

**Economic Development Project
Memorandum of Understanding**

This Economic Development Project Memorandum of Understanding (“**MOU**”) sets forth the principal terms under which the **City of Covington, KY (“Covington”)**, **The Northern Kentucky Port Authority (“NKY Port”)**, **Kenton County, KY (“Kenton County”)**, and the **Catalytic Development Funding Corp. of Northern Kentucky (“Catalytic Fund”)** (collectively, the “**Parties**”), intend to participate in the economic development opportunity of certain real property commonly known as the Duro Bag Site in Covington, Kenton County, Kentucky (the “**Project**”) which is more particularly depicted on Exhibit A attached hereto. The Parties understand and agree as follows:

1. Purpose and Mission. The Parties wish to collaborate on this Project to promote historic preservation where financially and economically feasible and stimulate economic development, with the shared goal of advancing the well-being of the community and the broader region. Recognizing the strategic importance of the Project’s location, the Parties are committed to revitalizing the area to attract new residents and businesses, enhance livability, and foster long-term growth and prosperity.

2. Funding of NKY Port’s Purchase of Project. The NKY Port has entered into a Real Estate Purchase Agreement with seller CS Madison, LLC, to purchase the Project for the purchase price of \$4,500,000 (the “Purchase Price”). The Parties agree to contribute to the financing of the Purchase Price, due diligence, acquisition costs, and closing costs related to the purchase of the Project as follows (each an “Investment”):

- a. Kenton County \$2,000,000
- b. Covington \$1,500,000
- c. NKY Port Authority \$1,175,400
 - i. Which includes a portion of a loan from the Catalytic Fund for up to \$1,500,000 (as lender with first mortgage) on the terms and conditions that are more particularly described on Exhibit B attached hereto (“**Catalytic Loan**”).

3. Responsibility of Parties Prior to Project Purchase Closing; Title. The NKY Port will manage the due diligence process and will keep the remaining Parties reasonably informed of developments in the process. In the event that Covington has any real estate interests in the Project, Covington agrees to take all necessary actions to quit-claim and/or vacate any and all of its real estate interests that Covington may have within the Project, in order to create a consolidated Project site as depicted. In the event that the NKY Port desires to acquire right-of-way from the Commonwealth of Kentucky (“**Commonwealth**”) to be included in the Project or that is necessary to create a consolidated Project site, the NKY Port shall bear the costs to secure the transfer of any parcel owned by the Commonwealth. NKY Port will contract with surveyor to prepare the necessary legal descriptions. Upon closing, the NKY Port will serve as tax-exempt owner of the Project.

4. **Project Development Committee.**

a. Meetings and Voting. Each of the Parties shall appoint an individual to consistently serve as its liaison and point person with regard to information sharing on the Project. This person shall also serve as the appointing party's representative on a committee responsible for directing the preparation of the Project for economic development and selecting a qualified purchaser (the "**Project Development Committee**"). The Project Development Committee shall meet no less frequently than twice per month to discuss the general status of the Project. Each member of the Project Development Committee shall have one (1) vote. The Project Development Committee shall unanimously agree with respect to Major Activities.

b. Authority. The Project Development Committee's approval of the NKY Port's actions with respect to the Project shall only be required for the following activities (collectively, "**Major Activities**"):

- i. any alteration, maintenance, repair or replacement of the Project that individually or collectively (A) will be in excess of \$50,000, or (B) would have a material adverse effect with respect to the Project's registration on the National Register of Historic Places;
- ii. the entering into any lease or license for all or any portion of the Project;
- iii. the engagement of a third party property manager for the Project;
- iv. the selection of a third party developer ("**Developer**") and/or end user to transfer the Project to and the development plan/property use proposed by the Developer/end user for the ultimate end-use of the Project ("**Development Plan**"); and
- v. any action that would require a Party to increase its Investment in the Project or the NKY Port to request an increase in the maximum principal amount of the Catalytic Loan.

