



CITY OF COVINGTON

Ronald L. Washington
Mayor

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July 25, 2025

RE: Center for Biomedical Excellence (CBME) at CCR

Judge Knochelmann:

Based on our meeting with representatives from the Port Authority, Kenton County and Pizzuti on July 7 as well as several follow-up emails with Patrick Katzenmeyer, the City has prepared the attached deal term framework related to Block G at the Covington Central Riverfront (CCR).

We prepared the deal term framework to clearly communicate how the City can best facilitate the location of this exciting new facility at the CCR neighborhood. This framework addresses the most critical aspects of the development including land acquisition, parking, use of public spaces and potential for future expansion.

We believe the approach described in the attached deal terms offers a realistic and workable solution to the challenges in a way that meets the goals of the universities, the Port, and the County while also protecting the interests of the Covington taxpayers.

While we believe Block G presents the best location for the CBME, we are excited to work with the planners and stakeholders no matter which Covington location is selected.

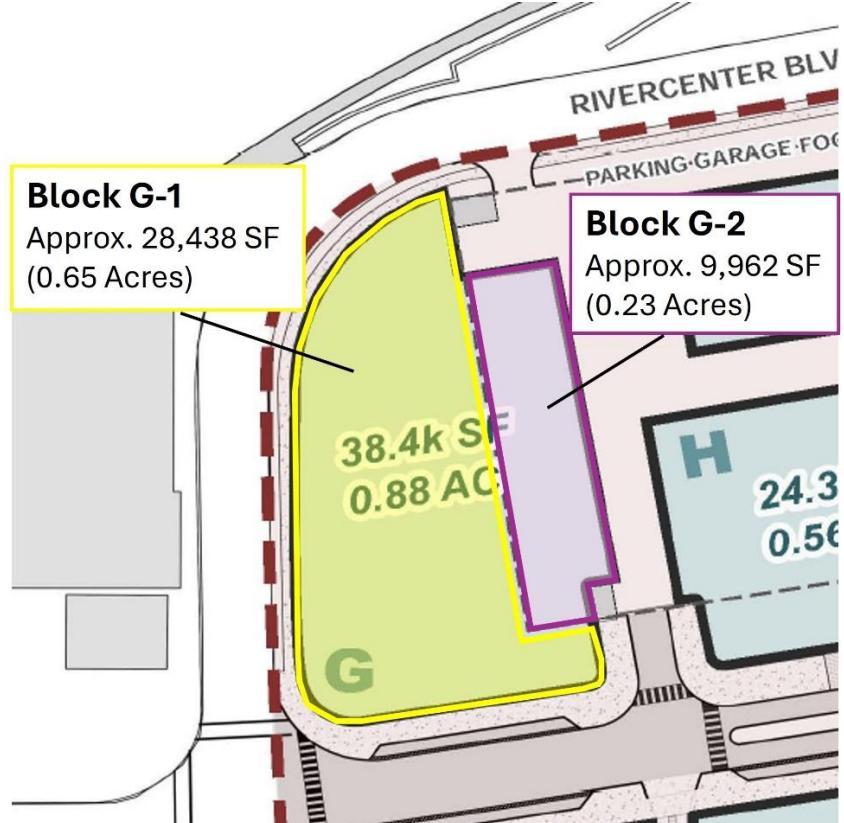
Sincerely

Ronald L. Washington
Mayor, City of Covington

City of Covington Block G Recommended Terms

This represents a basic framework for a deal, details will be clarified in a term sheet and Disposition and Development Agreement, the latter of which must be approved by the Covington Board of Commissioners.

<i>The Project Site</i>	<p>The Center for Biomedical Excellent (the "Project") shall be located on Block G, a planned 38,400 SF parcel with its eastern boundary overlapping the planned Phase 2 public parking garage ("Public Garage").</p> <p>Block G will be subdivided into two parcels: Block G-1 and Block G-2. The Project shall be located on Block G-1, a planned 28,438 SF parcel with its eastern boundary ending at the Public Garage. Block G-2 is a 9,962 SF air-rights parcel located atop the City garage to be constructed during Phase II of the CCR Infrastructure development. (See below)</p> <p>As with all other developments within the CCR neighborhood, the City is providing a build-ready site and will be responsible for construction of all sidewalks, landscape, and street trees within the public right-of-way.</p>
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<p>Purchase Price</p>	<p>The estimated Fair Market Value of Block G (including G-1 and G-2) per the City's appraisal is \$3,850,000 or \$100.26 per SF. The Purchase Price for Block G-1 shall be \$2,300,000. This represents a discount of approximately \$551,206 or \$19.38 per SF as the estimated Fair Market Value for Block G-1 per the City's appraisal is \$2,851,206. The Purchase Price will be due in full at Closing.</p>
<p>Delivery of a Private Garage</p>	<p>The Public Garage is a two-level 667-space parking garage with a podium for additional vertical development on Blocks H, I, and J. The Public Garage is fully designed and ready for bid. The western boundary of the Public Garage terminates at Block G-1. The City estimates that an additional 148 total spaces could be constructed underneath Block G-1 for the sole use of the Project (the "Private Garage"). This expansion would integrate efficiently within the designed ramp system, column spacing, and ingress/egress points.</p> <p>Benefit to the Project</p> <p>The City will design, engineer and construct the Private Garage as an extension of the Public Garage at cost for the sole benefit of the Project. Payment for the buildup of the Private Garage would be due at Closing (along with land purchase). A preliminary cost estimate for the Private Garage is \$7,000,000.</p> <p>The Developer will be responsible for contracting with the Covington Motor Vehicle Parking Authority or other third party to arrange for access to the private garage within the infrastructure of the main public garage. The developer will own and maintain and operate the private garage as well as any equipment used to limit access to the private garage from the public garage (e.g., gates and/or a private keycard entry system).</p> <p>By allowing the City to build the Private Garage under Block G-1 as an extension of the Public Garage, the Developer can expect the maximum number of spaces allowable due to design efficiencies and shared infrastructure. The Developer will receive a build-ready site with structured parking on which to build the Project.</p> <p>This also represents a savings for site work as all grading will be completed as part of the garage construction scope.</p>
<p>Parking in the Public Garage</p>	<p>The City will allow Developer to lease up to 300 spaces in the Public Garage for three years following completion of the project at a rate sufficient to cover operating costs on a per space basis. A separate agreement with the garage's designated manager (Covington Motor Vehicle Parking Authority or other</p>

	<p>third party) will be required. Once development of Blocks H, I, and J are underway, the number of spaces available may be reduced based on the needs of office users in those blocks.</p> <p>This three-year period should allow the universities the opportunity to determine actual parking needs based on use of public transportation, students and faculty living within walking distance of the project and other factors.</p>
Access to Block G-2	<p>The City will grant a revocable 10-year license at zero cost to Developer for temporary use of the remainder of Block G (“Block G-2”) for project-related outdoor amenity space. Block G-2 is approximately 9,962 SF and its estimated Fair Market Value is approximately \$998,794. It is anticipated that the universities may wish to improve this space with temporary or short-term outdoor amenities for the benefit of the students, faculty and staff.</p>
Right of First Refusal for Block G-2	<p>The City will grant a Right of First Refusal to Developer to purchase Block G-2 air rights for future expansion needs. The City will not charge a fee for the option.</p>
Project Design	<p>As with all developments within CCR, all structures are subject to the zoning requirements of the Covington Neighborhood Development Code and approvals by the CCR Design Committee.</p>