



Date: June 5, 2025

To: D. Angelo Penque, Mayor  
Brandon Voelker, City Attorney  
All City Council members

From: Robin Morency, City Clerk

Subject: Meeting

The City of Cold Spring will hold a Special Council meeting on Monday, June 9, 2025 at 7:30pm per the attached agenda. The Caucus meeting will be immediately after. These meetings will be held at the Cold Spring City Building 5694 E. Alexandria Pike Cold Spring, KY 41076.

Thanks,  
Robin



# **Cold Spring City Council Special Meeting**

**June 9, 2025**

**7:30pm**

1. Call Meeting to Order
2. Prayer & Pledge
3. Resolution 25-02
  - A resolution of the City Council of the City of Cold Spring, Kentucky authorizing the execution of a Memorandum of Agreement between the City and Merus LLC relation to the acquisition, construction, equipping and installation of a mixed-use commercial development agreeing to undertake the issuance of Industrial Building Revenue Bonds at the appropriate time to pay the costs of acquiring, constructing, equipping and installing said project and facilities; approving an agreement in lieu of taxes with the company; taking other preliminary action; and authorizing the mayor to execute any and all documents in furtherance of this resolution.
4. Ordinance 25-1100
  - 1<sup>st</sup> reading to approve an ordinance adopting the City of Cold Spring, Kentucky annual budget and pay plan for the fiscal year July 1, 2025 through June 30, 2026.
5. Citizen Comments
6. Adjourn

RESOLUTION NO. 25-02

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

WHEREAS, Merus LLC, an Ohio limited liability company, or its assigns (the "Company"), proposes the acquisition, construction, equipping and installation of a mixed-use commercial project to be located within the City of Cold Spring, Kentucky on an approximate \_\_\_\_\_ acre parcel of property located along US 27, referred to as Cold Spring Town Center (the "Project"), in a downtown business district as designated by the City in accordance with KRS 103.200(1)(n), and in this connection it has been determined that the City may assist the Company by issuing industrial building revenue bonds pursuant to authority of Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes (collectively, the "Act"), to finance the acquisition, construction, equipping and installation of the Project and by entering into at the appropriate time a lease agreement(s) with reference thereto all in furtherance of the purposes of the Act and the public benefit of the residents and inhabitants of the City; such lease agreement(s) to be upon such terms and conditions as the Act may require and the City may deem advisable; and

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

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

WHEREAS, based upon an estimate of the costs of the Project, the City proposes to issue its industrial building revenue bonds in one or more series for each phase of the Project as determined by the Company and agreed to by the City in an amount not to exceed One Hundred Million Dollars (\$100,000,000) (the "Bonds") for each for a term of forty (40) years, such Bonds to be sold and delivered in one or more series by the City to pay the costs of the Project, together

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

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

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

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

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

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

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

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

and executed for and on behalf of the City. Accordingly, the Memorandum of Agreement by and between the Company and the City substantially in the form and with the contents set forth in EXHIBIT A attached hereto and incorporated herein by reference is hereby approved and the Mayor is hereby authorized and directed to execute and deliver said Memorandum of Agreement.

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

Section 5. This Resolution and the Memorandum of Agreement approved hereby constitute the present official intent of the City to issue the Bonds at a later date.

Section 6. Keating Muething & Klekamp PLL, Cincinnati, Ohio, is hereby approved as local Bond Counsel. Local Bond Counsel is authorized and directed to take any legal action

necessary or appropriate in connection with the issuance of the Bonds. The City Attorney is authorized and directed to assist Local Bond Counsel in any appropriate manner.

Section 7. No City funds shall be expended on the Project, except such as are derived from Bond proceeds. Any out of pocket expenses to the City related to the issuance of the Bonds shall be paid by the Company.

Section 8. To the extent any resolution, ordinance or part thereof is in conflict, the provisions of this Resolution shall prevail and be given effect.

Section 9. The Mayor and other officials of the City are hereby authorized to execute any and all documents to implement and effectuate the intent of this Resolution, including, but not limited to, executing the application to the State Local Debt Officer for the approval to issue Bonds for the Project.