Other than Major Activities, but subject to the terms of the Catalytic Loan, the NKY Port will be responsible for the management of the Project prior to its transfer to a Developer.

c. Impasse and Option to Purchase. In the event that unanimous consent cannot be reached by the Project Development Committee with respect to a Major Activity ("**Impasse**"), then for a period of ninety (90) days after the vote where unanimous consent was not reached ("**Option Period**"), Covington shall have the option to purchase the Project from the NKY Port ("**Option**") by providing written notice to the Parties that it elects to exercise the Option pursuant to the terms and conditions set forth on Exhibit C attached hereto. If the Option is not exercised during the Option Period, the Option shall be deemed extinguished in that instance, but shall be renewed in the event of a future Impasse. This Option shall also automatically terminate and expire upon the transfer of the Project from the NKY Port to the selected Developer. Covington shall execute any documentation reasonably requested by a title company to release and terminate this Option at such closing.

d. Historic Preservation. To the extent it is financially feasible and the viability of the Project is maintained, the Parties agree that one of the top priorities with respect to the Project is historic preservation and that demolition or substantial alteration of the historic aspects of

the Project will be avoided wherever reasonably and financially possible. (See Map of Project site construction dates, attached hereto as Exhibit D.)

5. **Rental Income and Expenditures Relating to Project.**

a. Income and Expenditures. The NKY Port shall collect rents, if any, and other income (collectively, "**Income**"), if any, and pay expenditures relating to the Project, including, without limitation, a third-party property management fee, any development services fee, operating expenses such as insurance, utilities, and debt service with respect to the Catalytic Loan which is more particularly set forth in the Budget (defined below). All Income and expenditures shall flow through a specific project account that provides a financial record to track the Project's specific expenses and revenue ("**Account**"). Any monthly Income remaining after NKY Port pays the debt service and any other expenditures or costs related to the Project ("**Net Income**") shall remain in the Account to cover costs that may arise with respect to the Project relating to the preparation of the Project for sale or the operations, maintenance, repairs, and/or replacement of the Project. The NKY Port shall report on the Project's expenses and Income to the Project Development Committee upon request, and with no less frequency than quarterly. Any Net Income remaining upon the sale of the Project by the NKY Port shall be distributed pursuant to Section 9 of this MOU.

b. Reserves. The Parties acknowledge that the Project is not generating Income as of the date of this MOU. The Project Development Committee shall work diligently to reduce carrying costs associated with the Project while no Income is being generated. However, pursuant to the initial Budget attached hereto as Exhibit E ("**Budget**") and to facilitate the acquisition, the Parties agree that up to \$1,024,600 of the Catalytic Loan shall be held back at closing as reserves for the operation of the Project ("**Reserves**") which may be drawn upon by the NKY Port pursuant to the loan agreement between Catalytic Fund and NKY Port executed at closing.

Notwithstanding anything in this MOU to the contrary and subject to the terms and conditions of the Catalytic Loan, the NKY Port shall be permitted to pay for expenditures from the Reserves if the Project fails to generate Income sufficient to cover such costs, including, without limitation, debt service payments under Catalytic Loan, or any other costs to operate, maintain, repair, or replace the Project.

c. Development Services Fee. The Catalytic Fund, for their consultation on the process to analyze alternative development scenarios and Development Plans for the Project and the ultimate selection of a Developer; preparation of financial modelling of development scenarios for the Project, market analyses of potential Project uses, and fiscal and community development impact analysis; evaluation and sourcing of public incentives; assembly of the capital stack necessary to complete the financing of a selected Development Plan; consultation on attracting developers, Developer vetting and selection; and any other services the Project Development Committee reasonably determines that the Catalytic Fund has capabilities to provide shall charge a development services fee of \$50,000 per each year the Catalytic Loan is outstanding. Additionally, as consideration for the Catalytic Fund's development services prior to and during the acquisition process, the Catalytic Fund shall be paid \$25,000 payable at the closing of the Catalytic Loan as set forth on Exhibit B attached hereto. This development

services fee is in addition to the Catalytic Fund's loan origination fee and closing cost reimbursement as stipulated in its term sheet attached to this document in Exhibit B. The development services fees and Catalytic Loan closing costs shall be part of the Budget.

6. Joint Communication Strategy Relating to Project. The Parties agree to work together to develop a joint communication strategy concerning the Project. The Project Development Committee shall have collective oversight of the communication strategy.

7. Interactions with Potential Purchasers. The Parties expect that potential purchasers or potential tenants may reach out to one or more of the Parties separately relating to the Project, their interest in the Project, and/or seeking information concerning the Project. The Parties agree to communicate to the potential purchasers, potential tenants, and other interested parties as to the agreed decision-making authority of the Project Development Committee, and to pass along information concerning any potential purchasers or potential tenants to the Project Development Committee for evaluation. The Project Development Committee will jointly develop a disposition plan which may entail issuing a RFQ or RFP as necessary or desired.

