

**ORDINANCE NO. 21-29**

**AN ORDINANCE OF THE CITY OF RICHMOND, KENTUCKY (THE “CITY”) MAKING CERTAIN FINDINGS CONCERNING AND ESTABLISHING A DEVELOPMENT AREA FOR ECONOMIC DEVELOPMENT PURPOSES WITHIN THE CITY TO BE KNOWN AS THE DOWNTOWN RICHMOND DEVELOPMENT AREA; APPROVING A LOCAL PARTICIPATION AGREEMENT BETWEEN CITY, AND THE FINANCE DEPARTMENT OF THE CITY OF RICHMOND, KENTUCKY AS THE AGENCY; ESTABLISHING AN INCREMENTAL TAX SPECIAL FUND FOR PAYMENT OF PROJECT COSTS AND REDEVELOPMENT ASSISTANCE; DESIGNATING THE FINANCE DEPARTMENT OF THE CITY OF RICHMOND, KENTUCKY, AS THE AGENCY RESPONSIBLE FOR OVERSIGHT, ADMINISTRATION AND IMPLEMENTATION OF THE DEVELOPMENT AREA; AUTHORIZING THE MAYOR AND OTHER OFFICIALS TO TAKE SUCH OTHER APPROPRIATE ACTIONS AS ARE NECESSARY OR REQUIRED IN CONNECTION WITH THE ESTABLISHMENT OF THE DEVELOPMENT AREA.**

**WHEREAS**, the City of Richmond, Kentucky (“the City”), by virtue of the laws of the Commonwealth of Kentucky (the “State”), Kentucky Revised Statutes, specifically Sections 65.7041 to 65.7083, as may be amended (the “Act”), is authorized to, among other things, (1) establish a development area to encourage reinvestment in and development and reuse of areas of the City, (2) enter into agreements in connection with the establishment and development of a development area, (3) establish a special fund for deposit of incremental revenues resulting from the development of a development area, and (4) designate an agency to oversee, administer and implement projects within a development area; and

**WHEREAS**, the City desires to establish a “development area” as defined in the Act to encourage reinvestment and development within such development area and to pledge a portion of the “incremental revenues” as defined in the Act generated from the development of such development area to provide redevelopment assistance and provide for the payment of Project Costs or Redevelopment Assistance (as defined herein) within such development area; and

**WHEREAS**, the City has identified a contiguous tract of previously developed land consisting of not more than three (3) square miles within the City, specifically described in Exhibit A to this Ordinance, that is in need of redevelopment and which is not reasonably expected to be developed without public assistance; and

**WHEREAS**, more than half of the structures within the Development Area are deteriorated or deteriorating, there is a need for new public infrastructure to support new development within the Development Area, there has been a substantial loss of business activity within the Development Area, there has been substantial abandonment of structures within the Development area, and the conditions within the Development Area have negatively impacted the growth and development of the City and Madison County; and

**WHEREAS**, the City has determined to establish the Development Area as pursuant to the Act to encourage reinvestment and development within the Development Area; and

**WHEREAS**, the City has agreed to support and encourage development within the Development Area by pledging certain Incremental Revenues [hereinafter defined] to the payment of Bonds, or to otherwise provide Redevelopment Assistance or pay for Project Costs under a Local Participation Agreement (defined below); and

**WHEREAS**, the City has prepared and presented a “Development Plan”, as defined in the Act, for the consideration and adoption of the City proposing the redevelopment of the Development Area; and

**WHEREAS**, the City, as required by the Act, held a public hearing on November 9, 2021, after giving proper notice concerning the City’s intention to consider the adoption of the Development Plan and establish the Development Area; and

**WHEREAS**, the adoption of the Development Plan and the establishment of the Development Area are for a public purpose and that the establishment and creation of the Development Area within the City is for the benefit and welfare of the City’s citizens; and

**WHEREAS**, the City deems it necessary to enact this Ordinance in accordance with the Act and for the purposes set forth and described herein and in the Act.

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

**SECTION 1. Definitions.**

1.1 The capitalized terms set forth below when used in this Ordinance shall have the following meanings.

“Act” means Kentucky Revised Statutes, Sections 65.7041 to 65.7083.

“Agency” means the Finance Department of the City of Richmond, Kentucky.

“Bonds” means bonds or notes issued pursuant to the Act to pay for Redevelopment Assistance or Project Costs, the payment of which Bonds shall be supported by Incremental Revenues pledged by the City.