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

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INTRODUCED, SECONDED, READ AND ADOPTED AT A DULY CONVENED MEETING OF THE CITY COUNCIL OF THE CITY OF COLD SPRING, KENTUCKY, held on the \_\_\_\_ day of \_\_\_\_\_ 2025, on the same occasion signed in open session by the Mayor as evidence of his approval, attested under seal by the City Clerk, ordered to be filed and recorded as required by law, and declared to be in full force and effect according to law.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

**CERTIFICATION**

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of Cold Spring, Kentucky, and as such City Clerk, I further certify that the foregoing is a true, correct and complete copy of Resolution No. \_\_\_\_\_, duly adopted by the City Council of said City at a duly convened meeting held on the \_\_\_\_ day of \_\_\_\_\_ 2025, signed by the Mayor, duly filed and recorded in my office, all as appears from the official records of said City in my possession and under my control.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said City this \_\_\_\_ day of \_\_\_\_\_, 2025.

(SEAL)

\_\_\_\_\_  
CITY CLERK

## EXHIBIT A

### MEMORANDUM OF AGREEMENT REGARDING ISSUANCE OF INDUSTRIAL BUILDING REVENUE BONDS

This MEMORANDUM OF AGREEMENT REGARDING ISSUANCE OF INDUSTRIAL BUILDING REVENUE BONDS, by and between the CITY OF COLD SPRING, KENTUCKY (the "City") and MERUS LLC, an Ohio limited liability company, authorized to do business in the Commonwealth of Kentucky, or its assigns (the "Company").

#### WITNESSETH:

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

(a) The Company is desirous of acquiring, constructing, equipping and installing a mixed-use commercial project, as represented to the City, located on an approximate \_\_\_\_\_ acre parcel of property along US 27 in the City (the "Project").

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

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

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

(e) The purposes of the Act, inter alia, are to promote the economic development of the Commonwealth of Kentucky, to relieve conditions of unemployment, to promote reconversion to a peacetime economy, to aid in the rehabilitation of returning veterans, to encourage the increase of industry in Kentucky, and to aid in the retention of existing industry by certain described means. In furtherance of such purposes the City, at the request of the

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

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

(g) Representatives of the City have indicated the willingness of the City to proceed with and to carry out such industrial building revenue bond financing in order to effectuate the purposes of the Act and have advised the Company that, subject to due compliance with all requirements of law and the obtaining of all necessary consents and approvals required by law, and to the happening of all acts, conditions and things required precedent to such financing, including satisfaction of all requirements of the City, the City, by virtue of authority of the Act, will issue and sell its industrial building revenue bonds in one or more series as determined by the Company and agreed to by the City in an amount not to exceed One Hundred Million Dollars (\$100,000,000) for each with a term of forty (40) years (the "Bonds").

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

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

(j) The City had determined that the Project is located within a business district as designated by the City in accordance with KRS 103.200(1)(n).

(k) That the City and Company acknowledge that the commitment of the City to issue the Bonds, shall be conditioned upon an annual payment in lieu of taxes to be negotiated and approved among the City, the Company, the County of Campbell, Kentucky, the Central Campbell Fire District and the Campbell County School District.

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

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

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

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

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

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

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

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

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

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

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

4. General Provisions.

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

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

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

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IN WITNESS WHEREOF, the parties hereto have entered into this Memorandum of Agreement by their officers thereunto duly authorized as of the \_\_\_\_ day of \_\_\_\_\_, 2025.

CITY OF COLD SPRING, KENTUCKY

BY: \_\_\_\_\_  
Mayor

MERUS LLC, an Ohio limited liability company

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_



## **AGREEMENT IN LIEU OF TAXES**

This Agreement In Lieu of Taxes (this "Agreement") is made effective as of the \_\_\_\_ day of \_\_\_\_\_, 2025, by and among the City of Cold Spring, Kentucky (the "City"), the County of Campbell, Kentucky (the "County"), the Campbell County School District (the "School District") and Merus LLC, an Ohio limited liability company, and its successors, permitted assigns and/or transferees (the "Developer" and, together with the City, the County, and the School District, the "Parties"):

### **WITNESSETH**

WHEREAS, the Developer plans to develop/redevelop property in the City, as more particularly described in Exhibit A hereto (collectively, the "Property"), and will develop the Property in two separate phases with Phase 1 being a mixed-use retail and restaurant development (the "Phase 1 Project") and Phase 2 being developed as a medical office project, which may be developed in phases (the "Phase 2 Project", with the Phase 1 Project and the Phase 2 Project being collectively the "Project"); and