8. Anticipated Development Timeline.

a. Initial Research and Feasibility. Within approximately six (6) months of the NKY Port's acquisition of the Project: (i) with input from the Parties, the Catalytic Fund shall initiate a process to develop and analyze potential development scenarios for the Project that will include, without limitation, the convening of local real estate professionals to tour the Project and provide feedback regarding the Project's development, obtaining conceptual land use plans and development schematics to provide a basis for market and feasibility analysis for alternative development scenarios (the cost for such plans and schematics shall be funded through the Catalytic Loan as set forth on the Budget), and conducting initial market analysis, cost estimation, and feasibility analysis with respect to the development of the Project through its internal processes; (ii) Covington shall prepare and submit any information or applications necessary to list the Project on the National Register of Historic Places at Covington's sole cost and expense, in collaboration with the NKY Port; and (iii) the NKY Port shall continue to evaluate the Project for any necessary improvements to stabilize the Project for development, including, without limitation, asbestos remediation.

b. Developer Solicitation. Within approximately twelve (12) months of the NKY Port's acquisition of the Project and after the Catalytic Fund discusses its initial market analysis and feasibility with the Project Development Committee, the Project Development Committee shall determine the process for attracting developer/end user proposals for the Project which may include, without limitation, the engagement of a commercial real estate broker. Based on the selected method of solicitation, the Catalytic Fund shall create an RFP or document in collaboration with the Project Development Committee that will be used to assist the Project Development Committee to solicit a Developer for the Project.

c. Selection of Development Plan. Within approximately twenty-four (24) months of the NKY Port's acquisition of the Project, a Developer with an approved Development Plan may be selected by the Project Development Committee.

d. Transfer of Project. Within approximately thirty-six (36) months of the NKY Port's acquisition of the Project, the Project may be transferred to a Developer pursuant to the selected Development Plan.

Notwithstanding the foregoing, the Parties acknowledge that the timelines set forth above are aspirational and non-binding, and serve the purpose of encouraging the delivery of a project for the region within a general timeframe, and that conditions beyond the Parties' control such as the real estate product markets, capital markets, material costs, etc., may impact these timelines.

9. Distribution of Proceeds Upon Sale of Project. Upon the sale of the Project, the Parties shall distribute the proceeds of the sale and any Net Income as follows:

a. The Catalytic Fund shall first be repaid for its Loan in full and in accordance with the terms of its loan agreement with NKY Port;

b. After the Catalytic Fund is paid in full, the NKY Port shall (i) be permitted to cover any closing costs related to the transfer of the Project, including its reasonable attorney's fees related to the acquisition, development and sale of the Project, and (ii) shall be reimbursed in full for its financial contributions to the Project, including any out-of-pocket costs not covered by the Reserves, including, without limitation, any interest payments with respect to the Catalytic Loan, and its Investment (less the portion of the Catalytic Loan that was used for Project acquisition costs);

c. After and if the NKY Port is reimbursed in full, Covington shall be reimbursed for its Investment;

d. After and if the NKY Port and Covington are reimbursed in full, Kenton County shall be reimbursed for its Investment; and

e. After and if the NKY Port, Covington, and Kenton County are reimbursed in full, any remaining proceeds and Net Income shall be used for any developer incentives and infrastructure needs deemed necessary to support the execution of the Development Plan.

10. Authority to Sign. Each individual signing this MOU on behalf of a Party warrants that the individual has been duly authorized to execute this MOU and to bind that Party on whose behalf the individual is signing; provided, however, nothing in this MOU shall be deemed a waiver of any approval necessary from any public or political authority such as a city council or fiscal court with respect to any term of this MOU.

11. No Joint Venture. Each Party to this MOU is an independent entity and the Parties shall not be construed for any purpose to be partners, joint venturers, agents or associates of the other Parties.

