

*Louisa Smith*

FINAL

**INTERLOCAL COOPERATION COMPACT**

THIS INTERLOCAL COOPERATION COMPACT ("Agreement") made and entered into as of the first day of June, 2001 by and among the CITY OF PADUCAH, KENTUCKY ("City"), the COUNTY OF McCRACKEN, KENTUCKY ("County"), the PADUCAH-McCRACKEN COUNTY CONVENTION AND VISITORS COMMISSION ("Bureau") and the PADUCAH-McCRACKEN COUNTY CONVENTION CORPORATION ("Corporation").

**WITNESSETH**

WHEREAS, the parties have determined that it is necessary and desirable that substantial improvements and additions be made to the existing Julian Carroll Convention Center ("Convention Project") and, in conjunction with the Four Rivers Center for the Performing Arts, Inc. ("Four Rivers"), have determined that it is necessary and desirable to construct a new Four Rivers Arts Center ("Arts Project") and to finance said Convention Project and Arts Project through the issuance of approximately \$ 9,290,000 of the City's General Obligation Bonds, Series of 2001 ("Bonds"), and

WHEREAS, the parties to this Agreement now wish to establish their respective rights and duties in connection with the Convention Project and Arts Project and memorialize their arrangements for the allocation of the Room Tax, as hereinafter defined, in order to provide for the orderly payment and retirement of the Bonds, all in accordance with the Interlocal Act;

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS BETWEEN THE PARTIES, IT IS AGREED AS FOLLOWS:

"ACT" or "CONVENTION ACT" means KRS 91A.350 through 91A.392, as amended.

"ADJUSTMENTS" means the calculation of the actual dollar amounts or Contributions due from the Bureau, the City and the County each year to pay the principal and interest requirements of the Bonds after the application of the Pledged Tax for the period in question.

"ARTS ALLOCATION" means that portion of the proceeds of the Bonds allocated to Four Rivers for construction of the Arts Project; said portion not to exceed \$3,000,000, with Project Fund earning being applied only to the Convention Allocation.

"ARTS CENTER" or "ARTS PROJECT" means the new center for the performing arts to be constructed by Four Rivers Center for the Performing Arts, Inc. and financed from the Arts Allocation and other funds available to Four Rivers.

"BOND FUND" or "SINKING FUND" or "SERIES 2001 SINKING FUND" means the "City of Paducah General Obligation Bond and Interest Redemption Fund of 2001" established by the Bond Ordinance.

"BOND ORDINANCE" means the Ordinance passed and adopted by the City Commission authorizing the issuance of the Bonds and setting forth the contractual obligations of the City.

"BONDS" means approximately \$9,290,000 principal amount of the City's General Obligation Bonds, Series of 2001, authorized pursuant to the provisions of KRS 66.011 through 66.171; (subject to the Permitted Adjustment); notwithstanding anything contained herein to the contrary, said Bonds, at the election of the City, may be issued in two or more Series.

"BUREAU'S CONTRIBUTION" means 33 1/3% of the Overage which shall be deducted by the County upon its collection of the Room Tax and applied to the payment of the Bonds.

"BUREAU'S SHARE" means 50% of the aggregate Room Tax; provided, however, said amount shall be reduced by the deduction of the Bureau's Contribution.

"CITY" means the City of Paducah, Kentucky acting by and through its City Commission.

"CITY'S CONTRIBUTION" means 33 1/3% of the Overage.

"CODE" means the Internal Revenue Code of 1986 as amended and all Regulations promulgated thereunder.

"COMMISSION" or "BUREAU" means the Paducah-McCracken County Convention and Visitors Commission established pursuant to KRS 918.350 (2) and doing business as the "Paducah-McCracken County Convention and Visitors Bureau."

"CONVENTION ALLOCATION" means that portion of the proceeds of the Bonds allocated to the Corporation for the construction of the Convention Project; said portion being \$6,000,000, plus the Escrowed Tax, plus the investment earnings on the Project Fund.