WHEREAS, the City has agreed to (i) issue and sell Industrial Building Revenue Bonds (the "Bonds") in separate issues to finance the acquisition and construction of the Phase 1 Project (the "Phase 1 Bonds") and Phase 2 Project (the "Phase 2 Bonds"), with the Phase 1 Bonds and Phase 2 Bonds collectively referred to as the "Bonds") (ii) accept title to the Property for each respective phase of the project, and enter into Lease Agreements with the Developer for the Property within the Phase 1 Project and the Phase 2 Project (the "Lease Agreement"), and (iii) in conjunction with the foregoing, enter into this Agreement to memorialize the Developer's obligation to make payments in lieu of

taxes (the "PILOT Payments"), as hereinafter defined, with respect to the Property within each respective phase of the Project to the City as set forth herein; and

WHEREAS, the Developer and the City have entered into a Memorandum of Agreement, wherein the City, subject to certain conditions precedent, has agreed to authorize, issue, and sell the Bonds in an amount specified therein, pursuant to KRS 103.200 through 103.285, to finance the acquisition and construction of the Project; and

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

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

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

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

2. Valuation of Property and the Project. That the valuation of the Property and Project shall be the fair cash value for the Property as determined by the PVA, which shall be set and adjusted in accordance with the PVA's standard practices as the Project is developed. The tax rates for use in calculating PILOT Payments for the Phase 1 Bonds for the term of this Agreement will be the combined State and local real property *ad valorem* tax rates applicable to the Phase 1 Project in effect for each respective year that

the Phase 1 Bonds are outstanding. The tax rates for use in calculating PILOT Payments for the Phase 2 Bonds for the term of this Agreement will be the real property *ad valorem* tax rates applicable to the Phase 2 Project in effect for each respective year that the Phase 2 Bonds are outstanding for the City, the County, the School District and the Central Campbell Fire District (the "Fire District"). It is understood that the valuation of the Property may change over time as determined by the PVA.

3. Commencement of Obligations. The Developer's obligation to make PILOT Payments, will commence on November 30<sup>th</sup> of the year after the date the Phase 1 Bonds or the Phase 2 Bonds are issued and shall continue on each November 30<sup>th</sup>, thereafter during the terms of the Phase 1 Bonds and Phase 2 Bonds, which required payment of PILOT Payments for the Phase 1 Bonds shall be secured by a PILOT Mortgage. It being understood that it shall be the obligation of the Developer or its assigns to remit these payments by the deadline set forth herein. PILOT Payments not paid to the applicable party by December 31<sup>st</sup> of each year shall be considered delinquent and shall bear penalty and interest the same as regular real estate payments *ad valorem* tax until paid.

4. Issuance of Bonds/Tax Abatement. Upon the issuance and sale of the Phase 1 Bonds or the Phase 2 Bonds, the transfer of the Property to the City and the execution of the Lease Agreement(s), the Property applicable to the Phase 1 Bonds or Phase 2 Bonds will be exempt from local real property *ad valorem* taxes pursuant to the provisions of Section 103.285 of the Kentucky Revised Statutes, but shall be subject to the PILOT Payments set forth in this Agreement. The term of the exemption from real property *ad valorem* taxes with respect to the Property, applicable to the Phase 1 Bonds or Phase 2 Bonds, shall terminate upon the earlier of (i) the termination of each Lease

Agreement, (ii) forty (40) years from the date the Phase 1 Bonds or the Phase 2 Bonds are issued, or (iii) the date the Phase 1 Bonds or the Phase 2 Bonds are fully paid or defeased (the "Exemption Termination Date").

5. Obligation to Make PILOT Payments – Phase 1 Project/Phase 1 Bonds.

For the Phase 1 Project and the Phase 1 Bonds, the Developer shall make annual PILOT Payments beginning on November 30<sup>th</sup> of the first year after the Phase 1 Bonds are issued to the City, based on a PILOT Tax Bill prepared by the City, in an amount equal to the value of the Property applicable to the Phase 1 Bonds for the respective tax year as determined by the PVA, multiplied by the combined State and local tax rates applicable for the respective tax year (the "PILOT Payments"). Annually, after receipt of the PILOT Payments by the City, the City shall distribute the PILOT Payments as follows:

- a. To the School District an amount equal to Ninety Percent (90%) of the amount that the School District would have received in *ad valorem* real property tax payments, but for the issuance and sale of the Bonds for the first thirty (30) years of the term of the Bonds, and then for the remaining ten (10) years, an amount equal to One Hundred Percent (100%) of the amount that the School District would have received in *ad valorem* real property tax payments, but for the issuance and sale of the Bonds (the "School PILOT Payment"). The School PILOT Payment will be calculated based on the School District's then current tax rate for *ad valorem* real property taxes for the respective tax year, multiplied by the fair cash value

of the Property applicable to the Phase 1 Bonds for the respective tax year as determined by the PVA.