“Development Area” means a contiguous geographic area of previously developed land, located within the geographical boundaries of the City, which is created for economic development purposes by this Ordinance in which a Project is proposed to be located and consisting of less than three square miles in area, with the actual size being approximately 58.7 acres, as more specifically described in Exhibit A attached to this Ordinance, to be known as the “Downtown Richmond Development Area”.

“Development Plan” means the Development Plan for the Downtown Richmond Development Area attached to this Ordinance as Exhibit C.

“Establishment Date” means the date that the Development Area is established pursuant to the Act and this Ordinance.

“Financing Costs” shall mean principal, interest, costs of issuance, debt service reserve requirements, underwriting discount, costs of credit enhancement or liquidity instruments, and other costs directly related to the issuance of the Bonds.

“Incremental Revenues” means the amount of revenues received by the City with respect to the Development Area, by subtracting Old Revenues (as defined in the Act and the Local Participation Agreement) from New Revenues (as defined in the Act and the Local Participation Agreement) in a calendar year.

“Local Participation Agreement” shall mean the Local Participation Agreement between the City and the Agency, attached to this Ordinance as Exhibit B.

“Pledged Revenues” means that portion of the Incremental Revenues which are pledged by the City pursuant to the Local Participation Agreement to the pay for Redevelopment Assistance or Project Costs for the Development Area

“Project” means the proposed comprehensive redevelopment project within the Development Area more specifically described in the Development Plan, being undertaken by various developers, property owners, business owners or public agencies.

“Project Costs” means any capital investment (as defined in the Act) expended to construct the Project.

“Redevelopment Assistance” shall have the same meaning as defined in the Act.

1.2 All capitalized terms used in this Ordinance and not defined above or in the recitals to this Ordinance shall have the meaning as set forth in the Act, as of the effective date of this Ordinance.

SECTION 2. Findings and Determinations. In accordance with the Act, the City hereby makes the following findings and determinations with respect to the Development Area:

(a) The Development Area consists of a contiguous tract of land that is not more than three (3) square miles. The actual size of the Development Area is approximately 58.7 acres.

(b) The Development Area constitutes previously developed land as required by KRS 65.7043.

(c) The establishment of the Development Area will not cause the assessed taxable value of real property within the Development Area and within all “development areas” and “local development areas” established by the City (as those terms are defined in the Act) to exceed twenty percent (20%) of the total assessed taxable value of real property within the City. The assessed value of taxable real property within the Development Area for calendar year 2020 was \$26,942,299. The City has not previously established any other local development areas or

development areas pursuant to the Act. The total assessed value of taxable real property within the City for the calendar year 2021 is approximately \$2,110,286,265. Therefore, the assessed value of taxable real property within all development areas is significantly less than twenty percent (20%) of the assessed value of taxable real property within the City.

(d) There has been a substantial loss of commercial, industrial or residential activity within the Development Area. Several factors have served as a catalyst for the declining commercial activity within the Development Area. Beginning with the economic downturn of 2008 & 2009, which included the dissolution of the Richmond Main Street Program, and exacerbated by the COVID-19 pandemic (effectively starting with the March 2020 state-mandated shutdown of business), Richmond's Downtown Development Area has lost an estimated 30 businesses in the preceding 15 years. Since March 2020, the Development Area has seen 5 businesses close their doors. Substantial efforts have been taken over the years to keep the Development Area thriving, including the creation of the Downtown Revitalization Renaissance Committee that operated from 1991-2009, and a non-profit known as the Downtown Richmond Association that operated from 2015-2019. The continuing loss of commercial activity over the years has hampered organizing efforts.

(e) More than fifty percent (50%) of the residential, commercial, or industrial structures within the Development Area are deteriorating or deteriorated. A substantial number of buildings in the Development Area are deteriorating or deteriorated, as evidenced by the exterior look and feel of many of the Development Area's infrastructure. In addition, buildings that may have a "clean" façade and exterior shell suffer from internal problems that have rarely been properly addressed by landlords. Problems with plumbing, sagging floors, leaky roofs, and other deferred maintenance has created problems for business owners in the Development Area. One recent business that chose to cease operations in 2021 cited the exorbitant cost of maintenance as a reason they could no longer effectively stay open without astronomically raising prices. In a November 17, 2008 letter sent to the Richmond Board of Commissioners by a local attorney and developer, issues were cited that included fire damage, which was never properly repaired, and severe water damage in buildings, which led to molding and rotting issues. Pictures of the site and structures within the Development Area are attached as Exhibit "C" to the Development Plan.

