

CITY OF LA GRANGE, KENTUCKY
ORDINANCE NO. 14, SERIES 2022

AN ORDINANCE AMENDING THE COMPENSATION TAX

Whereas, in accordance with KRS 65.750 to 67.790, Section 118 of the La Grange Ordinance Code, passed August 5, 2013, imposed a compensation tax on wages earned by persons engaged in occupations and professions within the City of La Grange

Whereas, funds derived from the compensation tax ordinance were initially earmarked for retirement of debt related to the municipal bonds issued for development of Oldham Reserve, however that project is not completed and will require additional expenditures for infrastructure and utilities that will necessarily incur more debt. The compensation tax will lessen dependence on ad valorem property taxes on residential and commercial real estate within the City limits.

Whereas, over two hundred cities and counties in the State of Kentucky impose similar occupational taxes for the purpose of promoting economic development within the boundaries of their government by creating job opportunities for their citizens and surrounding communities.

Whereas, the funding required to complete the Oldham Reserve infrastructure and utilities by means of a compensation tax is consistent with and fulfills its obligations under the 2005 Interlocal Cooperation Agreement between the City of La Grange and Oldham County to share the cost of acquisition and development of Oldham Reserve for economic vitality.

Whereas, funds derived from the compensation tax will be used for public works and capital projects to repair, maintain and improve streets, sidewalks, traffic, parking, drainage, internet access, and other public facilities; for parks and recreation to promote health, safety and welfare of the citizens; and for the protection of their person and property.

Whereas, it is deemed prudent to set aside a reserve fund for the reasonably foreseeable needs for infrastructure, utility and maintenance of Oldham Reserve and related projects from compensation taxes collected from businesses benefiting from such economic development.

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF LA GRANGE, KENTUCKY, AS FOLLOWS.

§ 118.01 DEFINITIONS.

For the purpose of this chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning.

"BUSINESS." Any enterprise, activity, trade, occupation, profession or undertaking of any nature conducted for gain or profit. "BUSINESS" shall not include the usual activities of board of trade, chambers of commerce, trade associations, or unions, or other associations performing services usually performed by trade associations or unions. "BUSINESS" shall not include funds, foundations, corporations or associations organized and operated for the exclusive and sole purpose of religious, charitable, scientific, literary, educational, civic or fraternal purposes, where no part of the earnings, incomes or receipts of such unit, group, or association, inures to the benefit of any private shareholder or other person.

"BUSINESS ENTITY." Each separate corporation, limited liability company, business development corporation, partnership, limited partnership, registered limited liability partnership, sole proprietorship, association, joint stock company, receivership, trust, professional service organization, or other legal entity through which business is conducted.

"CITY." The City of La Grange, Kentucky.

"COMPENSATION." Wages or salaries paid or payable by an employer for services performed by an employee, which are required to be reported for federal income tax purposes and adjusted as follows:

(1) Include any amounts contributed by an employee to any retirement, profit sharing, or deferred compensation plan, which are deferred for federal income tax purposes under a salary reduction agreement or similar arrangement, including but not limited to salary reduction arrangements under Section 401(a), 401 (k), 402(e), 403(a), 403(b), 408, 414(h), or 457 of the Internal Revenue Code; and

(2) Include any amounts contributed by an employee to any welfare benefit, fringe benefit, or other benefit plan made by salary reduction or other payment method which permits employees to elect to reduce federal taxable compensation under the Internal Revenue Code, including but not limited to Sections 125 and 132 of the Internal Revenue Code.

"CONCLUSION OF THE FEDERAL AUDIT." The date that the adjustments made by the Internal Revenue Service to net income as reported on the business entity's federal income tax return become final and unappealable.

"EMPLOYEE." Any person who renders services to another person or any business entity for compensation, including an officer of a corporation and any officer, employee, or elected official of the United States, a state, or any political subdivision of a state, or any agency of instrumentality of any one (1) or more of the above. A person classified as an independent contractor under the Internal Revenue Code shall not be considered an employee.

"EMPLOYER." The person for whom an individual performs or performed any service, of whatever nature, as the employee of such person, except that:

(1) If the person for whom the individual performs or performed the services does not have control of the payment of the wages for such services, the term "EMPLOYER" means the person having control of the payment of such wages; and

(2) In the case of a person paying wages on behalf of a nonresident alien individual, foreign partnership, or foreign corporation, not engaged in trade or business within the United States, the term "EMPLOYER" means such person.

