

AGREEMENT IN LIEU OF TAXES

This Agreement is made effective as of the ____ day of _____, 2019, by and between the Newport Independent School District (the "School District") and The City of Newport, Kentucky, a Kentucky municipal corporation (the "City"):

WITNESSETH

WHEREAS, 120 Main Street LLC, intends to develop 45 Condominium Units, located at 120 Main Street, Newport, Kentucky (formerly "Baptist Convalescent Center"), (the "Project");

WHEREAS, to assist with the Project the City of Newport, Kentucky (the "City") plans to issue Industrial Building Revenue Bonds (the "Bonds") to finance the construction of the Project with the term of 30 years.

WHEREAS, the Developer and the City will enter into an Inducement Contract, for the City to authorize, issue, and sell the Bonds pursuant to KRS 103.200 through 103.285, to finance the acquisition and construction of the Project.

WHEREAS, the economic incentive to the Developer by virtue of the issuance of the Bonds is the abatement of real estate *ad valorem* taxes with respect to the Project; and;

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter contained, the parties hereto agree as follows:

1. The School District and the City hereafter confirm and affirm the accuracy of the Recitals contained above and those contained herein.

(a) Upon the issuance of the Bonds, the Project will be exempt from real estate *ad valorem* taxes pursuant to the provisions of Section 103.285 of the Kentucky Revised Statutes.

(b) During the term of the Bonds, the City will pay to the School District annual payments in lieu of taxes in the amount of \$2.00 per \$1000.00 of valuation for each unit sold.

(c) Commencing in the year following the year on which the Bonds mature, the unit owners will begin paying to the School District, and other taxing authorities, *ad valorem* taxes at the tax rates established at that time on an annual basis in accordance with the assessments on their property as determined by the PVA.

2. The City will make the payments in lieu of taxes provided for in this Agreement on an annual basis as tax revenues are collected.

3. Other than the *ad valorem taxes* discussed herein, the Agreement does not affect or apply to other taxes or fees that may be owed by the Developer (or its individual owners) to the School District or other taxing authorities.

4. All notices sent to the City shall be sent to:

City of Newport, Kentucky
998 Monmouth Street 41071
Attn: City Manager

All notices sent to the School District shall be sent to:

Newport Independent School District
30 W. 8th Street
Newport, Kentucky 41071
Attn: Superintendent

5. Modification. This Agreement In Lieu of Taxes may not be changed orally, but only by an agreement in writing executed by the School District and the City.

(Signature Page on Next Page)

IN WITNESS WHEREOF the Parties have hereunto set their hands.

CITY OF NEWPORT, KENTUCKY

BY: _____

Name: _____

Title: _____

NEWPORT INDEPENDENT SCHOOL DISTRICT

BY: _____

Name: _____

Title: _____