12. Notices. Any notices, communications and waivers under this MOU shall be in writing and shall be (i) delivered in person, (iii) sent by overnight express carrier, or (iii) sent via e-mail provided that the recipient acknowledges receipt of such e-mail, addressed in each case as follows:

To the NKY Port:

Northern Kentucky Port Authority
209 Greenup Street, Suite 400
Covington, Kentucky 41011
Attn: Christine Russell
Email: crussell@be-nky.com

To Catalytic Fund:

Catalytic Development Funding Corp. of
Northern Kentucky
209 Greenup Street, Suite 430
Covington, Kentucky 41011
Attn: Jeanne Schroer
Email: jschroer@thecatalyticfund.org

To Kenton County:

Kenton County, Kentucky
1840 Simon Kenton Way
Covington, Kentucky 41011
Attn: County Judge Executive
Email: joe.shriver@kentoncounty.org

To City:

City of Covington, Kentucky
20 W. Pike Street
Covington, Kentucky 41011
Attn: City Manager
Email: sreddy@covingtonky.gov

or to any other address as to any of the parties hereto, as such party shall designate in a written notice to the other party hereto. All notices sent pursuant to the terms of this Section shall be deemed received (i) if personally delivered, then on the date of delivery, (ii) if sent by overnight, express carrier, then on the next Business Day immediately following the day sent, or (iii) if sent by e-mail, on the date of transmission if receipt is acknowledged by the recipient.

13. Amendment. This MOU is the complete and entire understanding between the Parties with respect to its subject matter and can be changed only by an instrument in writing signed by all of the Parties.

14. Severability. If any provision of this MOU is deemed to be invalid by reason of the operation of law, or by reason of the interpretation placed thereon by any administrative agency or any court, the Parties shall negotiate an equitable adjustment in the provisions of the same in order to effect, to the maximum extent permitted by law, the purpose of this MOU and the validity and enforceability of the remaining provisions, or portions or applications thereof, shall not be affected thereby and shall remain in full force and effect.

15. Survival. The Parties agree to execute any documentation reasonably requested by a title company to release or terminate this MOU in order to deliver title free and clear to the Developer.

16. Right of Access. Upon not less than twenty-four (24) hours' prior notice to NKY Port and the Project Development Committee, each Party, and its respective officers, employees, agents, contractors, consultants, and invitees, shall have the right to enter upon and access the Project at reasonable times for any lawful purpose related to inspection, investigation, monitoring, planning, due diligence, compliance, or any other purpose consistent with this Memorandum of Understanding, provided that such access does not involve invasive testing or invasive due

diligence or materially damages, destroys, or permanently alters the Project. All Parties shall exercise such access in a reasonable manner and shall use commercially reasonable efforts to minimize interference with the activities or interests of the other Parties.

[SIGNATURE PAGE TO FOLLOW]

[SIGNATURE PAGE TO ECONOMIC DEVELOPMENT PROJECT
MEMORANDUM OF UNDERSTANDING]

IN WITNESS WHEREOF, the Parties have executed this MOU on this ____ day of _____, 2026.

The Northern Kentucky Port Authority
By: _____
Name: _____
Title: _____

City of Covington
By: _____
Name: _____
Title: _____

Catalytic Development Funding Corp. of
Northern Kentucky
By: _____
Name: Jeanne Schroer
Title: President & CEO

Kenton County
By: _____
Name: _____
Title: _____

Exhibit A

Depiction of Project Site



Legal Description of Project

[To be Incorporated]

Exhibit B

Catalytic Loan Term Sheet

The Catalytic Fund

209 Greenup Street, Ste. 430
Covington, KY 41011

January 8, 2026

Northern Kentucky Port Authority
Attn.: Ms. Christine Russell
Executive Director, Northern Kentucky Port Authority
209 Greenup Street, Suite 400
Covington, KY 41011

Dear Ms. Russell:

Please be advised that, subject to the terms and conditions set forth below, Catalytic Development Funding Corp. of Northern Kentucky (the "Catalytic Fund") has approved a loan secured by real property located at 1301 Madison Avenue, Kentucky 41011 (the "Project" or "Property") in the amount of One Million Five Hundred Thousand and 00/100 Dollars (\$1,500,000.00) ("Loan") to the Northern Kentucky Port Authority (the "Applicant") to provide funds to facilitate the acquisition of the Property. This approval is contingent upon compliance with all the terms and conditions as outlined below.