- b. To the Fire District an amount equal to One Hundred Percent (100%) of the amount that the Fire District would have received in *ad valorem* real property tax payments, but for the issuance and sale of the Bonds (the “Fire District PILOT Payment”). The Fire District PILOT Payment will be calculated based on the Fire District’s then current tax rate for *ad valorem* real property taxes for the respective tax year, multiplied by the fair cash value of the Property applicable to the Phase 1 Bonds for the respective tax year as determined by the PVA.
- c. To the City an amount equal to Forty Percent (40%) of the amount that the City would have received in *ad valorem* real property tax payments, but for the issuance and sale of the Bonds for the first (20) years of the Bonds, and then for the remaining twenty (20) years, an amount equal to One Hundred Percent (100%) of the amount that the City would have received in *ad valorem* real property tax payments (the “City PILOT Payment”). The City PILOT Payment will be calculated based on the City’s then current tax rate for *ad valorem* real property taxes for the respective tax year, multiplied by the fair cash value of the Property applicable to the Phase 1 Bonds for the respective tax year as determined by the PVA.
- d. To the County an amount equal to Forty Percent (40%) of the amount that the County would have received in *ad valorem* real property tax payments, but for the issuance and sale of the Bonds for the first twenty (20) years of

the Bonds, and then for the remaining twenty (20) years, an amount equal to One Hundred Percent (100%) of the amount that the County would have received in *ad valorem* real property tax payments (the “County PILOT Payment”). The County PILOT Payment will be calculated based on the County’s then current tax rate for *ad valorem* real property taxes for the respective tax year, multiplied by the fair cash value of the Property applicable to the Phase 1 Bonds for the respective tax year as determined by the PVA.

- e. After the payment of the City PILOT Payment, the School District PILOT Payment, the Fire District PILOT Payment and the County PILOT Payment, the balance of the PILOT Payments shall be transferred by the City in accordance with the terms of a trust indenture executed with the issuance of the Bonds.

6. Obligation to Make PILOT Payments – Phase 2 Project/Phase 2 Bonds.

For the Phase 2 Project and the Phase 2 Bonds, the Developer shall make annual PILOT Payments beginning on November 30<sup>th</sup> of the first year after the Phase 2 Bonds are issued to the School District, the Fire District, the City and County annually as follows:

- a. To the School District an amount equal to Ninety Percent (90%) of the amount that the School District would have received in *ad valorem* real property tax payments, but for the issuance and sale of the Bonds for the first thirty (30) years of the term of the Phase 2 Bonds, and then for the remaining ten (10) years, an amount equal to One Hundred Percent (100%) of the amount that the School District would have received in *ad valorem*

real property tax payments, but for the issuance and sale of the Phase 2 Bonds (the "School PILOT Payment"). The School PILOT Payment will be calculated based on the School District's then current tax rate for *ad valorem* real property taxes for the respective tax year, multiplied by the fair cash value of the Property applicable to the Phase 2 Bonds for the respective tax year as determined by the PVA.

- b. To the Fire District an amount equal to One Hundred Percent (100%) of the amount that the Fire District would have received in *ad valorem* real property tax payments, but for the issuance and sale of the Phase 2 Bonds (the "Fire District PILOT Payment"). The Fire District PILOT Payment applicable to the Phase 2 Bonds will be calculated based on the Fire District's then current tax rate for *ad valorem* real property taxes for the respective tax year, multiplied by the fair cash value of the Property applicable to the Phase 2 Bonds for the respective tax year as determined by the PVA.
- c. To the City an amount equal to Forty Percent (40%) of the amount that the City would have received in *ad valorem* real property tax payments, but for the issuance and sale of the Phase 2 Bonds for the first (20) years of the Phase 2 Bonds, and then for the remaining twenty (20) years, an amount equal to One Hundred Percent (100%) of the amount that the City would have received in *ad valorem* real property tax payments (the "City PILOT Payment"). The City PILOT Payment will be calculated based on the City's then current tax rate for *ad valorem* real property taxes for the respective

tax year, multiplied by the fair cash value of the Property applicable to the Phase 2 Bonds for the respective tax year as determined by the PVA.

