

MUNICIPAL ORDER 2-2021

A MUNICIPAL ORDER AUTHORIZING AND DIRECTING THE MAYOR TO EXECUTE A MEMORANDUM OF AGREEMENT WITH TOM BLUE FURNITURE, INC. PROVIDING FOR THE CONSENSUAL ANNEXATION OF UNINCORPORATED PROPERTY LOCATED IN DAVIESS COUNTY AT 2737 VEACH ROAD, CONTAINING 1.349 ACRES, MORE OR LESS; AND FURTHER PROVIDING THAT THE CITY SHALL REIMBURSE TOM BLUE FURNITURE, INC. ONE HUNDRED PERCENT (100%) OF THE TOTAL AD VALOREM (EXCLUDING SCHOOL TAX), NET PROFITS, AND OCCUPATIONAL TAX REVENUES DERIVED FROM THE PROPERTY OVER A DESIGNATED FIVE (5) YEAR PERIOD.

WHEREAS, Tom Blue Furniture, Inc. (Tom Blue) is the owner of real property consisting of approximately 1.349 acres, more or less, and having an address of 2737 Veach Road; and

WHEREAS, said property is zoned B-4 General Business zoning classification for commercial development; and

WHEREAS, Tom Blue's property, which is presently located in an unincorporated area of Daviess County that is contiguous to the corporate boundaries of the City; and

WHEREAS, the social and economic wellbeing of the City is directly related to, and in many respects dependent upon, the substantial growth of the City and its tax revenue base through annexation of contiguous territories. In order to meet various capital needs, especially in the area of public safety, provide and maintain infrastructure and other public facilities, promote economic development, and continue to provide affordable, quality municipal services to taxpayers, the City deems it to be in its best interest to encourage and induce

contiguous industrial, commercial, and/or residential developments to become citizens of Owensboro through consensual annexation, with all services, rights, privileges, and other amenities appertaining thereto; and

WHEREAS, as an incentive to Tom Blue to incorporate the entirety of the real property into the City through consensual annexation in order to make all municipal services available to said property and to facilitate overall municipal growth, the City desires to reimburse Tom Blue in an amount of one hundred percent (100%) of the total ad valorem (excluding school tax), net profits, and occupational tax revenues derived from the property located therein, over a designated five (5) year period.

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

Section 1. That the Mayor be, and he hereby is authorized and directed to execute a Memorandum of Agreement with Tom Blue Furniture, Inc., setting forth the terms and conditions by which the 1.349 acre tract of land located at 2737 Veach Road will be consensually annexed into the City of Owensboro in consideration for the City agreeing to reimburse Tom Blue Furniture, Inc. in an amount of one hundred percent (100%) of the total ad valorem (excluding school tax), net profits, and occupational tax revenues derived from the property located therein, over a designated five (5) year period. A copy of said Memorandum of Agreement is attached hereto and incorporated by reference herein.

**INTRODUCED, PUBLICLY READ AND FINALLY APPROVED ON ONE
READING**, this the 2nd day of February, 2021.

Thomas H. Watson, Mayor

ATTEST:

Beth Davis, City Clerk

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT made and entered into this _____ day of _____, 2021, by and between CITY OF OWENSBORO, KENTUCKY, a municipality of the home rule class, 101 East Fourth Street, P. O. Box 10003, Owensboro, Kentucky 42302-9003, (hereafter referred to as "City"), and TOM BLUE FURNITURE, INC., 2737 Veach Road, Owensboro, KY 42303 (hereafter referred to as "Property Owner"). City and Property Owner are each a "Party" and collectively the "Parties."