- Approval:** This approval is based upon and shall remain contingent upon the continued validity and accuracy, without adverse material change, of all of the information and material submitted to the Catalytic Fund by the Applicant in connection with the application for this loan.
- Expiration:** This commitment will expire ten (10) days from the date herein, unless that time is extended in writing by the Catalytic Fund, or upon the Applicant's earlier written notification to the Catalytic Fund that the Applicant does not desire to obtain this Loan.
- Loan Term:** Thirty-six (36) months from the date the Applicant and Catalytic Fund execute the Loan Documents (the "Closing Date").
- Interest Rate/
Payments:** The Loan shall be "interest only" and shall bear interest at a rate of 6% payable monthly on the outstanding principal balance. INTEREST CALCULATION METHOD. Interest on the Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under the Note is computed using this method.

**Applicant's
Required Equity:**

Applicant shall be required to invest cash of at least \$4,200,000 into the costs of the Project, which equity will be invested in the form of:

- (a) \$2,000,000 in the form of grant funding from Kenton County;
- (b) \$1,500,000 in the form of grant funding provided by the City of Covington;
- (c) \$700,000 provided by Borrower for certain Project Costs either funded prior to the Loan closing or as incurred;

Other Financing:

No senior or subordinate financing or similar encumbrances on the Property or equity interests in Applicant (excluding the Loan) will be allowed either on a secured or unsecured basis; provided, however, that Guarantor and/or its affiliates and/or partners of Applicant shall be permitted to make subordinate unsecured loans to Applicant from time to time during the term of the Loan for the purposes of payment by Applicant of monthly payments of principal and/or interest on the Loan and/or for the payment of operating deficits of the Project, which loans may be repaid by Applicant at any time that there does not then exist an Event of Default under the Loan Documents.

Loan Advances:

All advances of Loan proceeds will be based upon a standard draw process, on an actual dollars incurred basis, which shall ultimately be governed by the Loan Documents. This formalized draw process will include, but is not limited to, the following: (i) procedures regarding invoices required per advance; (ii) lien waiver submission; and (iii) provisions for the reallocation of budgetary line items within the Project budget.

**Prepayment
Premium:**

Applicant may prepay the loan at any time without premium or penalty.

Loan Fee:

Borrower shall pay a fee to Lender as consideration for arranging and providing the Loan equal to 200 basis points (2%) of the Loan Amount. Such fee shall be payable at closing of the Loan.

**Development Services
Fee:**

As consideration for Lender's development services to date, including the arranging of the acquisition capital stack, its services relating to due diligence, and financial modelling of the Project, Borrower shall pay Lender a development services fee of \$25,000 at Loan closing. For ongoing development services provided to the Project Development Team during the term of the Loan, Borrower

shall pay Lender a development services fee of \$50,000 per year, each year the Loan is outstanding with the first \$50,000 installment due one year after the Loan closing date. Lender's development services shall include financial modelling of development scenarios for the Property, market analyses of potential Property uses, fiscal and community development impact analysis, evaluation and sourcing of public incentives, assembly of capital stack necessary to complete financing of selected development plan, consultation on site marketing to developers, developer vetting and selection, and any other services the Project Development Team requires that Lender has capabilities to provide.

Loan Closing Attorney

Fee:

Borrower shall pay \$15,000 for Lender's in-house legal fees associated with documenting and closing this Loan. Borrower shall also pay any other third-party expenses of Lender related to this Loan, including, without limitation, appraisal and outside counsel legal fees. The Borrower and any Guarantor acknowledge and agree that Michelle E. Reid, Esq. as General Counsel to the Lender will only represent the Lender as legal counsel in this transaction, or any transaction related hereto. Any documents prepared by the General Counsel in connection with the closing or the Property will be created solely to satisfy the Lender's requirements and the General Counsel shall not represent the Borrower or Guarantor at any time.

Collateral:

Among other things:

- (a) First mortgage on the (i) fee simple interest in the land and (ii) all improvement, equipment, fixtures and other personal property now or hereafter located thereon together with a security interest in all leases, if any, rents, security deposits, contracts, accounts, general intangibles and related property;
- (b) An Assignment of Rents and Leases with respect to the Property
- (c) A repayment guarantee from Northern Kentucky Port Authority, a Kentucky quasi-governmental entity, equal to but not greater than the total indebtedness (the "Guaranty"). The Guaranty shall terminate upon the full repayment and satisfaction of the Loan.