- d. To the County an amount equal to Forty Percent (40%) of the amount that the County would have received in *ad valorem* real property tax payments, but for the issuance and sale of the Bonds for the first twenty (20) years of the Phase 2 Bonds, and then for the remaining twenty (20) years, an amount equal to One Hundred Percent (100%) of the amount that the County would have received in *ad valorem* real property tax payments (the "County PILOT Payment"). The County PILOT Payment will be calculated based on the County's then current tax rate for *ad valorem* real property taxes for the respective tax year, multiplied by the fair cash value of the Property applicable to the Phase 2 Bonds for the respective tax year as determined by the PVA.

7. Additional County Pilot. In addition to the County PILOT Payment provided in numerical paragraphs 5 and 6 of this Agreement, beginning year two after the Phase 1 Bonds are issued, there will be an additional PILOT payment due to the County if the total gross payroll generated from the Project, including payroll applicable to the construction of the Project, calculated annually between October 1<sup>st</sup> and September 30<sup>th</sup> of each year, does not meet or exceed the gross payroll based of the following schedule (the "Minimum Gross Payroll"), an additional PILOT Payment (the "Additional County PILOT") shall be due to the County in an amount equal to Minimum Gross Payroll (based on the below schedule), minus the actual gross payroll generated between the October

1<sup>st</sup> and September 30<sup>th</sup> period, multiplied by the County's then-current occupational payroll tax rate:

Year 2 after the Bond issuance: \$1,000,000 payroll threshold  
Year 3 after the Bond Issuance: \$3,000,000 payroll threshold  
Year 4 after the Bond Issuance: \$5,000,000 payroll threshold  
Year 5 after the Bond Issuance: \$7,000,000 payroll threshold

The County, will annually compute any Additional County PILOT that may be due, and the Developer will pay any such amount to the County, within thirty (30) days of the receipt of the bill from the County. By way of example only if in Year 2 after the Phase 1 Bonds are issued, from October 1, and September 30, the Project generates an actual gross payroll of \$900,000, and the County's then current occupational tax rate is 1.05%, then the Additional County PILOT for such year would be equal to \$1,050, or the product of (i) \$1,000,000 x 1.05% (\$10,500), minus (ii) \$900,000 x 1.05% (\$9,450). Provided, however, any County Pilot Payment as set forth in this Agreement, plus Additional County PILOT, shall never exceed 100% of what the County would have received in real property *ad valorem* taxes from the Project had Bonds not been issued for the Project. Any Additional County PILOT Project shall continue to be due until twenty (20) years after the date of the issuance of the last series of Bonds issued for the Project, as the County will receive a 100% County PILOT Payment after such period.

8. Real Property *Ad Valorem* Taxes After Bonds Mature. Upon the Exemption Termination Date, the City shall convey the Property to the Developer (or its assignees or transferees) at the sole cost and expense of the Developer (for attorney's fees, recording fees, etc.), and the real property *ad valorem* tax exemption shall cease, and the City, County, School District, Fire District and other taxing authorities, shall receive from

the Developer or its assigns real property *ad valorem* taxes with respect to the Property at the tax rates established at that time on an annual basis in accordance with the assessments applicable for real property as determined by the PVA.

9. Other Taxes. Other than the real property *ad valorem* taxes referenced herein, this Agreement does not affect or apply to any non-*ad valorem* taxes or fees that may be owed by the Developer (or its assignees or transferees) to the City, the School District, the County, Fire District, or other taxing districts. The Developer acknowledges that this Agreement will not be inconsistent or will not conflict with any bond placement agreement, any financing agreement, or the Lease Agreement executed or to be executed in connection with the Bonds (collectively, the "Bond Documents"), and to the extent that this Agreement is inconsistent or in conflict with the Bond Documents, the terms and language of this Agreement shall control over the Bond Documents.

10. Term of Bonds. It is further understood by the Parties that the final maturity date of the Phase 1 Bonds and the Phase 2 Bonds shall not exceed forty (40) years from their date of issuance. Any costs expended by the City related to the negotiation of this Agreement or issuance and sale of the Bonds shall be reimbursed or paid by the Developer.