RECITALS

WHEREAS, Property Owner is the owner of a certain tract of real property consisting of approximately 1.349 acres, more or less (hereinafter referred to as the "Subject Property"), which is located at 2737 Veach Road in Owensboro, Daviess County, Kentucky; and

WHEREAS, Property Owner's property is presently located in an unincorporated area of Daviess County that is contiguous to the corporate boundaries of the City and, when annexed will utilize and benefit from various municipal services, including public safety, sanitary sewer, water, and electric utilities; and

WHEREAS, the City of Owensboro has established an annexation incentive program for existing businesses for the purposes of eligibility for incentives; and

WHEREAS, Property Owner wishes to grant his or her consent and voluntarily participate in the City annexation incentive program whereby the

Subject Property shall be annexed into the corporate limits of the City of Owensboro; and

WHEREAS, the social and economic well being of the City is directly related to, and in many respects dependent upon, the growth of the City and its tax revenue base through annexation of contiguous territories. In order to meet various capital needs, especially in the area of public safety, provide and maintain infrastructure and other public facilities, promote economic development, and continue to provide affordable, quality municipal services to taxpayers, the City deems it to be in its best interest to encourage and induce contiguous commercial properties to become citizens of Owensboro through consensual annexation, with all services, rights, privileges, and other amenities appertaining thereto; and

WHEREAS, as an incentive to the Property Owner to incorporate the entirety of the Subject Property into the City through consensual annexation in order to make all municipal services available to said property and to facilitate overall municipal growth, the Parties enter into an agreement by which the City will reimburse the Property Owner in an amount of one-hundred percent (100%) of the total ad valorem (excluding school tax), net profits, and occupational tax revenues derived from any property located therein, over a designated five (5) year period of the annexation agreement.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants and conditions contained herein, the Parties agree as follows:

SECTION 1. ANNEXATION: The Subject Property shall be annexed into the City pursuant to KRS 81A.412.

SECTION 2. INCENTIVES; CALCULATION OF TAX REVENUES; LIMITATIONS.

(A) Under the terms of this Agreement, the City will reimburse the Property Owner in an amount of one-hundred percent (100%) of the total ad valorem (excluding school tax), net profits, and occupational tax revenues derived from any property located therein, over a designated five (5) year period.

(B) Expenses to be reimbursed by City to Property Owner under this Agreement shall be paid solely from all real and personal property, occupational, and net profits tax/fee revenues (excluding school taxes/fees, franchise bank deposit taxes, any and all in lieu of present or future taxes/fees, and any taxes levied and restricted to a specific purpose) derived by the City from the Subject Property, (hereafter referred to as "Tax Revenues"), over a maximum period of five (5) years (the "Reimbursement Term"). The City's obligation to reimburse Property Owner shall commence on the first day of the next fiscal quarter after the five (5) year term begins.

(C) It is understood that all reimbursements provided in this Agreement shall be made solely to the present Property Owner and not to any subsequent developer, purchasers, tenants, or other interests present or future.

(D) Accounting: The Director of Finance and Support Services is authorized and directed to collect and deposit all Tax Revenues derived by the City from the Subject Property annexed hereby, in a separate, dedicated account established for the Subject Property incorporated by the City through consensual annexation, for the five (5) year period designated herein. During the term of this Agreement, Property Owner shall notify the City's Director of Finance and Support Services of the sale, transfer, and/or lease of any portion of Subject Property to any other person or entity for commercial development or other use by providing a copy of the deed of conveyance or the name and mailing address of any person, firm or corporation with a leasehold interest.

(E) It is agreed that in the event the Property Owner sells, transfers and/or leases any part of the Subject Property, Property Owner shall continue to receive the incentive payments as defined in this Agreement. It is understood that the incentive payments are to be paid directly to the Property Owner regardless as to who owns and/or leases the Subject Property provided the Property Owner is in compliance with all terms of this Agreement.

(F) Payment under this Agreement is contingent upon those entities or persons from whom such Tax Revenues were derived, properly reporting such to the City of Owensboro. In the event that an entity or person does not properly report such Tax Revenues in a sufficient format to enable the City to attribute those Tax Revenues to the Subject Property, the payment

will be withheld until a proper reporting has been received and processed. City and Property Owner agree that both shall immediately utilize any and all available means or authority to require those entities or persons to immediately and properly report such Tax Revenues so as not to delay further payment to Property Owner.

