

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, World Peace Hospitality, LLC (the "developer") intends to develop a Mixed Use Development located at 402 Monmouth Street AKA "The Peace Bell Site" (the "Project");

WHEREAS, to assist with the Project the City plans to issue Industrial Building Revenue Bonds (the "Bonds") to finance the acquisition and construction of the Project, with a term of thirty (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, which Inducement Contract shall also provide for the payment by the Developer of PILOT Payments;

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) Beginning Two Years after Bond issuance, the City will pay to the School District payments in lieu of taxes an annual amount equal to Fifty Thousand (\$50,000) dollars for years 1-10, Fifty Seven Thousand Five Hundred (\$57,500.00) dollars for years 11-20 and Seventy Five Thousand (\$75,000.00) dollars for years 21-Maturity.

2. The City will make the payments provided for in this Agreement on an annual basis no later than 30 days after the anniversary of the date the Bonds are issued.

3. Other than the *ad valorem* taxes discussed herein, this Agreement does not affect or apply to any other taxes or fees that may be owed by the Developer (or its assignees or tenants) to the School District or other taxing authorities. Developer has acknowledged that this Agreement is not inconsistent or will not conflict with the Bond Placement Agreement, the Trust Indenture, the Financing Agreement, or the Lease Agreement executed or to be executed in connection with the Bonds, and to the extent that this Agreement is inconsistent or in conflict with these documents, the terms and language of this Agreement shall control over these documents.

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: _____