11. Notices.

All notices sent to the Developer shall be sent to:

Merus LLC  
302 West 3<sup>rd</sup> Street, Suite 300  
Cincinnati, OH 45202  
Attn: Brian Yangyuen

With additional notice to:

Merus LLC  
302 West 3<sup>rd</sup> Street, Suite 300  
Cincinnati, OH 45202  
Attn: General Counsel

All notices sent to the City shall be sent to:

City of Cold Spring, Kentucky  
5694 East Alexandria Pike  
Cold Spring, Kentucky 41076  
Attn: Mayor

All notices sent to the County shall be sent to:

Campbell County, Kentucky  
1098 Monmouth Street  
Newport, Kentucky 41071  
Attn: County Judge/Executive

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

Campbell County School District  
101 Orchard Lane  
Cold Spring, Kentucky 41001  
Attn: Superintendent

12. Default. In addition to any and all remedies specified in the Bond Documents relating to the payment of the PILOT Payments required by this Agreement the City, the County and/or the School District shall have the right to enforce the provisions of this Agreement in any matter that the City, County or School District deems appropriate. It is further agreed that in the event of a default, the Developer will pay all costs, including the City's, County's and School District's reasonable attorney fees, associated with the collection of the due, but unpaid PILOT Payments and interest and penalties thereon.

13. Effect of Bankruptcy. In the event that the Developer or its successors, transferees, or assigns shall file a voluntary action seeking relief under applicable bankruptcy law, or have an involuntary action filed against it seeking such relief, then, and in that event, it is agreed that all payments required by this Agreement shall be treated the same as if they were local real property ad valorem taxes under applicable Kentucky law, giving said payments and obligations preference over all other secured and unsecured creditors.

14. Assignment. At its sole cost, the Developer shall have the right to assign its interest under this Agreement to one of more special purpose entities formed by Developer to undertake the respective phases of the Project, to an entity that is providing financing for the Project, or to third-party purchaser of the Project or parts thereof. Any Assignment of this Agreement shall require the Assignee to assume all rights and obligations of this Agreement.

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

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

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

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

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

Signature Page to Agreement In Lieu of Taxes

CITY OF COLD SPRING, KENTUCY

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By: \_\_\_\_\_  
Mayor

COUNTY OF CAMPBELL, KENTUCKY

By: \_\_\_\_\_  
County Judge/Executive

CAMPBELL COUNTY SCHOOL DISTRICT

By: \_\_\_\_\_

MERUS LLC,  
an Ohio limited liability company

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT A**  
**PROJECT SITE**

14586235.4

**ORDINANCE 25-1100**  
**AN ORDINANCE ADOPTING THE CITY OF COLD SPRING, KENTUCKY**  
**ANNUAL BUDGET FOR THE FISCAL YEAR**  
**JULY 1, 2025 THROUGH JUNE 30, 2026**

**Whereas,** an annual budget proposal and message have been prepared and delivered to the legislative body:  
and,

**Whereas,** the legislative body has reviewed such budget proposal and modifications have been made  
accordingly.

**NOW, THEREFORE, BE IT ORDAINED BY** the City of Cold Spring Kentucky as follows:

**SECTION ONE:** That the annual budget for the fiscal year beginning July 1, 2025 and ending on June 30, 2026 is  
adopted as set forth herein:

	General Fund	Municipal Road Fund	Stormwater fund
Resources Available:			
FUND BALANCE BEGINNING OF YEAR	\$3,843,000	\$270,000	\$1,151,000
<b>Estimated Revenues:</b>			
Other Financing Source DAV Property Sale	\$4,000,000		
Other Financing Source Investment CDs	\$1,500,000		
Property Tax	\$1,000,000		
Payroll Tax	\$1,500,000		
Insurance Premium Tax	\$1,100,000		
Licenses & Permits	\$306,700		
Other Taxes	\$285,329		
Intergovernmental	\$62,800	\$120,000	
Financing	\$0		
Charges for Services	\$626,052		
Penalties, Fines, Forfeitures	\$21,300		
Interest Income	\$12,000		
Miscellaneous	\$169,250		
Stormwater Fees			\$248,700
<b>Total Estimated Revenue</b>	<b>\$10,583,431</b>	<b>\$120,000</b>	<b>\$248,700</b>
<b>Total Resources Available</b>	<b>\$14,426,431</b>	<b>\$390,000</b>	<b>\$1,399,700</b>
<b>Appropriations</b>			
General Government	\$1,178,007		
Police	\$2,126,940		
Public Works	\$904,322		
Enterprises	\$0		