"CONVENTION CENTER" means the Julian Carroll Convention Center as same presently exists and as same is subsequently improved.

"CONVENTION PROJECT" means the improvements and additions to the existing Convention Center financed from the Convention Allocation and other funds available to the Corporation.

"CORPORATION" means the Paducah-McCracken County Convention Center Corporation, a non-profit, charitable corporation established at the direction of the City and County to act as their agency and instrumentality for the purpose of promoting convention and trade shows generally.

→ Org # 0079732

"CORPORATION CONTRACT" means the agreement between the City and the Corporation whereunder the Corporation shall agree to construct the Convention Project upon its receipt of the Convention Allocation, and agree to operate, maintain and insure the Convention Center with the Corporation's Share.

"CORPORATION'S SHARE" means 16.66% of the aggregate Room Tax which shall be applied at the sole discretion of the Corporation to the operation, maintenance and insurance of the Convention Center.

"COUNTY" means the County of McCracken, Kentucky acting by and through its Fiscal Court

"COUNTY'S GUARANTEE" means the annual amount due as a principal and interest payment on its Note which shall equal 50% of the annual principal interest requirements on the Bonds.

"COUNTY'S CONTRIBUTION" means 33 1/3% of the Overage.

"DATE OF DELIVERY" means the date on which the Bonds are delivered to the purchaser thereof.

"DEBT SERVICE" means the aggregate annual principal and interest requirements of the Bonds.

"DUE DATE" means December 1 and June 1 of each year when interest on the Bonds becomes due.

"ESCROWED TAX" means that portion of the Pledged Tax authorized under KRS 91A.392 due and owing to the County prior to March 31, 2001.

"FOUR RIVERS CONTRACT" means the agreement between the City and Four Rivers whereunder Four Rivers shall agree to construct, operate, maintain and insure the Arts Center upon its receipt of the Arts Allocation.

"INTERLOCAL ACT" means KRS 65.210 through 65.300.

"KRS" means the Kentucky Revised Statutes, as amended.

"NOTE" means the General Obligation Note issued by the County in favor of the City in the principal amount equal to 50% of the principal amount of Bonds issued by the City and bearing interest at the same rate.

"OVERAGE" means the excess of Debt Service over and above the proceeds of the Pledged Tax; calculated on an annual basis.

"PARITY BONDS" means additional bonds of the City secured by the same Pledged Tax and the County's, City's and Bureau's Contributions as to the Bonds.

"PLEGGED TAX" means 33 1/3% of the aggregate Room Tax. *2% of the Pledged Tax*

"PROJECT FUND" means the account established by the Bond Ordinance into which the proceeds of the Bonds shall be deposited.

"PRINCIPAL DUE DATE" means June 1 of each year when principal matures on the City's Bonds.

"RECONCILIATION DATE" means each November 15 and May 15 at which times the City and County shall calculate the receipts of the Pledged Tax for the period preceding the Due Date and calculate the Contributions, if any, required of the City, the County and the Bureau.

"ROOM TAX" or "TAX" means the special transient room tax authorized to be levied by the County in accordance with KRS 91A.390 and 91A.392, in the aggregate authorized amount of 6%.

"TERM" or "TERM OF BONDS" means the period beginning with the dated date of the Bonds and running until the last principal maturity of the Bonds is paid and retired, including all interest thereon.

#### GENERAL FINANCING PLAN

It is the intention of the parties to this Agreement to set forth their respective rights and duties in connection with financing certain portions of the Convention Project and Arts Project.

A portion of the financing will be provided by the City and County to the Corporation and Four Rivers and shall be supplied from the proceeds of the City's Bonds which shall supplement other monies available to said Corporation and Four Rivers from other sources.