"FINAL DETERMINATION OF THE FEDERAL AUDIT." The revenue agent's report or other documents reflecting the final and unappealable adjustments made by the Internal Revenue Service.

"FISCAL YEAR." An accounting period of twelve (12) months ending on the last day of any month other than December;

"INTERLOCAL COOPERATION AGREEMENT." The 2005 agreement by and between the City of La Grange, Kentucky and the County of Oldham, Kentucky pursuant to KRS 65.210 to 65.300 establishing the Oldham-La Grange Development Authority (OLDA) under KRS 154.50-301 et seq for the purpose of jointly promoting economic development within the City and County.

"INTERNAL REVENUE CODE." The Internal Revenue Code in effect on December 1, 2003, exclusive of any amendments made subsequent to that date, other than amendments that extend provisions in effect on December 31, 2003, that would otherwise terminate.

"PERSON." Every natural person, whether a resident or non-resident of the city. Whenever the word "PERSON" is used in a clause prescribing and imposing a penalty in the nature of a fine or imprisonment, the word, as applied to a partnership or any form of unincorporated enterprise, shall mean the partners or members thereof, and as applied to limited liability companies or corporations, shall mean the officers, members, and/or directors thereof.

"RETURN" or "REPORT." Any properly completed and, if required, signed form, statement, certification, declaration, or any other document permitted or required to be submitted or filed with the city.

"SALES REVENUE." Receipts from the sale, lease, or rental of goods, services, or property.

"TAX DISTRICT." Any city of the first to fifth class with the authority to levy compensation taxes.

"TAXABLE YEAR." The calendar year or fiscal year ending during the calendar year, upon the basis of which wages or salaries are earned.

§ 118.02 COMPENSATION TAX PAYMENT REQUIRED.

(A) Except as provided in division (B) of this section, any person who earns wages or salaries and is required to make a filing with the Internal Revenue Service or the Kentucky Revenue Cabinet shall be required to file and pay to the city a compensation tax for the privilege of engaging in such activities within the city. The compensation tax shall be measured by one percent (1%) of all compensation paid or payable in the city for work done or services performed or rendered in the city by every resident and nonresident who is an employee.

(B) The compensation tax imposed in this section shall not apply to the following persons:

(1) Any members of the Kentucky national guard for active-duty training, unit training assemblies and annual field training;

(2) Any precinct workers for election training or work at election booths in state, county, and local primary, regular, or special elections;

(3) Persons who have been issued a license under KRS Chapter 243 to engage in manufacturing or trafficking in alcoholic beverages, but only for compensation earned directly as a result of engaging in that activity. Persons engaged in the business of manufacturing or trafficking in alcoholic beverages are required to file a return but may exclude the portion of their compensation derived from the manufacturing or trafficking in alcoholic beverages.

§ 118.04 PAYMENT OF TAX QUARTERLY.

(A) Every business who employs individuals subject to taxation under this chapter, shall collect and make quarterly tax payments on behalf of the employees subject to this tax on or before: the last day of October (for liability accrued from July 1 through the end of September), and the last day of January (for liability accrued from October 1 through the end of December of the prior calendar year) the last day of April (for liability accrued from January 1 through the end of March), the last day of the July (for liability accrued from April 1 through the end of

(B) Any business entity that fails to submit the quarterly payment required under division (A) of this section by the due date for the quarterly payment shall pay an amount equal to twelve percent (12%) per annum simple interest on the amount of the quarterly payment required under division (A) of this section.

(C) At the election of the business entity, any installment of the estimated tax may be paid prior to the date prescribed for its payment.

§ 118.05 APPORTIONMENT.

(A) When compensation is paid or payable for work done or services performed or rendered by an employee, both within and without the city, the compensation tax shall be measured by that part of the compensation paid or payable as a result of the work done or service performed or rendered within the city. The compensation tax shall be computed by obtaining the percentage which the compensation for work performed or services rendered within the city bears to the total wages and compensation paid or payable. In order for the city to verify the accuracy of a taxpayer's reported payments under this chapter, the taxpayer's employer shall maintain adequate records.

(B) All income earned by partnerships, S corporations, and all other entities where income is "passed through" to the owners are not subject to this chapter.

(C) If any business entity dissolves, ceases to operate, or withdraws from the city during any taxable year, or if any business entity in any manner surrenders or loses its charter during any taxable year, the dissolution, cessation of business, withdrawal, or loss or surrender of charter shall not defeat the filing of returns and the assessment and collection of any compensation tax

due from the employees of the business for the period of that taxable year during which the business entity had business activity in the city.

§ 118.06 EMPLOYERS TO WITHHOLD.

