

AGREEMENT IN LIEU OF TAXES

This Agreement In Lieu of Taxes (this “Agreement”) is made effective as of the ____ day of March, 2020, by and among the City of Dayton, Kentucky (the “City”), the Dayton Independent Board of Education (the “School District”), and Manhattan Development Group, LLC, a Kentucky limited liability company (“Manhattan”) and its successors, assigns and/or transferees, (with the City, School District, and Manhattan together being referred to as the “Parties”):

WITNESSETH

WHEREAS, Manhattan, and its related partners and assigns, will acquire land in the City of Dayton, Kentucky, within the Manhattan Harbour Development Area (the “Development Area”), which has been established by the City, located along Manhattan Boulevard in the City; and

WHEREAS, Manhattan plans to develop with its partners and assigns and this Agreement pertains only to the separate residential developments within the Development Area is those areas commonly referred to as the “Commons”, the “Lookout” and the “Narrows”, more particularly described in Exhibit A hereto, in a combination of residential uses including leased units and for-sale units (the “Unit” or “Units”), together with related site amenities (the “Project”) and the Parties acknowledge that the lands contained within property descriptions on file with the Campbell County Property Valuation Administrator (the “PVA”) associated with the Property Identification Numbers (“the PIDNs”) listed on Exhibit A are the only lands effected by this Agreement; and

WHEREAS, as each separate element of the Project is developed, Manhattan along with its development partners, plan to form separate special purpose entities

("SPEs"), with the potential of separate investors and owners, to develop the separate parts of the Project, and therefore, for purposes of this Agreement "Developer" refers to Manhattan and the SPEs; and

WHEREAS, the City and the County of Campbell, Kentucky (the "County") through the execution of a Local Participation Agreement (the "LPA"), have each pledged certain incremental tax revenues as defined in the LPA to the Development Area, the City's pledge being eighty percent (80%) of its incremental revenues to the Development Area, and the County's pledge being 80% of its incremental revenues to the Development Area; and

WHEREAS, the Development Area has been approved for a pledge of State incremental real property tax revenues pursuant to KRS Chapter 154-30-030 et seq. to reimburse certain approved public infrastructure costs incurred related to the development of the Development Area; and

WHEREAS, the City has agreed to issue Industrial Building Revenue Bonds (the "Bonds") in one or more separate series of bonds to finance the acquisition and construction of each section of the Project, and in conjunction therewith, proposes to enter into this Agreement; and

WHEREAS, the Developer and the City have entered into an Inducement Contract, for the City to authorize, issue, and sell the Bonds in an amount specified therein, pursuant to KRS 103.200 through 103.285, to finance the acquisition and construction of each section of the Project; and

WHEREAS, the Bonds will be issued, subject to the terms of a Trust Indenture executed at the time of the issuance and delivery of the Bonds (the “Trust Indenture”), as each element of the Project is ready to proceed to construction; and

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

WHEREAS, it is understood by the Parties that the PVA is responsible for establishing assessed value of real estate within Campbell County, Kentucky, for the purpose of imposing real estate *ad valorem* taxes; and

WHEREAS, it is further understood by the Parties that the pilot payment obligations [as hereinafter defined] created by this Agreement shall be secured by an Open-End Leasehold Mortgage, Security Agreement and Agreement as to Real Estate Matters (the “Pilot Mortgage”), which will be in a form substantially similar to the mortgage attached hereto as Exhibit B, which shall be a first lien on the Property, and paid to the Trustee, as designated by the Trust Indenture(s) to be held and disbursed as required by this Agreement and the Trust Indenture.

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter contained, the City, School District, and Developer hereto agree as follows:

1. Recitals. The Parties hereafter confirm and affirm the accuracy of the Recitals contained above and those contained herein.

2. Valuation of Project. That the valuation of the Project, including the Units, will be the fair cash value as determined by the PVA based upon the respective elements comprising the Project as constructed, and that the tax rate for use in calculating the

payments in lieu of taxes (the “Pilot Payments”) for the term of this Agreement will be the total *ad valorem* real property tax rates in effect with respect to real property in the City for each respective year the Bonds are outstanding. It is understood that the valuation of the Project may change over time as determined by the PVA.