**Loan in Balance/
Equity Call:**

During the term of the Loan, the Catalytic Fund shall have the option to require that the Applicant deposit with Catalytic Fund, within thirty (30) days after notification, such additional funds in

excess of the undisbursed Loan funds as the Catalytic Fund, in its sole but reasonable discretion, may determine to be necessary to maintain the improvements of the Project and to pay other costs or expenses (including, without limitation, interest expense) in connection with the Project through the date that completion occurs. The intent of the foregoing is that Applicant keep the Loan "in balance" at all times until the sale of the Project. The Catalytic Fund shall not be obligated to make disbursements at and during any time period during the term of the Loan during which Catalytic Fund determines in their sole but reasonable discretion that the Loan is not in balance.

Transferability:

No direct or indirect transfer of any legal, membership/shareholder, or beneficial interest in the Applicant (including any constituent member or partner) or the Property will be permitted.

Conditions:

- (a) The Applicant and the Catalytic Fund shall enter into a written loan agreement and such other documents as may be reasonably required, satisfactory to the Catalytic Fund and Applicant, providing for usual and customary representations and warranties, negative covenants, and affirmative covenants, specific insurance requirements, and such other terms and conditions as may be acceptable to the Applicant and to the Catalytic Fund.
- (b) A loan agreement will be used, which may contain among other things restrictions on loans, investments, dividends and redemptions, mergers, sales of assets not in the ordinary course of business, issuance of securities, and change of corporate control, and provisions relating to maintenance of insurance, books and records, notices of default and other events, and compliance with other agreements.
- (c) The Applicant shall provide the Catalytic Fund with an opinion of counsel issued by attorneys acceptable to the Catalytic Fund on such aspects of the loan transaction as the Catalytic Fund may reasonably require.
- (d) Catalytic Fund shall receive and approve (in its sole discretion) a Phase I, and if necessary, Phase II environmental assessment of the Property;
- (e) Catalytic Fund shall receive and approve documentation acceptable to the Catalytic Fund (in its sole discretion) confirming that the Applicant's proposed use of the Property will

be in compliance with applicable zoning ordinances and all appropriate permits and approvals for such renovation have been received by Applicant;

- (f) Catalytic Fund shall receive and approve (in its sole but reasonable discretion) Applicant's pre-development budget and sources and uses of all funds.
- (g) All draw activity shall be monitored per Lender's disbursement guidelines which will be more particularly set forth in the Loan Documents;
- (h) The applicant agrees that should a default exist under the Loan, including failure to pay upon final maturity, the interest rate on the loan shall be increased by adding a 5.000 percentage point margin ("Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law. The interest rate increase will begin on the fifth (5th) day after the scheduled due date of any payment and include any and all amounts due and owing at final maturity of the Note. Once the default is cured, the interest rate will return to the rate provided in the Note from the date the payment is made curing the default. The default interest rate may result in increased payment amounts and may increase the final payment due at maturity.
- (i) Satisfactory completion (in Catalytic Fund's sole and absolute discretion) of Catalytic Fund's closing/underwriting requirements and Catalytic Fund's real estate and legal due diligence review (including, without limitation, title, survey, appraisal, insurance, environmental report, and Borrower and Guarantor financial statements). Such reports must be (i) dated within six (6) months of the Closing Date unless Lender agrees to accept reports dated earlier; and (ii) be either addressed directly to Catalytic Fund or if not addressed to Catalytic Fund, Applicant must obtain reliance letters which are satisfactory to Catalytic Fund. Borrower agrees to address any areas of concern listed noted in the environmental report and provide evidence that these areas of concern were addressed during the term of the Loan.
- (j) The following shall be included as events of default under the Loan: (i) a change in the identity of the Executive Director of

Applicant; and (ii) such other usual and customary defaults contained in the Loan Documents.

**Project Capitalization
& Pro Forma:**

Exhibit A attached provides the anticipated Sources and Uses of Funds/Project Capitalization Schedule.

Documents:

All Loan documents shall be prepared by the Catalytic Fund's counsel at Applicant's expense and shall be acceptable to Catalytic Fund and Applicant.

Due Diligence:

All due diligence must be acceptable to Catalytic Fund in its reasonable discretion and must be provided by Applicant at Applicant's sole cost, including the reimbursement of Lender for any third-party costs and expenses.