The City shall issue its Bonds in the aggregate amount of approximately \$9,290,000 which, after the deduction of the expenses incident to the authorization, issuance and sale of said Bonds, shall be disbursed \$6,000,000 as part of the Convention Allocation and \$3,000,000 as the entire Arts Allocation.

The Bonds shall be secured by the full faith, credit and taxing power of the City; provided, however, before determining the City's Contribution there shall be first applied to the principal and interest requirements of the Bonds all of the proceeds of the Pledged Tax; thereafter, the difference between the annual principal interest requirements of the Bonds and the annual receipts of the Pledged Tax, if any, (the "Overage") shall be borne 33 1/3% by the City, 33 1/3% by the County and 33 1/3% by the Bureau.

In order to secure the payment of the County's Guarantee the County shall authorize, issue and deliver its General Obligation Note to the City in a principal amount equal to 50% of the principal amount of Bonds actually issued and delivered by the City, bearing interest at the same rates as said Bonds. The County's Guarantee under said Note shall be subject to a credit each year equal to the annual receipts of the Pledged Tax, plus the City's Contribution and the Bureau's Contribution.

The City and Four Rivers shall enter into an agreement ("Four Rivers Contract") whereunder the City shall agree to issue its Bonds and provide Four Rivers with the Arts Allocation to be applied to the construction of the Arts Project, together with other funds available to Four Rivers. Four Rivers will agree to construct, operate, maintain and insure the Arts Project without any further contributions from the City or County or Bureau.

The City and Corporation will enter into an Agreement whereunder the City will agree to issue its Bonds and provide the Convention Allocation to the Corporation for application to the construction of the Convention Project and the Corporation will agree to utilize the Corporation's Share for the continued operation, maintenance and insurance of the Convention Center. Save for the Corporation's Share, no further contributions will be made by the City or County or Bureau to the Convention Center or the Corporation.

*See Bank Note  
part 60 change*

The Bureau hereby agrees to accept the Bureau's Share, subject to the deduction each year of the Bureau's Contribution, as set forth herein and apply same for the purpose of promoting convention and tourist activity and financing its operations generally.

**RIGHTS AND DUTIES OF THE CITY**

The City shall issue its Bonds and distribute the Convention Allocation and Arts Allocation in accordance with the terms of this Agreement and the Corporation Contract and Four Rivers Contract.

Simultaneously with the delivery of the Bonds, the City shall receive the County's Note in a principal amount equal to 50% of the principal amount of the City's Bonds and bearing interest at the same rates as said Bonds and maturing on the same schedule as the City's Bonds.

Each six months on the Reconciliation Date the County, the Bureau and the City shall calculate

the annual receipts of the Pledged Tax for the six month period preceding a Due Date which amount shall be subtracted from the total principal and interest requirements becoming due on the City's Bonds on the said Due Date; 33 1/3% of said difference constituting the City's Contribution, 33 1/3% of said difference constituting the County's Contribution and 33 1/3% of said difference constituting the Bureau's Contribution.

The City shall enter into the Four Rivers Contract with Four Rivers whereunder the City shall agree to supply the Arts Allocation from the proceeds of its Bonds and Four Rivers shall agree to construct the Arts Project, and maintain, operate and insure same so long as the Bonds remain outstanding.

The City shall enter into the Corporation Contract with the Corporation whereunder it shall agree to supply the Convention Allocation from the proceeds of its Bonds, the Escrowed Tax and Project Fund earnings and the Corporation shall agree to construct the Convention Project with said Convention Allocation and other funds available to it, and operate, maintain and insure the Convention Center from the Corporation's Share of the Room Tax.

#### RIGHTS AND DUTIES OF THE COUNTY

The Contractual Obligations of the City and the County with regard to their respective Contributions shall be governed by this Agreement and the County's Note in favor of the City.