(A) Every employer making payment of compensation to an employee, including government agencies (federal, state or local), and non-profit organizations with paid staff, shall deduct and withhold from the compensation a compensation tax calculated under §118.02.

(B) Every employer required to deduct and withhold tax under this section shall, for the quarter ending December 31st and for each quarter ending thereafter, on or before the end of the month following the close of each quarter, make a return and report to the city, and pay to the city, the tax required to be withheld under this section, unless the employer is permitted or required to report within a reasonable time after some other period as determined by the city.

(C) Every employer who fails to withhold or pay to the city any sums required by this chapter to be withheld and paid shall be personally and individually liable to the city for any sum or sums withheld or required to be withheld in accordance with the provisions of this section.

(D) The city shall have a lien upon all the property of any employer who fails to withhold or pay over to the city sums required to be withheld under this section. If the employer withholds but fails to pay the amounts withheld to the city, the lien shall commence as of the date the amounts withheld were required to be paid to the city. if the employer fails to withhold, the lien shall commence at the time the liability of the employer is assessed by the city.

(E) Every employer required to deduct and withhold tax under this section shall complete and file on a form furnished or approved by the city a reconciliation of the compensation tax withheld where compensation is paid or payable to the employees. The city may request, at any time, either copies of federal forms W-2 and W-3, transmittal of wage and tax statements, or a detailed employee listing with the required equivalent information.

(F) Every employer shall furnish each employee a statement on or before January 31st of each year showing the amount of compensation and compensation tax deducted by the employer from the compensation paid to the employee for payment to the city during the preceding calendar year.

(G) An employer shall be liable for the payment of the tax required to be deducted and withheld under this section.

(H) The president, vice president, secretary, treasurer or any other person holding an equivalent corporate office of any business entity subject to this section shall be personally and individually liable, both jointly and severally, for any tax required to be withheld from compensation paid or payable to one or more employees of the business entity, and neither the corporate dissolution or withdrawal of the business entity from the city, nor the cessation of holding any corporate office, shall discharge that liability; provided that the personal and individual liability shall apply to each and every person holding the corporate office at the time the tax becomes or became obligated. No person shall be personally and individually liable under this subsection unless such person had authority to collect, truthfully account for, or pay over the

tax imposed by this chapter at the time that the taxes imposed by this chapter became or become due.

(I) Notwithstanding divisions (G) and (H) of this section, every employee receiving compensation in the city subject to the tax imposed under §118.02 shall be personally liable for any amount due. In all cases where the employer does not withhold the tax levied under this chapter from the employee, such employee or employees shall be responsible for filing with the city each quarter in the same manner as if they were the employer.

§ 118.07 PRODUCTION OF DOCUMENTS.

(A) All business entity returns for the preceding taxable quarter shall be made each quarter, on the dates provided herein in §118.04. Blank forms for returns shall be supplied by the city.

(B) Whenever, in the opinion of the city, it is necessary to examine the records of any business entity in order to audit the return, the city may compel the business entity to produce for inspection a copy of any records, statements and schedules in support thereof that have not been previously filed. The city may also require copies of reports of adjustments made by the federal government. The city may compel this inspection by providing written notice to the business entity. If a request for examination is made, the requested documents must be produced for examination to the city attorney within 30 days of the mailing of the notice to compel inspection.

(C) Every business entity who employs persons who are subject to a compensation tax governed by the provisions of this chapter shall keep records, render under oath statements, make returns and comply with rules as the city from time to time may prescribe. Whenever the city deems it necessary, the city may require a business entity, by notice served to the business entity, to make a return, render statements under oath, or keep records, as the city deems sufficient to determine the tax liability of the employees of the business entity.

(D) The city may require, for the purpose of ascertaining the correctness of any return or for the purposes of making an estimate of the taxable compensation of any employee of any business entity, the attendance of a representative of the business entity or any other person having knowledge of the compensation paid.

(E) The full amount of the tax payable by any business entity on behalf of its employees, as appears from the face of the return, shall be paid to the city at or before the time prescribed for filing the compensation tax return, determined without regard to any extension of time for filing the return.

§ 118.08 EXTENSIONS.

(A) The city may grant any business entity an extension of not more than six (6) months for filing its return, if the business entity, on or before the date prescribed for payment of the compensation tax, requests the extension and pays the amount properly estimated as its tax.

(B) If the time for filing a return is extended, the business shall pay, as part of the tax, an amount equal to twelve percent (12%) per annum simple interest on the tax shown due on the return, but not been previously paid, from the time the tax was due until the return is actually filed and the tax paid to the city. A fraction of a month is counted as an entire month.

