that the expenditure of such funds is beneficial to the City and serves a public purpose by raising incremental tax revenues in an amount equal to or greater than the Grant and providing relief of unemployment for the citizens of the City; and

WHEREAS, the City and Grantee are executing this agreement for the purpose of setting forth the terms and conditions of a granting and disbursing of \$150,000.00 to the Grantee (the "Grant Funds") with respect to the project.

NOW THEREFORE, in order to induce the Grantee to make the Investment, the City agrees to make a grant to Grantee in the sum of \$150,000.00, and in consideration of the mutual covenants and conditions contained herein, and for other good and valuable consideration, the receipt, mutuality, and sufficiency of all of which is hereby acknowledged by the parties hereto, the City and the Grantee hereby agree as follows:

1. Grant of Grant Funds. Subject to the terms and conditions of this Agreement, the City hereby agrees to provide to Grantee the Grant Funds.

2. Permitted Use of Grant Funds. Grantee shall ensure that all Grant Funds are used solely for the public purpose of renovating the property located at 1002 South Virginia Street in Hopkinsville, Christian County, Kentucky.

3. Disbursement. The Grant Funds shall, upon Grantee's request, be disbursed by the City, for the permitted use set forth above. If the City reasonably determines (i) that Grant Funds have been improperly disbursed or used for any unauthorized purpose, Grantee shall ensure that funds, in an amount equal to the Grant Funds that were improperly disbursed or used, are promptly returned to the City upon the City's written demand, or (ii) that the Grantee is in default of any of its obligations hereunder, City may immediately terminate this Agreement and be under no further obligation to advance Grant Funds.

4. Conditions to be Satisfied Prior to the Disbursement of Grant Funds.

(A) No funds shall be disbursed to Grantee until Grantee begins construction on the renovations to the subject property. Provided that the conditions for disbursement set forth herein for making the Grant have been satisfied, the City shall disburse the Grant Funds to the Grantee. The City may withhold funds if it determines that the conditions for making the Grant have not been satisfied.

(B) Prior to the disbursement of the Grant Funds, the Grantee shall provide evidence of the Grantee's sources of funding for the Project. This information shall be directed to the attention of the Chief Financial Officer of the City of Hopkinsville.

(C) Prior to the disbursement of the Grant Funds, the Grantee shall provide evidence of the permits, licenses, certifications, authorizations, and zoning requirements obtained from the proper governmental authorities, including state and local authorities, for the completion of the Project. This information shall be directed to the attention of the Chief Financial Officer of the City of Hopkinsville.

5. Conditions to be Satisfied Subsequent to the Disbursement of Grant Funds.

(A) Grantee agrees to maintain a City of Hopkinsville Business License, and pay any and all applicable occupational license fees and other taxes and fees which may become due.

(B) Grantee shall provide sufficient proof to the City of the creation of 40 new positions resulting in 40 new employees within two (2) years of the date of Grantee's subject commencement of operations (to be no more than 9 months from date of this agreement). In the event Grantee employs less than 40 new employees in newly created positions within two (2) years of the date noted above, Grantee shall refund and pay to the City the sum of \$3,750.00 per employee for each employee below the 40 job requirement. (For example, in the event Grantee only employs 30 new employees in newly created positions within two (2) years of the date of this agreement, Grantee will reimburse to the City the sum of \$37,500.00).

(C) Grantee further agrees to take no action to reduce the assessed value of the real estate located at 1002 South Virginia Street, Hopkinsville, Kentucky, for a period of ten (10) years from the date of this agreement. In the event the assessed value of the real estate is reduced below the current assessment at commencement of grant award and within ten (10) years of the date of this agreement due to actions of the Grantee, grant proceeds shall be repaid to City based on a pro-rata formula of number of years remaining of 10 year period (example: if assessed value as defined in this paragraph is reduced in year 7, the Grantee would refund 3/10's of \$150,000).

(D) Grantee further agrees to require all contractors and subcontractors performing any work within or upon the Property to register with the City and pay any and all applicable occupational license fees and other taxes and fees which may be required. Grantee agrees to provide to the City a list of all contractors and subcontractors, along with relevant addresses, points of contact, email addresses and phone numbers for each such contractor or subcontractor.

6. Grantee Commitments. The Grantee makes the following commitments to the City:

(A) Existence. The Grantee is duly organized and validly existing and are qualified to do business in Kentucky and in all other states in which they are required to be so qualified.

(B) Authority to Act. The Grantee has the requisite power, capacity, and authority to execute and deliver this Agreement and the other Grant Documents, to consummate the transactions contemplated by this Agreement and the other Grant Documents, and to observe and to perform this Agreement

and the other Grant Documents in accordance with their respective terms and conditions. The persons executing and delivering this Agreement and the other Grant Documents on behalf of the Grantee have been and are duly authorized to enter into this Agreement and the other Grant Documents on behalf of the respective Company, and a copy of said corporate resolution authorizing execution shall be provided to City prior to the execution of this Agreement.