The County shall continue to collect the Room Tax on a monthly basis and commencing with the month following the month in which the Escrowed Tax is last collected the County shall allocate the gross proceeds of said Room Tax as follows:

Portion	Percentage	Application
Pledged Tax	33 1/3%	City's Bond Fund
Bureau's Share	50%*	Bureau's Operational Expenses*
Corporation's Share	16 2/3%	Corporation's Operational Expenses of Convention Center

\*subject to the deduction of the Bureau's Contribution

Notwithstanding anything contained in this Agreement to the contrary, while the County shall collect and disburse the Room Tax on a monthly basis, it shall be mindful that said Room Tax may not necessarily generate revenue in equal monthly amounts, and therefore the County shall prudently apply the annual percentages representing the Bureau's Contribution, the Bureau's Share and the Corporation's Share in order that the required amounts may be allocated correctly on an annual basis and the operational needs of the Bureau and Corporation observed.

Simultaneously with the delivery of the Bonds all amounts representing the Escrowed Tax, to the extent not previously applied, shall be transferred to the Project Fund in order to be applied to the Convention Allocation.

If in any year the annual receipts of the Pledged Tax exceed the annual principal and interest requirements of the Bonds, the excess shall be retained in the Bond Fund until such time as the Bond Fund reaches a balance equal to the maximum annual principal and interest requirements of the Bonds. Any amounts in excess of said maximum annual principal and interest requirements shall be applied to the purchase of Bonds on the open market or the prior redemption or defeasance thereof.

*not change*

The County shall adopt an Ordinance authorizing the execution and delivery of its Note in a principal amount equal to 50% of the principal amount of the City's Bonds and bearing interest at the same rates as said Bonds and maturing as to principal on a parallel basis.

The County shall obtain the approval of the issuance of its Note from the State Local Debt Officer in accordance with the County Debt Act (KRS 66.300 through 66.370)

Each six months on the Reconciliation Date the City, County and Bureau shall calculate the Adjustments of the actual amount of their respective equal Contributions by subtracting the total receipts of the Pledged Tax from the total requirements of the Bonds; 33 1/3% of the difference constituting the City's Contribution, 33 1/3% of the difference constituting the County's Contribution and 33 1/3% of the difference constituting the Bureau's Contribution.

The County's obligations under this Agreement and in connection with the issuance of the Bonds shall be the collection of the Room Tax and its allocation in accordance with the provisions hereof and the payment of the County's Contribution as evidenced by its Note and the payment of its Guarantee, if necessary.

The County shall not be responsible in any way for the operation and maintenance of the Convention Center or Arts Project.

**RIGHTS AND DUTIES OF THE BUREAU**

The Bureau hereby consents and agrees to the issuance of General Obligation Bonds by the City as an alternative to the procedures set forth in KRS 91A.390 and hereby agrees and consents to the pledge of that portion of the Room Tax designated hereunder as the Pledged Tax exclusively to the payment of the principal and interest requirements of the Bonds so long as same remain outstanding and unpaid.

Notwithstanding the foregoing, it is agreed between the parties that the Bureau's Share of the Room Tax after the deduction of the Bureau's Contribution shall be unencumbered by the assignment and pledge securing the Bonds and is intended to be devoted to expenses incurred by the Bureau.

The Bureau understands and agrees that the operation and maintenance of the Convention Center is delegated exclusively to the Corporation and that the operation and maintenance of the Arts Project is delegated exclusively to Four Rivers.

**PLEDGE OF ROOM TAX**

That the City, the County, the Bureau and the Corporation each covenant and agree that 33 1/3% of the aggregate a Room Tax authorized under the Act (or 2% of the total authorized amount of 6%) is hereby assigned to the City and pledged solely to the payment of the principal and interest requirements

of the City's Bonds. The balance of said Room Tax shall be allocated between the Bureau and the Corporation as hereinbefore set forth; 50% to the Bureau and 16 2/3% to the Corporation.

Said assignment of the Pledged Tax shall remain in effect without alteration so long as any of the City's Bonds, or Parity Bonds, remain outstanding and unpaid as shall the Bureau's commitment to its Contribution.