(f) The area is lacking in terms of the infrastructure needed to support and attract the investment that the planned redevelopment within the Development Area requires. The redevelopment of the Development Area will require a significant investment into new infrastructure, including improvements to: streetscapes and related public amenities; sidewalks; street signage and wayfinding; parking; and storm and sanitary sewers.

(g) There has been substantial abandonment of the residential and commercial structures within the Development Area. A large number of vacant buildings are currently found within the Development Area. Large, multi-unit residential buildings are vacant, along with commercial properties that include a former bank building. Signs of abandonment are evident, including tagged graffiti, broken windows, boarded up entrances, and uncontrolled growth of greenery around abandoned properties. Picture of the site and structures within the Development Area are attached as Exhibit "C" to the Development Plan.

(h) There are a combination of factors that substantially impairs growth and economic development of the Development Area. The challenges of encouraging the redevelopment of an older city's downtown, including the increased costs associated with redeveloping sites, building within the constraints of an established area, and the high cost of infrastructure needed to support new development in this downtown setting, represent unique circumstances that impede the redevelopment of the Development Area and arrests the development of the City.

(i) The City finds the Development Area is not reasonably expected to develop without public assistance including, but not limited to, assistance available under the Act. As noted above, encouraging downtown development faces numerous challenges and the downtown will not redevelop as desired by the City without public-private partnerships, including the use of incentive programs such as the incentives provided by the Act.

(j) The City finds that the public benefits of redeveloping the Development Area justify the public costs involved. It is estimated that providing incentives through the establishment of the Development Area, combined with other incentives available, could increase new investment within the Development Area by \$25 million - \$30 million, and create up to 50 new jobs. The resulting economic impact from these developments will more than offset the incentives recommended through the establishment of the Development Area. In addition, the new capital investment and jobs will encourage new residential and commercial development outside of the Development Area to support the job growth. While the Development Plan recommends the City commit 80% of the incremental increase in real property taxes and occupational taxes to pay for redevelopment assistance and projects costs within the Development Area, there will still be a net benefit in new revenues to the City. The establishment of the Development Area will not impact the amount of any existing City tax revenues generated within the Development Area. Furthermore, the Project will generate other taxes to the City and other taxing districts, including tangible property taxes, insurance premium taxes, etc., which will not be impacted by any pledge of incremental revenues through the establishment by the City of the Development Area.

(k) The City finds that the area immediately surrounding the Development Area has not been subject to growth and development through investment by private enterprise. Most of the new investment in the City has been centered along the I-75 Corridor and closer to Eastern Kentucky University.

**SECTION 3. Establishment, Name, Boundaries.** All that area described in Exhibit A to this Ordinance is located within the City and is hereby established and designated as the "Downtown Richmond Development Area". At the time of the enactment of this Ordinance the Development Area is less than three (3) miles.

**SECTION 4. Establishment Date, Commencement Date, Termination Date.** The Establishment Date is the effective date of this Ordinance. The Commencement Date of the Development Area is the date of execution of the Local Participation Agreement and the Termination Date shall, in accordance with the term of the pledge in Incremental Revenues in the Local Participation Agreement, shall be exactly thirty (30) years from the Activation Date of the

Local Participation Agreement. However, the Termination Date for the Development Area shall in no event be more than forty (40) years from the Establishment Date.

SECTION 5. Adoption of Development Plan. The City hereby adopts the Development Plan attached to this Ordinance as Exhibit C. The hereby finds and determines that a public hearing was duly held on November 9, 2021, to solicit public comment on the Development Plan, following publication of notice thereof in accordance with Chapter 424 of the Kentucky Revised Statutes, as amended. It is hereby confirmed that a copy of the Development Plan was filed with City Clerk, and with the Fiscal Court Clerk of the County prior to the notice of the public hearing being advertised.

SECTION 6. Local Participation Agreement. The Mayor of the City is hereby authorized and directed to execute, acknowledge and deliver on behalf of the City the Local Participation Agreement which authorizes the pledge eighty percent (80%) of the Incremental Revenues of the City from the Development Area to the payment of Redevelopment Assistance and Project Costs. The form of Local Participation Agreement to be signed by the Mayor on behalf of City and by the Agency, shall be in substantially the form attached to this Ordinance, subject to further negotiations and changes therein that are not inconsistent with this Ordinance and not substantially adverse to the City. The approval of such changes by said officers, and that such changes are not substantially adverse to the City, shall be conclusively evidenced by the execution of, as applicable, such Local Participation Agreement by such officials.