§ 118.09 REFUNDS.

(A) Where there has been an overpayment of tax under §118.06, a refund or credit shall be made to the employer to the extent of overpayment only if a written application for refund or credit is received by the city from the employer within two (2) years from the date the overpayment was made.

(B) An employee who has compensation attributable to activities performed outside the city, based on the time spent outside the city, whose employer has withheld and remitted to this city, the compensation tax on the compensation attributable to activities performed outside the city, may file for a refund within two (2) years of the date prescribed by law for the filing of a return. The employee shall provide by affidavit, and with supporting documentation, a schedule and computation sufficient to verify the refund claim and the city may require that the employer provide, by affidavit, a statement corroborating the schedule and computation of the employee, the percentage of time spent outside the city and the amount of compensation attributable to activities performed outside the city prior to approval of the refund.

(C) In the case where the tax computed under the provisions of this chapter is less than the amount which has been declared and paid as estimated tax for the same taxable year, a refund or credit, if a credit is requested, shall be made upon the filing of a return.

(D) (1) Overpayment resulting from the payment of estimated tax in excess of the amount determined to be due upon the filing of a return for the same taxable year may be credited against the amount of estimated tax determined to be due on any declaration filed for the next succeeding taxable year or for any deficiency or nonpayment of tax for any previous year.

(2) No refund shall be made of any estimated tax paid unless a complete return is filed as required by this chapter.

§ 118.10 AUDIT PROVISIONS.

(A) As soon as practicable after each return is received, the city may examine and audit the return. If the amount of tax computed by the city is greater than the amount returned by the business entity, the additional tax shall be assessed and a notice of assessment mailed to the business entity by the city within five (5) years from the date the return was filed, except as otherwise provided in this subsection.

(1) In the case of a failure to file a return or of a fraudulent return the additional tax may be assessed at any time.

(2) (a) In the case of a return where a business entity understates compensation, or omits an amount properly includable in compensation, or both, which understatement or omission, or both, is in excess of twenty-five percent (25%) of the amount of compensation stated on the return, the additional tax may be assessed at any time within six (6) years after the return was

(b) The times provided in this division may be extended by agreement between the business entity and the city. For the purposes of this subsection, a return filed before the last day prescribed by law for filing the return shall be considered as filed on the last day. Any extension

granted for filing the return shall also be considered as extending the last day prescribed by law for filing the return.

(B) The city may initiate a civil action for the collection of any unpaid tax within six years after the tax becomes payable to the city.

§ 118.11 ADMINISTRATIVE PROVISIONS.

(A) No suit shall be maintained in any court to restrain or delay the collection or payment of the tax levied by this chapter.

(B) Any tax collected pursuant to the provisions of this chapter may be refunded or credited within two (2) years of the date prescribed by law for the filing of a return or the date the money was paid to the city, whichever is later, except that:

(1) in any case where the assessment period contained in §118.10 has been extended by an agreement between the business entity and the city, the limitation contained in this subsection shall be extended accordingly.

(2) For the purposes of this division (B) and division (A) of this section, a return filed before the last day prescribed by law for filing the return shall be considered as filed on the last day.

(C) The authority to refund or credit overpayments of taxes collected pursuant to this chapter is vested exclusively in the city.

§118.12 INFORMATION TO REMAIN CONFIDENTIAL.

(A) No present or former employee of any tax district shall intentionally and without authorization inspect or divulge any information acquired by him or her of the affairs of any person, or information regarding the tax schedules, returns, or reports required to be filed with the tax district or other proper officer, or any information produced by a hearing or investigation, insofar as the information may have to do with the affairs of the person's business. This prohibition does not extend to information required in prosecutions for making false reports or returns for taxation, or any other infraction of the tax laws, or in any way made a matter of public record, nor does it preclude furnishing any taxpayer or the taxpayer's property authorized agent with information respecting his or her own return. Further, this prohibition does not preclude any employee of the tax district from testifying in court, or from introducing as evidence returns or reports filed with the tax district, in an action for violation of tax district law or in any action challenging a tax district tax law.

(B) The city reserves the right to disclose to the Commissioner of Revenue of the Commonwealth of Kentucky or his or her duly authorized agent all such information and rights to inspect any of the books and records of the city if the Commissioner of Revenue of the Commonwealth of Kentucky grants to the city the reciprocal right to obtain information from the files and records of the Kentucky Department of Revenue and maintains the privileged character of the information so furnished. Provided, further, that the city may, but is not required to, publish statistics based on such information in such a manner as not to reveal data respecting compensation of any person or business entity.

