

PROCESS FOR APPROVAL OF DOWNTOWN FRANKFORT DEVELOPMENT AREA

The current plan is to have the Development Area established by the City of Frankfort (the “City”), supported by a pledge of incremental revenues from the City and County of Franklin (the “County”) (and possibly some other eligible special taxing districts), as follows:

1. A **Development Plan** for the Development Area is prepared and a copy thereof is placed on file with the City Clerk and Fiscal Court Clerk.
2. The City advertises a **public hearing** to receive public comment on the Development Plan in accordance with KRS Chapter 424, and conducts the public hearing.
3. Since the Project includes a Developer, a **Development Agreement** among the City, County, Agency and Developer should be drafted that will provide:
 - a. the rights and obligation of the parties to the Development Agreement;
 - b. how and when the incremental revenues (including potential state increments) will be available to pay certain designated project costs, and the costs for which the incremental revenues may be used;
 - c. any conditions for the release of the incremental taxes for the Project;
 - d. relevant information about the Project, including a schedule for the start and completion of the Project, and
 - e. other relevant information, conditions, etc.
4. Following the public hearing (or concurrent therewith), and assuming the parties are agreeable with the terms of the Development Agreement, a **Local Participation Agreement** (the “Agreement”) among the City, County, any special taxing districts that agree to participate, and the Agency chosen by the City to provide the oversight, administration and implementation of the Development Area. The Agency may be an existing non-profit corporation, an existing City department or a new entity created to serve as the agency. The Agreement is the tax pledge agreement, and will include
 - a. the participating taxing jurisdictions as parties that agree to pledge their respective incremental tax revenues;
 - b. the taxes being pledged and the term of the pledge; and
 - c. the capital or other project costs that may be paid from the pledged incremental revenues, and
 - d. other conditions for the release of the increment tax revenues.
5. Once the public hearing has been conducted and the Agreement is ready, the City will adopt (not sooner than 30 days after the public hearing), a **City Ordinance**:
 - a. making findings required by the Act related to the Development Area;
 - b. creating the Development Area and its boundaries;

- c. approving the execution of the Agreement by the City and Agency;
 - d. designating the Agency;
 - e. approving the Development Agreement; and
 - f. approving other related actions – such approving the process for submission of a state application seeking a pledge of state incremental revenues as provided in the Act.
6. Concurrent with or following the City approval, the County will need to adopt a **County Ordinance**:
- a. approving the execution of the Agreement by the County; and
 - b. approving other related actions, such as authorizing the execution of the Development Agreement with the Developer.
7. Any special taxing district that has agreed to be a party to the Agreement will need to approve execution of the Agreement by separate action.
8. After the adoption of the related ordinances and establishment of the Development Area and the execution of the related agreements, if an application is to be filed seeking a pledge of state incremental taxes under the Act, the Agency, in participation with the City, County and Developer, will prepare and submit the application to the Kentucky Economic Development Cabinet.