SECTION 7. Special Fund. There is hereby established a Special Fund of the City to be known as the Downtown Richmond Development Area Tax Increment Fund, which will be maintained by the Agency, into which the City covenants to deposit, and into which City officials are hereby authorized and directed to deposit all Pledged Revenues. The Agency shall maintain the Special Fund unencumbered except for the purposes set forth in Section 8 of this Ordinance. Funds deposited in the Special Fund shall be disbursed in accordance with the Act, this Ordinance, and the Local Participation Agreement, the Development Plan and related documents to pay for Redevelopment Assistance, within the Development Area.

SECTION 8. Use of Pledged Revenues. Pledged Revenues shall be deposited by the City into the Special Fund created under Section 7 of this Ordinance and shall be used solely to: (a) pay directly for Redevelopment Assistance or Project Costs, in accordance with the Local Participation Agreement (b) pay debt service and costs of issuance on the Bonds, including Financing Costs, which may be issued by the City to finance Redevelopment Assistance, and (c) for such other purposes as may be determined by the City and Agency and that are appropriate and in compliance with the purposes set forth in this Ordinance, the Local Participation Agreement, the Development Plan and the Act, as the same may be amended from time to time.

SECTION 9. Periodic Accounting / Analysis. Any entity, other than the City that receives financial assistance pursuant to the provisions of this Ordinance, whether in the form of a grant or loan or loan guarantee shall make a periodic accounting to the governing body of the City in accordance with the Act and the documents controlling such grant, loan or loan guarantee. The governing body of the City shall be required to review and analyze the progress of the development activity in the Development Area on an annual basis. Such reports shall, at a minimum, include a review of the progress in meeting the stated goals of the Development Area.

The Mayor and other officials of the City and the Agency shall report to the governing body of the City during such reviews and shall when necessary invite developers to participate in the review process to report on the progress of their developments within the Development Area.

SECTION 10. Designation of Oversight Agency. Pursuant to the Act, the City hereby designates the Agency as the “agency” of the City for purposes of oversight, administration and review responsibility of this Ordinance, the Local Participation Agreement and the Development Area established by this Ordinance. The Agency shall act on behalf of the City in administering the Development Area, entering into development agreements, and other related agreements, with respect to the development of the Development Area and the financing of Redevelopment Assistance, within the Development Area.

SECTION 11. Severability. The provisions of this Ordinance are hereby declared to be severable, and if any section, phrase or provision shall for any reason be declared invalid, such declaration of invalidity shall not affect the validity of the remainder of this Ordinance.

SECTION 12. Repeal of Conflicting Orders and Ordinances. All prior resolutions, municipal orders or ordinances or parts of any resolution, municipal order or ordinance in conflict herewith are hereby repealed.

SECTION 13. Effective Date. This Ordinance shall be in full force and effect from and after its passage, attestation, recordation and publication of a summary hereof pursuant to KRS Chapter 424.

INTRODUCED, SECONDED AND GIVEN FIRST-READING APPROVAL AT A DULY CONVENED MEETING OF THE BOARD OF COMMISSIONERS OF THE CITY held on the 9<sup>th</sup> day of November, 2021.

GIVEN SECOND READING AND ADOPTED AT A DULY CONVENED MEETING OF THE BOARD OF COMMISSIONERS OF THE CITY, held on the 16<sup>th</sup> day of November, 2021, and on the same occasion signed by the Mayor as evidence of his approval, attested by City Clerk, 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.

**DATE OF FIRST READING: November 09, 2021**  
**MOTION BY: Commissioner McDaniel**  
**SECONDED BY: Commissioner Arnold**

**DATE OF SECOND READING: November 16, 2021**  
**MOTION BY: Commissioner: Commissioner Newby**  
**SECONDED BY: Commissioner: Commissioner Brewer**


VOTE	YES	NO
Commissioner Arnold	x	
Commissioner Brewer	x	
Commissioner McDaniel	absent	
Commissioner Newby	x	
Mayor Blythe	x	

  
\_\_\_\_\_  
Mayor Blythe

ATTEST:

  
\_\_\_\_\_  
City Clerk

Approved as to form:

  
\_\_\_\_\_  
City Attorney, Tyler Frazier

PUBLISHED: Richmond Register November 20, 2021



Exhibit A

to Ordinance No. 21-29

(Development Area Map)

**Description of Development Area**

The TIF District boundary consists of the majority of the downtown Richmond area, including a large portion of Main Street and surrounding side streets. From the north, the boundary extends past Irvine Street and follows parts of North Collins Street, North Madison Avenue, North 1<sup>st</sup> Street, North 2<sup>nd</sup> Street, and 4<sup>th</sup> Street. From the east, the boundary extends down North and South Collins Street, and parts of South Madison Avenue and University Drive. From the south, the boundary runs along parts of Water Street, Summit Street, and Crabbe Street. From the west, the boundary extends down Lancaster Avenue and North 4<sup>th</sup> Street. Total acreage of the TIF District is approximately 58.7 acres and approximately .09 square miles in total. Various residential and commercial properties are found in the TIF District, with an estimated 150 structures located within the boundaries.