(C) In addition, the city is empowered to execute similar reciprocity agreements as described in division (B) of this section with any other taxing entity, should there be a need for exchange of information in order to effect diligent enforcement of this chapter.

§ 118.13 USE OF COMPENSATION TAX.

(A) All money derived from the compensation taxes under the provisions of this chapter shall be paid to the city and placed to the credit of the city's general revenue fund; however, one-half of all funds collected as a compensation tax shall be used only to retire debt related to the from businesses and organizations located or doing business within the boundaries of the Oldham Reserve Property (see Exhibit A-I, attached to the ordinance codified herein) shall be paid to Oldham County Fiscal Court in accordance with the Interlocal Cooperation Agreement.

(B) A minimum of twenty percent (20%) of net compensation taxes received by the City from Oldham Reserve businesses after the payment to Oldham County described in Subsection (A) shall be set aside in a reserve account for future infrastructure, utility, public works, and other economic development obligations under the Interlocal Cooperation Agreement: and

(C) Subject to Subsections (A) and (B), the remainder of all funds collected as a compensation tax shall be used for the purposes of promoting economic development within the boundaries of the City, creating job opportunities for the citizens of this City, and accomplishing public projects, including completion of the Oldham Reserve infrastructure and utilities reasonably necessary for economic development and growth in accordance with the Interlocal Cooperation Agreement; for public works and capital projects to maintain, repair, and improve City streets, sidewalks, transportation, parking, drainage, internet access, and other public facilities: for public parks and recreation activities to promote the health, safety and welfare of the citizenry: and for public safety and protection of person and Property of the citizens of La Grange.

§ 118.99 PENALTY.

(A) (1) A business entity subject to tax on compensation may be subject to a penalty equal to five percent (5%) of the tax due for each calendar month or fraction thereof if the business entity:

(a) Fails to file any return or report, annual or quarterly, on or before the due date prescribed for filing or as extended by the city; or

(b) Fails to pay the tax computed on the return or report on or before the due date prescribed for payment.

(2) The total penalty levied pursuant to this subsection shall not exceed twenty-five percent (25%) of the total tax due; however, the penalty shall not be less than twenty-five dollars (\$25).

(B) Every employer who fails to file a return or pay the tax on or before the time prescribed under §118.06 may be subject to a penalty in amount equal to five percent (5%) of the tax due for each calendar month or fraction thereof The total penalty levied pursuant to this subsection shall not exceed twenty-five percent (25%) of the total tax due; however, the penalty shall not

be less than twenty-five dollars (\$25.00). This subsection also applies to any quarterly tax estimate where the payment submitted with the estimate is less than that required by §118.04.

(C) In addition to the penalties prescribed in this section, any business entity or employer shall pay, as part of the tax, an amount equal to twelve percent (12%) per annum simple interest on the tax shown due, but not previously paid, from the time the tax was due until the tax is paid to the city. A fraction of a month is counted as an entire month. This subsection also applies to any quarterly tax estimate where the payment submitted with the estimate is less than that required by §118.04.

(D) Every tax imposed by this chapter, and all increases, interest, and penalties thereon, shall become, from the time the tax is due and payable, a personal debt of the taxpayer to the city.

(E) The city may enforce the collection of the compensation tax due under §§118.03 and 118.04 and any fees, penalties, and interest as provided in divisions (A), (B), (C), and (D) of this section as a violation which may be heard by the La Grange Code Enforcement Board or by civil action in a court of appropriate jurisdiction. The city shall be entitled to recover all court costs, postage expenses, and reasonable attorney(s) and or paralegal(s) fees incurred by it in enforcing any provision of this chapter.

(F) In addition to the penalties prescribed in this section, any business entity or employer who willfully fails to make a return or willfully makes a false return, or who willfully fails to pay taxes owing or collected, with the intent to evade payment of the tax or amount collected, or any part thereof, shall be guilty of a Class A misdemeanor.

(G) Any person who willfully aids or assists in, or procures, counsels, or advises the preparation or presentation under, or in connection with, any matter arising under this chapter of a return, affidavit, claim, or other document, which is fraudulent or is false as to any material matter, whether or not the falsity or fraud is with the knowledge or consent of the person authorized or required to present the return, affidavit, claim, or document, shall be guilty of a Class A misdemeanor.