Parks, Recreation	\$268,417		
Stormwater Funds	\$0		\$280,700
Municipal Road Funds	\$0	\$478,370	
Debt Services	\$0		
Other Financing Use	\$5,500,000		
<b>Total Appropriations</b>	<b>\$9,977,686</b>	<b>\$478,370</b>	<b>\$280,700</b>
<b>Excess of Rev. Over (under) Approp.</b>	<b>\$4,448,745</b>	<b>-\$88,370</b>	<b>\$1,119,000</b>
Interfund Transfers In	\$0	\$350,000	
Interfund Transfers Out	-\$350,000	\$0	
<b>Estimated Balance End of Year</b>	<b>\$4,098,745</b>	<b>\$261,630</b>	<b>\$1,119,000</b>

**SECTION TWO:** The attached pay plan for budget year 2025-2026, which is attached hereto as Exhibit – A “it”, is hereby adopted and incorporated by reference.

**SECTION THREE:** Any section or provision of this Ordinance which is declared invalid by a court of competent jurisdiction for any reason, such declaration shall not invalidate, or adversely affect, the remainder of the Ordinance.

**SECTION FOUR:** This Ordinance shall be in full force and effect from and after its passage, publication and recording, according to law.

**Adopted this** \_\_\_\_\_ **day of** \_\_\_\_\_, **2025**

First Reading - \_\_\_\_\_

Votes Cast

Yes \_\_\_\_\_ No

Second Reading - \_\_\_\_\_

Votes Cast

Yes \_\_\_\_\_ No

City of Cold Spring

By: \_\_\_\_\_

D. Angelo Penque

Mayor

Attest: \_\_\_\_\_

City Clerk

# City of Cold Spring Pay Plan

## July 1, 2025 - June 30, 2026

Ord 25-1100  
Exhibit A

Class / Range of Pay		Low	High
<b>Officials:</b>			
Mayor	Per Year		\$13,890.00
Council	Per Year		\$3,240.00
<b>Administration:</b>			
City Administration Officer	Per Year	\$50,000.00	\$66,950.00
City Clerk	Per Year	\$42,000.00	\$79,000.00
Asst. City Clerk	Per Hour	\$15.00	\$27.00
Event Coordinator	Per Year	\$45,000.00	\$63,000.00
Event Asst. Personnel	Per Hour	\$15.00	\$21.00
<b>Public Works:</b>			
Director	Per Year	\$42,000.00	\$79,000.00
Crew Leader	Per Hour	\$24.00	\$31.00
Laborer II	Per Hour	\$19.00	\$27.00
Laborer	Per Hour	\$15.00	\$24.00
<b>Police Department:</b>			
Police Secretary	Per Hour	\$10.50	\$25.00
Patrol Officer Recruit	Per Year	\$45,000.00	\$45,000.00
Patrol Officer	Per Year	\$47,000.00	\$76,000.00
Code Enforcement	Per Hour	\$15.00	\$20.00
Sergeant	Per Year	\$78,000.00	\$86,000.00
Investigator	Per Year	\$80,000.00	\$84,000.00
Lieutenant	Per Year	\$88,000.00	\$92,000.00
Chief of Police	Per Year	\$100,000.00	\$120,000.00
<b>Board Members:</b>			
P&Z Chair	Per Year		\$900.00
P&Z Member	Per Year		\$600.00
Board of Adjustments	Per Mtg.		\$25.00
Board of Ethics	Per Mtg.		\$10.00



**Cold Spring City Council  
Caucus Agenda  
June 9, 2025  
Immediately following Special Council Meeting**

1. Call Meeting to Order and Emergency Exit Instructions
2. Prayer & Pledge
3. Additions/Deletions to Meeting Agenda
4. Citizen's Comments (*5 minutes per person*)
5. Recognition of Scheduled Guests
6. Old Business
7. New Business
8. Committee
9. Follow Up Citizen Comments (*5 minutes per person*)
10. Police Department Comments
11. Council Comments
12. Attorney Comments
13. Mayor Comments
14. Adjourn