**Boundary Map**

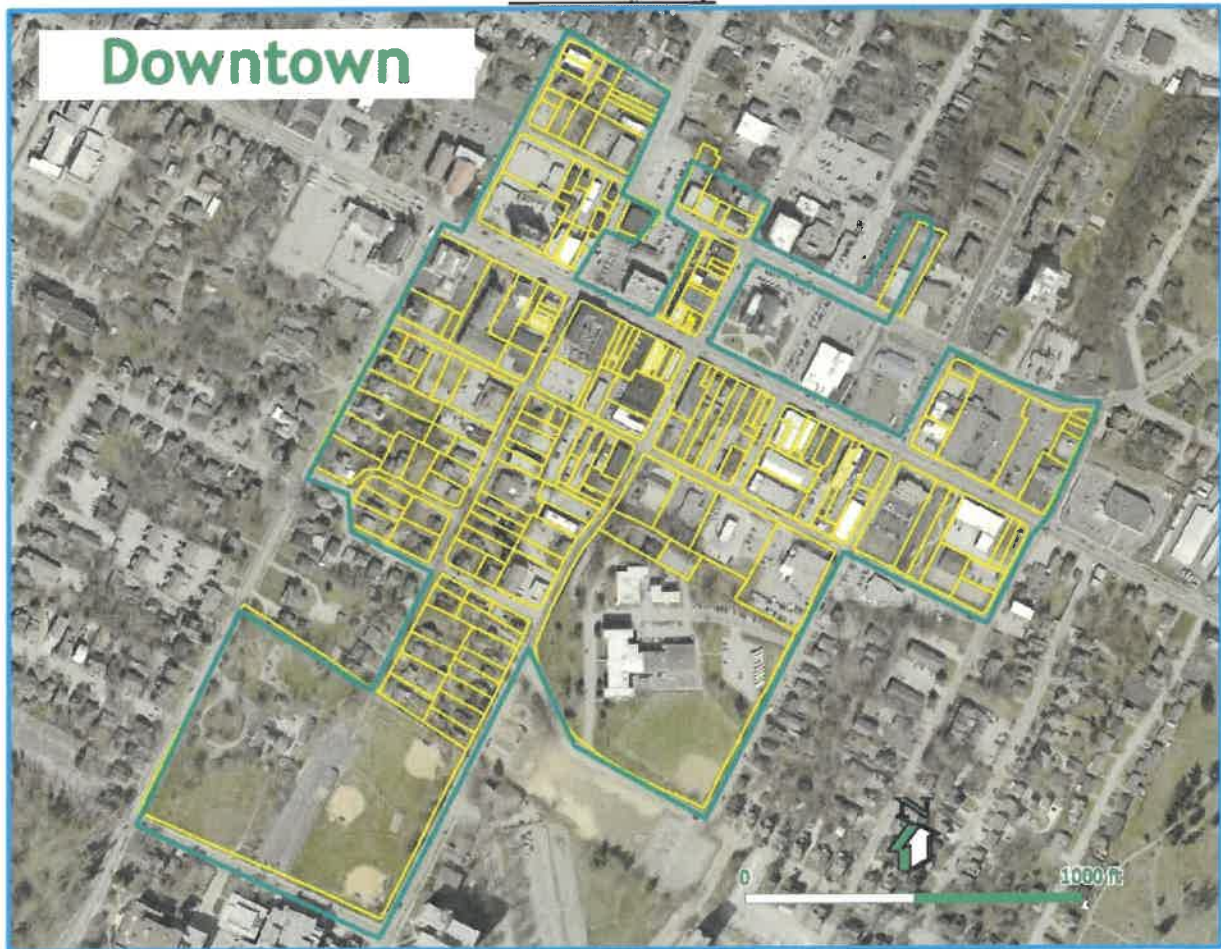


Exhibit B  
to Ordinance No. 21-29  
(Local Participation Agreement)

Exhibit C  
to Ordinance No. 21-29  
(Development Plan)

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