(H) A return for the purpose of this section shall mean and include any return, declaration, or form prescribed by the city and required to be filed with the city by the provisions of this chapter, or by the rules of the city or by written request for information to the business entity by the city.

(I) Any person violating the provisions of §118.12 by intentionally inspecting confidential taxpayer information without authorization, shall be fined not more than five hundred dollars (\$500.00) or imprisoned for not longer than six (6) months, or both.

(J) Any person violating the provisions of §118.12 by divulging confidential taxpayer information shall be fined not more than one thousand dollars (\$1,000.00) or imprisoned for not more than one (1) year, or both.

This Ordinance shall become effective upon its passage and publication.

FIRST READING: November 7, 2022

SECOND READING: December 5, 2022

VOTE:

Yes 5

No 3

APPROVED: December 5, 2022

CITY OF LA GRANGE, KENTUCKY

John W. Black, Mayor

ATTEST:

Stephanie Cooper, City Clerk

2022•14 amd comp tu.x ord rl 1028F.doc.x

EXHIBIT A-I

PROPERTY DESCRIPTION
BADGETT OLDHAM-LAGRANGE DEVELOPMENT AUTHORITY

TRACT I (Badgett Property)

BEGINNING at a point in the east right of way of Moody Lane (Kentucky Highway 2857), said point being thirty feet (30) from the road centerline and being in the southerly line of the land of Albert Troxell (now Scott D. and Jessica Ferguson); thence with the lines of said Troxell (now Ferguson and continuing with Joan Dubey and Paulette Mitchell), North 73 degrees 39 minutes 43 seconds East 464.29 feet; North 74 degrees 45 minutes 25 seconds East 170.45 feet; North 20 degrees 34 minutes 02 seconds West 626.07 feet; and South 74 degrees 19 minutes 14 seconds West 613.00 feet to a point in the aforesaid right of way; thence continuing with said right of way, North 20 degrees 35 minutes 32 seconds West 252.51 feet; North 14 degrees 52 minutes 54 seconds West 301.50 feet; and North 23 degrees 01 minutes 19 seconds West 224.82 feet to a point in the southeast line of the land of William A. Allen (now Barry G. and Charlotte L. Dawson); thence with the lines of said Allen (now Dawson and continuing with Charlotte A. Akers and with Paul Stokes and Terry Stokes), North 65 degrees 39 minutes 07 seconds East 1,081.95 feet; and North 13 degrees 40 minutes 41 seconds West 281.28 feet to a point in the southeast right-of-way line of New Moody Lane (variable right of way); thence with said right of way the following courses and distances:

North 67 degrees 17 minutes 59 seconds East 475.71 feet; North 61 degrees 39 minutes 26 seconds East 306.14 feet; North 71 degrees 07 minutes 29 seconds East 206.09 feet; North 58 degrees 14 minutes 32 seconds East 306.58 feet;

North 60 degrees 55 minutes 09 seconds East 508.69 feet;

North 59 degrees 13 minutes 33 seconds East 713.32 feet;

North 52 degrees 45 minutes 09 seconds East 700.78 feet;

North 49 degrees 00 minutes 38 seconds East 311.42 feet; and

North 52 degrees 47 minutes 38 seconds East 245.24 feet to a corner with the land of Baptist Healthcare Affiliates, Inc.; thence with the lines of said Baptist Healthcare Affiliates, Inc., the following courses and distances:

South 67 degrees 20 minutes 33 seconds East 160.76 feet;

South 24 degrees 44 minutes 26 seconds West 830.86 feet;

South 38 degrees 52 minutes 25 seconds East 1,089.85 feet; and

South 23 degrees 11 minutes 32 seconds East 516.95 feet to a point at a northwest corner of Cherrywood Place subdivision; thence with said line of Cherrywood Place, South 23 degrees 12 minutes 23 seconds East 568.94 feet to a corner with Dominion Homes of Kentucky, Ltd.;

thence with said Dominion Homes, South 73 degrees 54 minutes 10 seconds West 921.45 feet; and South 22 degrees 42 59 seconds East 1,382.81 feet to a point at the northwest corner of Griffin Lane (also known as Peak Lane); thence crossing said lane, South 18 degrees 31 minutes 10 seconds East 25.15 feet to the southwest corner of said Griffin lane; thence with the southeast