**Reporting
Requirements:**

Applicant shall maintain full and correct books and records open to Catalytic Fund's inspection showing in detail the income, expenses and earnings of Applicant and Applicant shall provide Catalytic Fund with the following financial information:

- (a) Within ninety (90) days from the end of each calendar year, or as requested from time to time by Catalytic Fund, an annual unaudited financial statement consisting of a balance sheet, together with a complete statement of annual income and operating expenses of Applicant and a rent roll for the Property (if applicable), certified by an officer of Applicant and on forms proscribed by, or satisfactory to, Catalytic Fund. Notwithstanding the foregoing, Catalytic Fund agrees to accept the same format and form of such annual financial statements of Applicant as previously submitted to Catalytic Fund;
- (b) Within ninety (90) days from the end of each calendar year, or as requested from time to time by Catalytic Fund, an annual unaudited financial statement on forms proscribed by, or satisfactory to, Catalytic Fund. Notwithstanding the foregoing, Catalytic Fund agrees to accept the same format and form of such annual financial statements of Guarantors as previously submitted to the Catalytic Fund; and

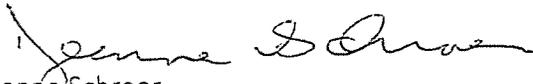
(c) Within thirty (30) days after the date of filing, tax returns (state and federal) together with all schedules attached thereto and all requests for extensions for Applicant and each Guarantor.

Notwithstanding anything to the contrary, the Lender shall not be construed for any purpose to be a partner, joint venturer, agent or associate of the Borrower or of any lessee, operator, concessionaire or licensee of the Borrower in the conduct of its business.

This Loan shall be made by Catalytic Fund only upon all of the terms and conditions set out above. If this offer is accepted by Applicant, subject to all of the above terms and conditions, please execute this letter and return it to Catalytic Fund no later than ten (10) days from the date herein. If the acceptance of this is not received by Catalytic Fund by that date, it is void.

Sincerely,

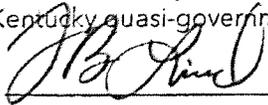
Catalytic Development Funding Corp.
of Northern Kentucky


Jeanne Schroer
President/Chief Executive Officer

ACCEPTED BY:

APPLICANT:

Northern Kentucky Port Authority
A Kentucky quasi-governmental entity

By: 

Its: CHAIR - NKPA

Date: 1-13-2026

PLEASE RETURN ONE (1) EXECUTED ORIGINAL TO CATALYTIC FUND AND RETAIN THE OTHER FOR YOUR RECORDS.

Exhibit C

Option Terms and Conditions

1. Purchase Price. In the event that Covington exercises the Option, the NKY Port shall be paid in full for the NKY Port's total financial contributions to the Project at Closing. The Option purchase price shall equal the sum of (i) \$4,500,000, plus (ii) all outstanding interest related the initial amount of the Catalytic Loan advanced at acquisition, all outstanding amounts of the Catalytic Loan disbursed from the Reserves and any interest thereon, and any other outstanding cost or fee related to the Catalytic Loan, plus (iii) any additional financial contributions into the Project made by the NKY Port ("Additional Contributions"), including any out-of-pocket costs such as any interest payments paid directly by the NKY Port with respect to the Catalytic Loan (and not from Reserves), and its attorney's fees and costs related to the acquisition, development, and sale of the Project paid directly by the NKY Port (and not from Reserves) ("Option Purchase Price"). The Option Purchase Price shall be payable in full, by wire, on the closing date of the sale to Covington ("Closing").

2. Financing. At Closing, in order to finance the Option Purchase Price:

- a. Covington shall receive a credit for its Investment;
- b. Kenton County shall keep its Investment in the Project; and
- c. Subject to its loan policies and procedures, the Catalytic Fund may permit Covington to assume the Catalytic Loan which Catalytic Loan shall remain in a senior position on the same terms and conditions provided to the NKY Port.

For the avoidance of doubt, it is the Parties intention that, in the event Catalytic Fund permits Covington to assume the Catalytic Loan, Covington would only be required to bring cash to Closing to reimburse the NKY Port for the NKY Port's Investment and Additional Contributions, if any, and to cover any other costs of Closing that Covington is responsible for pursuant to this MOU.