(G) Limitation on Reimbursement of Expenses:

1. The City's maximum liability to Property Owner for reimbursement shall not exceed one-hundred percent (100%) of the total verified sum of all Tax Revenues, as established in SECTION 2.(A) and (B), collected by the City from the Subject Property, over the designated five (5) year period. Additionally, Property Owner shall not be eligible for additional future reimbursement based upon an existing business relocating to a new property located in an unincorporated area of Daviess County being annexed pursuant to this Agreement.

SECTION 3. TERM: This Agreement shall commence upon its execution by both the Parties and the five (5) year reimbursement term shall begin on January 1, 2021. This Agreement shall remain in full force and effect for the duration of the designated five (5) year period, or until such time as all terms and conditions set forth herein have been satisfied, whichever first occurs. At the end of the five (5) year reimbursement term, this Agreement shall be null and void.

SECTION 4. DEFAULT; REMEDIES: This Agreement may be terminated by the City, by written notice, in the event Property Owner breaches any one or more of the terms and conditions set forth herein, and fails to cure said breach

within a reasonable time after written notice thereof. This Agreement may be terminated by Property Owner in the event the City fails to reimburse Property Owner on the terms and conditions set forth herein, and fails to cure said breach within a reasonable time after written notice thereof by Property Owner.

Upon a material breach of this Agreement by either party, the non-breaching party shall be entitled to all remedies at law or equity, including but not limited to, specific performance or mandatory injunctive relief, rescission, or compensatory and consequential damages arising therefrom; provided, however, a material breach by the City notwithstanding, under no circumstances shall the City be required to de-annex property annexed pursuant to this Agreement, which process is a discretionary and non-negotiable legislative function, nor shall the City's total liability ever exceed one-hundred percent (100%) of the total verified sum of all Tax Revenues collected by the City from the Subject Property, whichever is less.

SECTION 5. NOTICES: Any written notices or requests required under the terms of this agreement shall be given to the following:

CITY:

City of Owensboro
Attention: City Manager
P. O. Box 10003
101 East 4th Street
Owensboro, Kentucky 42302-9003

DEVELOPER:

Tom Blue Furniture, Inc.
2737 Veatch Road
Owensboro, KY 42303

SECTION 6. AGREEMENT NULL AND VOID: This Agreement shall terminate, and otherwise become null and void, and neither party shall have any further liability to the other, if the Subject Property described herein is not incorporated into the City by the Owensboro Board of Commissioners or the Commonwealth of Kentucky through consensual annexation or, if for any reason, the Subject Property is de-annexed at any time.

SECTION 7. ENTIRE AGREEMENT: This Agreement constitutes the entire agreement and understanding between the Parties and supersedes all prior agreements, promises, communications, representations, whether oral or written, by any employee, officer, or representative of either Party hereto. There are no promises, representations, covenants, undertakings, restrictions, or conditions, other than those expressly set forth herein. Any subsequent amendment hereto shall be in writing and executed by authorized representatives of both Parties. This Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their respective successors and assigns, provided, however, that this Agreement shall not be transferred or assigned at any time by Property Owner without the express written consent of the City.

SECTION 8. SEVERABILITY: The provisions of this Agreement are independent of and severable from each other, and no provision shall be effected or rendered invalid or unenforceable by virtue of the fact that for any reason, other provisions herein may be invalid or unenforceable, in whole or in part. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable as written, a court may interpret, construe, rewrite or

revise such provision, to the fullest extent allowed by law, so as to make it valid and enforceable consistent with the intent of the Parties. In the event a court of competent jurisdiction finally determines that any portion of this Agreement is invalid or unenforceable as written, neither party shall have any liability to the other as a result thereof.

IN WITNESS WHEREOF, the Parties have executed this Memorandum of Agreement as of the day and year first hereinabove written.

CITY OF OWENSBORO:

By _____
Thomas H. Watson, Mayor

ATTEST:

Beth Cecil, City Clerk

Property Owner:

By _____
(Name)