EXHIBIT A-I

DESCRIPTION [continued] lines of said Griffin Lane, North 65 degrees 08 minutes 01 seconds East 1,603.44 feet; North 12 degrees 20 minutes 22 seconds East 170.57 feet; and North 72 degrees 37 minutes 11 seconds East 2,009.35 feet to a point in the southwest right of way of Kentucky Highway 53, said point being thirty feet (30') from the highway centerline; thence with said line of Highway 53, South 13 degrees 31 minutes 19 seconds East 292.62 feet to the northeast corner of Clarence Arvin (now Gleneagles Estates subdivision); thence with the lines of said Arvin (now Gleneagles Estates), South 73 degrees 28 minutes 10 seconds West 2,131.38 feet; and South 10 degrees 14 minutes 09 seconds West 1,204.69 feet to a northwest corner of Green Valley County Club and Residential Development (now Eagle Creek Golf Course and Green Valley/Lakewood Shores subdivisions); thence with the lines of said Eagle Creek and of Green Valley Lakewood Shores the following courses and distances:

South 10 degrees 22 minutes 35 seconds West 653.13 feet;

South 75 degrees 49 minutes 03 seconds West 641.16 feet;

South 14 degrees 43 minutes 42 seconds East 1,734.69 feet; and

North 75 degrees 58 minutes 21 seconds East 3,323.52 feet; to a point in the southwest right of way of Kentucky Highway 53 (variable right of way); thence with said line of Highway 53 the following courses and distances:

South 09 degrees 04 minutes 54 seconds East 32.84 feet;

South 15 degrees 19 minutes 22 seconds East 180.64 feet;

South 09 degrees 25 minutes 19 seconds East 153.38 feet to a point of curvature; with a curve to left having a central angle of 30 degrees 14 minutes 58 seconds and a radius of 498.22 feet, the chord of which is South 24 degrees 26 minutes 16 seconds East 259.99 feet, to a point of tangency.

South 39 degrees 36 minutes 06 seconds East 131.05

feet; South 30 degrees 50 minutes 09 seconds East

388.84 feet; South 13 degrees 33 minutes 52 seconds

East 298.19 feet; South 52 degrees 01 minutes 40

seconds East 49.94 feet;

South 14 degrees 58 minutes 36 seconds East 741.26 feet; and

South 09 degrees 28 minutes 05 seconds East 32.61 feet to the northeast corner of the land of Louisville Gas and Electric Company; thence with the lines of said Louisville Gas and Electric company, South 75 degrees 02 minutes 13 seconds West 90.70 feet; and South 15 degrees 01 minutes 06 seconds East 85.00 feet to a point in the northwest right of way of Moody Lane (Kentucky Highway 2856), said point being thirty feet (30') from the highway centerline; thence with said line of Moody Lane the following courses and distances:

South 75 degrees 02 minutes 13 seconds West 65.65 feet to a point of curvature; with a curve to the right having a central angle of 05 degrees 29 minutes 16 seconds and a radius of 1,693.76 feet, the chord of which is South 77 degrees 46 minutes 51 seconds West 162.17 feet, to a point of reverse curvature; with a curve to the left having a central angle of 05 degrees 07 minutes 50 seconds and a radius of 1,873.96 feet, the chord of which is South 77 degrees 57 minutes 34 seconds West 167.75 feet, to a point of tangency;

South 75 degrees 23 minutes 39 seconds West 1,650.06 feet to a point of curvature; with a curve to the right having a central angle of 15 degrees 13 minutes 20 seconds and a radius of 298.00 feet, the chord of which is South 83 degrees 00 minutes 20 seconds West 78.94 feet, to a point of reverse curvature; with a curve to the left having a central angle of 33 degrees 10 minutes 30 seconds and a radius of 374.21 feet, the chord of which is South 74 degrees 01 minutes 40 seconds West 213.66 feet, to a point of reverse curvature; with a curve to the right

EXHIBIT A-1

DESCRIPTION [continued] having a central angle of 22 degrees 25 minutes 40 seconds and a radius of 645.01 feet, the chord of which is South 68 degrees 39 minutes 14 seconds West 250.87 feet, to a point of tangency; and

South 79 degrees 52 minutes 03 seconds West 1,888.40 feet to a point in the east line of James Vincent and Maxine Kinser; thence with said line of Kinser and continuing with the east lines of Moody Heights subdivision, North 14 degrees 39 50 seconds West 1,560.14 feet to a corner with Lakewood Valley Development; thence with an east line of said Lakewood Valley, North 15 degrees 02 minutes 26 seconds West 401.89 feet; thence with the north lines of Lakewood Valley and continuing with the north line of The Ballard Place subdivision, South 74 degrees 55 minutes 02 seconds West 2,668.26 feet; thence continuing with a north line of The Ballard Place, South 84 degrees 47 minutes 51 seconds West 851.48 feet to a corner with Roy Gividen; thence with the east and north lines of Gividen the following courses and distances:

North 12 degrees 20 minutes 05 seconds West 883.59 feet;

South 84 degrees 15 minutes 11 seconds West 1,565.15 feet;

North 38 degrees 38 minutes 12 seconds West 69.27 feet; and

South 79 degrees 07 minutes 20 seconds West 613.36 feet to a point in the east right of way of Moody Lane (Kentucky Highway 2857), said point being thirty feet (30') from the highway centerline; thence with said line of Moody Lane the following courses and distances:

North 04 degrees 53 minutes 10 seconds East 98.05 feet to a point of curvature; with a curve to the left having a central angle of 15 degrees 56 minutes 06 seconds and a radius of 713.10 feet, the chord of which is North 03 degrees 04 minutes 54 seconds West 197.69 feet, to a point of tangency.

North 11 degrees 02 minutes 57 seconds West 322.88 feet; with a curve to the right having a central angle of 50 degrees 41 minutes 36 seconds and a radius of 206.52 feet, the chord of which is North 14 degrees 17 minutes 51 seconds East 176.82 feet, to a point of reverse curvature; with a curve to the left having a central angle of 44 degrees 58 minutes 44 seconds and a radius of 256.75 feet, the chord of which is North 17 degrees 09 minutes 14 seconds East 196.42 feet, to a point of reverse curvature; with a curve to the right having a

central angle of 23 degrees 53 minutes 46 seconds and a radius of 714.00 feet, the chord of which is North 06 degrees 36 minutes 43 seconds East 295.63 feet, to a point of tangency;

N 18 degrees 33 minutes 36 seconds East 429.20 feet to a point of curvature; with a curve to the right having a central angle of 55 degrees 27 minutes 40 seconds and a radius of 86.63 feet, the chord of which is North 46 degrees 17 minutes 32 seconds East 80.62 feet, to a point of tangency;

North 74 degrees 01 minutes 27 seconds East 380.09 feet to a point of curvature; and with a curve to the left having a central angle of 35 degrees 36 minutes 44 seconds and a radius of 164.98 feet, the chord of which is North 56 degrees 13 minutes 08 seconds East 100.90 feet, to a point in the south line of Eddie I. and Verna Kay Huber; thence with the lines of said Huber and continuing with the lines of Theodore Bisig (now John A. and Sharon M. Cox), South 79 degrees 53 minutes 45 seconds East 150.32 feet; North 45 degrees 24 minutes 14 seconds East 103.55 feet; and North 20 degrees 07 minutes 27 seconds West 280.22 feet to a point in the easterly right of way of Moody Lane (Kentucky Highway 2857), said point being thirty feet (30') from the road centerline; thence with said _ line of Moody Lane the following courses and distances:

North 20 degrees 47 minutes 28 seconds East 334.82 feet; North
23 degrees 36 minutes 56 seconds East 582.26 feet; EXHIBIT A-

1

DESCRIPTION

[continued]

North 25 degrees 23 minutes 38 seconds East 789.74 feet to a point of curvature; and with a curve to the left having a central angle of 27 degrees 32 minutes 04 seconds and a radius of 432.56 feet, the chord of which is North 11 degrees 37 minutes 37 seconds East 205.88 feet, to the beginning containing 1,074.46 acres per survey dated June 1981 by Rankin Associates, Inc,

EXCEPTIONS:

- (1) 9.94 acres to City of LaGrange in Deed Book 232, Page 69
- (2) 6.941 acres to Medical Center Ventures Partnership in Deed Book 410, Page 128 (now Baptist Healthcare Affiliates per Deed Book 475, Page 3(6))
- (3) Property described in lease of record in Deed Book 391, Page 134

TRACT 2 (Peak Road)

Being a strip of land twenty-five feet in width at its east and west ends, running from the west right of way of Kentucky Highway 53 approximately 3,700 feet to the land of Badgett Properties Ltd, and being bounded on the south by the land of Badgett Properties Ltd. and on the north by Carolyn Davis and by Dominion Homes of Kentucky, Ltd.

Tract I and Tract 2 being the same property conveyed to the Oldham-LaGrange Development Authority, a local industrial development authority established pursuant to K.RS 154.50-301, et.seq. by deed dated August 4, 2005, of record in Deed Book 841, Page 590, in the office of the Clerk of Oldham County, Kentucky.

Excluding any portion of the foregoing described real property sold or under option to the Rawlings Group, LLC as of the date hereof.