(C) Compliance with Law. To the best of its knowledge, the execution and delivery of this Agreement and the other Grant Documents, and the performance or observance by the Grantee of the terms and conditions thereof, does not and will not violate any existing provisions of the Company's Articles of Organization, operating agreement, or other agreements of organization, or any Laws applicable to the Company.

(D) No Violations or Obligations. To the best of its knowledge, the Grantee (i) has caused no violations of any agreements, covenants, or conditions under this Agreement or any of the other Grant Documents and no such violations have occurred or are continuing, and (ii) has no Repayment Obligations or Unmatured Obligations under this Agreement or any of the other Grant Documents.

(E) Litigation. No litigation or proceeding involving the Grantee is pending or, to the best of the knowledge of the Grantee, is threatened in any court or administrative agency that, if determined adversely to the Grantee, could have a materially adverse impact on the ability of the Grantee to perform obligations under this Agreement or under any of the other Grant Documents.

7. General Covenants

(A) Further Assurances. The Grantee shall, at any time upon request of the Grantor, make, execute, and deliver or cause to be made, executed and delivered to the Grantor, any and all other instruments, certificates, and other documents as may in the reasonable opinion of the City, be necessary or desirable in order to effect, complete, or otherwise to continue and preserve the obligations of the Grantee under this Agreement.

(B) Right to Inspect. The Grantor shall at any time, upon reasonable notice, have the right to inspect any and all records of the Grantee relating to the construction of the project at the Hopkinsville, Christian County, location in order to determine compliance with the terms of this Agreement and the progress of said construction.

8. Defaults and Remedies. In the event Grantee fails to perform any of its obligations hereunder, Grantee shall pay to the City of Hopkinsville, Kentucky, the sum of \$150,000.00, representing a full and complete refund of the grant referenced above. In addition, Grantee shall forfeit any remaining incentives that may be approved by the City, or as may be amended hereafter. Should the Grantee fail to perform any obligations hereunder, after reasonable notice and time to perform, the Grantor may pursue any other remedies provided by law. In the event of default, Grantee shall be responsible for Grantor's expenses incurred in enforcing the terms of this agreement, including a reasonable attorney's fee.

9. Official Capacity. All representations, warranties, covenants, agreements and obligations of the Grantee under this Agreement shall be effective to the extent authorized and permitted by applicable law. None of those representations, warranties, covenants, agreements or obligations shall be deemed to be a representation, warranty, covenant, agreement or obligation of any present or future member, officer, agent or employee of the Grantee in other than his or her official capacity. No official executing or approving the Grantee's participation in this Agreement shall be personally liable under this Agreement.

10. Limitation on Liability. Notwithstanding any provision in this Agreement or under applicable law, each of the parties agrees in accepting this Agreement that it shall have no recourse to any members (individuals or entities), officers or employees of Grantee, any member (individual or entity) of any committee of Grantee, or any member (individual or entity) of the Board of Directors of Grantee (collectively, the "Constituent Entities"). Each of the parties further agrees that no Constituent Entity shall have any personal liability for any obligation under this Agreement.

11. General Provisions.

(A) Entire Agreement. This Agreement, together with the other agreements and documents referred to herein, contain the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior discussions, negotiations, representations, or agreements, written or oral, between them respecting the subject matter hereof.

(B) Amendments. No alterations, additions, or other changes to this Agreement shall be made or binding unless made in writing and signed by both parties.

(C) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

(D) Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by and against the parties and their respective successors and permitted assigns.

(E) Captions. The captions of the various sections of this Agreement are not part of the context hereof and are only guides to assist in locating such sections and shall be ignored in construing this Agreement.

(F) Severability. If all or any part of any sentence or any section of this Agreement is held to be void, illegal or unenforceable by a court of law, such sentence, section or part thereof shall be deemed severed from this Agreement, and the balance of this Agreement shall remain in full force and effect.

(G) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original but all of which shall constitute but one agreement, binding on all parties hereto, notwithstanding that all parties are not signatories to the same counterparts.

12. Termination. This Agreement shall automatically terminate at such time as the City determines that all eligible Grant Funds have been applied by the Grantee, and upon Grantee complying with all conditions and conditions as provided herein.

IN TESTIMONY WHEREOF, the parties execute this agreement, effective as of the date and year first above written.

CITY OF HOPKINSVILLE, KENTUCKY, as Grantor

By: _____
James R. Knight, Jr., Mayor