3. Conveyance.

a. No Representations and Warranties. The NKY Port shall transfer the Project to Covington if the Option is timely exercised on an "as-is", "where-is" basis without representations and warranties, except as set forth in the Deed (defined below).

b. Closing, Costs, and Prorations. Closing on the Option shall occur within sixty (60) days of its exercise by escrow with a title company chosen by Covington and the NKY Port shall execute and deliver an insurable special warranty deed ("Deed") conveying fee simple title to the Project, free and clear of all liens and encumbrances not permitted by the terms of this Option. The NKY Port shall be responsible for the cost of (i) deed preparation, (ii) transfer taxes, if any, and (iii) all matters of title clearance to obtain insurable title, if any. Covington shall be responsible for the cost of (i) recording the deed, and (ii) title searches, title commitments, and title insurance premiums. Any other costs of Closing shall be allocated between Covington and NKY Port in

accordance with the local custom in Covington, Kentucky. Notwithstanding the foregoing, Covington shall take title and possession of the Project subject to any interests or leases that were approved by the Project Development Committee. Taxes, rents, and utilities shall be prorated as of the Closing date based upon the most recently available tax duplicate or invoice, as applicable. All such prorations shall be final.

c. Resignation from the Project Development Committee and Forfeit of Proceeds. Upon Closing, the NKY Port shall be deemed to have resigned as a member of the Project Development Committee and the NKY Port would no longer be entitled to any proceeds, including, without limitation, Net Income, from the Project thereafter.

4. Miscellaneous. Prior to Closing and after the timely exercise of the Option, Covington shall have the right to enter upon the Project at all reasonable times to perform non-invasive inspections and investigations of the Project as Covington deems reasonably necessary. Risk of loss shall remain with the NKY Port until Closing. This Option shall not be assigned.

Exhibit D

Map of Project Site Construction Dates



Exhibit E

Budget

THE CATALYTIC FUND
DURO BAG ACQUISITION OPPORTUNITY
1301 MADISON AVENUE
COVINGTON, KY
EXHIBIT A



SOURCES & USES OF FUNDS

USES OF FUNDS

Purchase Price	\$ 4,500,000	\$ 571,792 per acre \$ 13.13 psf
Catalytic Fund Loan Fee	30,000	2% of Loan Amount
Catalytic Fund Development Services Fee for Work pre Closing	25,000	Property acquisition, financial analysis, legal
Catalytic Fund Loan Closing & MOU Prep Costs	15,000	Flat fee for Catalytic in-house attorney time
Catalytic Fund Development Services Fees (3 yrs)	150,000	Project management during holding period
Catalytic Fund Debt Service - 3 yrs	191,000	Note 2
Insurance - 3yrs	180,000	Based on Port quote
Storm Water - 3 years	7,200	Based on owner history
Utilities - 3 years	108,000	Based on owner history
Fire & Security	27,360	Based on owner history
3rd Party Property Management Fees - 3 yrs	45,000	Allowance
Buyer's Attorney	50,000	Allowance
Title Insurance	18,000	Allowance
Appraisal for City/Catalytic Fund	5,900	Actual
ALTA Survey	11,500	Allowance
Environmental (Phase I&II)	20,000	Allowance
Predevelopment A&E (initial design concepts, etc.)	316,040	Allowance
USES OF FUNDS	\$ 5,700,000	

SOURCES

2-Sources & Uses	\$ 2,000,000	
City	1,500,000	
Port		
Catalytic Fund Loan	1,500,000	1st Mortgage
Cash	700,000	
Subtotal - Port	2,200,000	
SOURCES OF FUNDS	\$ 5,700,000	

DUE AT CLOSING

Purchase Price	\$ 4,500,000
Catalytic Fund Loan Fee	30,000
Catalytic Fund Development Services Fee for Work pre Closing	25,000
Catalytic Fund Loan Closing Costs	15,000
Buyer's Attorney	50,000
Title Insurance	18,000
Appraisal	5,900
ALTA Survey	11,500
Environmental (Phase I&II)	20,000
TOTAL	\$ 4,675,400

Catalytic Fund @	\$ 475,400
Port @ 100%	700,000
County	2,000,000
City	1,500,000
TOTAL	\$ 4,675,400

RESERVE AMOUNT CALCULATION

Catalytic Fund	\$ 1,024,600
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NOTES

Catalytic Fund Loan Terms	
Loan Amount	\$ 1,500,000
Interest Rate	6.00%
Amortization	1/0
Loan Fee	2%

This analysis has been prepared for internal review and discussion only. Nothing contained herein shall be construed as a commitment to provide financing by the Catalytic Fund