**AGREEMENT AS CONTRACT; OWNERS OF BONDS AS THIRD PARTY BENEFICIARIES**

This Agreement is made for the benefit and security of all those who may become Owners of the City's Bonds, and no change, alteration or amendment shall be made to the terms hereof so long as said Bonds, and any Parity Bonds, remain outstanding; provided, however, should the gross receipts of the Room Tax reach such proportions as to reduce the Overage to zero, and a surplus equal to the maximum annual debt service requirements exists in the Bond Fund, then the parties may by agreement formally adjust or modify the respective Contributions of the City, the County and the Bureau.

*6 years  
Bonds  
Warrant*

**MISCELLANEOUS**

This Agreement shall be binding upon the parties hereto and upon their respective permitted successors and transferees.

Nothing expressed or implied herein is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and the Owners of the Bonds, any right, remedy or claim by reason of this Agreement or any term hereof, and all terms contained herein shall be for the sole and exclusive benefit of the parties hereto, and their successors and permitted transferees and said Owners.

This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

If one or more provisions of this Agreement, or the applicability of any such provisions for any set of circumstances shall be determined to be invalid or ineffective for any reason, such determination shall not affect the validity and enforceability of the remaining provisions of this Agreement or the applicability of the provisions found to be invalid or ineffective for a specific set of circumstances to other circumstances.

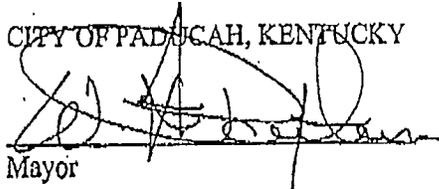
This Agreement may be amended or any of its terms modified only by a written document authorized, executed and delivered by each of the parties hereto.

This Agreement may be executed in one or more counterparts and when each party hereto has executed at least one counterpart, this Agreement shall become binding on all parties and such counterparts shall be deemed to be one and the same document.

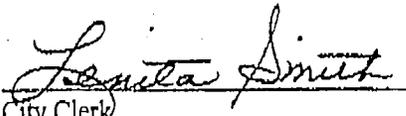
Parity Bonds = Bonds that are separately issued but equal to each other in that they are required to be paid from the pledged <sup>tax</sup> revenue.

IN WITNESS WHEREOF, the parties hereto have caused this Compact to be executed by their duly authorized representatives as of the date first above written.

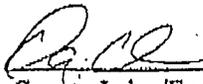
CITY OF PADUCAH, KENTUCKY

  
\_\_\_\_\_  
Mayor

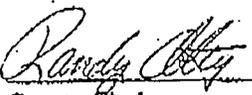
Attest:

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

COUNTY OF McCracken, KENTUCKY

  
\_\_\_\_\_  
County Judge/Executive

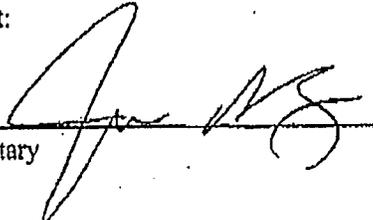
Attest:

  
\_\_\_\_\_  
County Clerk

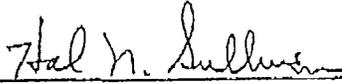
PADUCAH-McCRACKEN COUNTY  
VISITORS AND CONVENTION  
COMMISSION

  
\_\_\_\_\_  
Chairperson

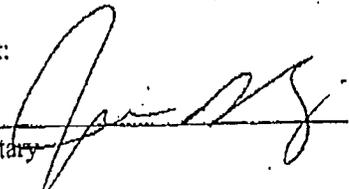
Attest:

  
\_\_\_\_\_  
Secretary

PADUCAH-McCRACKEN COUNTY  
CONVENTION CORPORATION

  
\_\_\_\_\_  
President

Attest:

  
\_\_\_\_\_  
Secretary