3. Commencement of Obligations. The due date of the Pilot Payments will commence on November 30th the year after the date the Bonds are issued and shall be due each November 30th, and shall be considered delinquent if not paid by December 31st of each year, thereafter during the term of the Bonds, and any time when the Project is exempt from real property *ad valorem* taxes, and shall be the obligation of the Developer, but the Developer may assign its obligation to make Pilot Payments on a pro-rata basis to each respective owner of the Units after each Unit is sold, in which case each respective Unit owner shall be responsible to make the required payments for their Unit in accordance with this Agreement and the Pilot Mortgage. Pilot Payments that are delinquent shall bear interest at the rate of twelve percent (12%) per annum until paid.

4. Issuance of Bonds/Tax Abatement. Upon the issuance of the Bonds, the Project, will be exempt from real property *ad valorem* taxes pursuant to the provisions of Section 103.285 of the Kentucky Revised Statutes, but shall be subject to making the Pilot Payments as set forth in this Agreement and the Pilot Mortgage.

5. Obligation to Make PILOT Payments. The Developer, in accordance with the Pilot Mortgage, shall pay any required Pilot Payments, which shall include the amount of Pilot Payments due from the value of the Units prior to their sale to third parties, and shall require the respective Unit owners to make annual Pilot Payments to the Trustee in an amount equal to the amount they would have paid based on the fair cash value of their

respective Unit, as determined by the PVA multiplied by the combined local and state *ad valorem* real estate tax rates for each particular tax year but only to the extent of the amount the real estate taxes are abated or exempted, notwithstanding the aforesaid abatement or exemption, each Unit owner shall ultimately pay each year the amount equal to the amount they would have paid based on the fair cash value of their respective Unit, as determined by the PVA multiplied by the combined local and state *ad valorem* real estate tax rates for each particular tax year. From the Pilot Payments the Trustee shall pay:

- a. to the City an annual amount equal to one hundred percent (100%) of what the City would have received based on the Fair Cash Value of the Project, as determined by the PVA, multiplied by the City's real property *ad valorem* tax rate for the respective tax year (the "City Pilot Payment"), from which the City may retain twenty percent (20%), and until the termination of the Development Area, the remaining eighty percent (80%) shall be transferred by the City to the Special Fund established for the Development Area.
- b. to the County an annual amount equal to one hundred percent (100%) of what the County would have received based on the Fair Cash Value of the Project, as determined by the PVA, multiplied by the County's real property *ad valorem* tax rate for the respective tax year (the "County Pilot Payment"), from which the County may retain twenty percent (20%), and until the termination of the Development Area, the remaining eighty percent (80%)

shall be transferred by the County to City for deposit into the Special Fund established for the Development Area.

- c. to the School District annually an amount equal to sixty-five percent (65%) of what the School District would have received based on the Fair Cash Value of the Project, as determined by the PVA, multiplied by the School District's real property *ad valorem* tax rate for the respective tax year (the "School Pilot Payment").
- d. To the City, but only until the termination of the Development Area, annually an amount equal to one hundred percent (100%) of what the State would have received based on the Fair Cash Value of the Project, as determined by the PVA, multiplied by the State's real property *ad valorem* tax rate for the respective tax year (the "State Pilot Payment") to be transferred by the City to the Special Fund established for the Development Area.
- e. To the City, but only until the termination of the Development Area, annually an amount equal to fifty percent (50%) of what the Campbell County Library District, Campbell County Extension District, and the Campbell County Health District (collectively the "Special Districts") would have received based on the Fair Cash Value of the Project, as determined by the PVA, multiplied by the Special Districts respective real property *ad valorem* tax rates for the respective tax year (the "Special Districts Pilot Payment") to be

transferred by the City to the Special Fund established for the Development Area.

- f. After making the required City Pilot Payment, the County Pilot Payment, the School District Pilot Payment, the Special Districts Pilot, and the State Pilot Payment, in accordance with this Agreement, the balance of the Pilot Payments shall be held by the Trustee for further disposition as provided in the Trust Indenture.

6. Additional School District Payment: In addition to any School Pilot Payment set forth in numerical paragraph 5(c) of this Agreement, the School District shall receive on or before November 30 the year the Bonds are issued (2020) a payment \$100,000, and for years two through five after the Bonds are issued a payment each year of \$50,000, plus an amount of \$3,125 for each million dollars of total capital investment the Developer has expended on the Project over \$8,000,000, up to \$16,000,000 in total capital investment, which payments shall be paid when the required School Pilot Payment is due.

7. Other Taxes. 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 transferees) to the City, or other taxing districts. The Developer acknowledges that this Agreement will not be inconsistent or will not conflict with the Bond Purchase 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 those documents.

8. Term of Bonds. It is further understood by the Parties that the final maturity date of the Bonds shall not exceed thirty (30) years from their date of issuance.

9. Notices.

All notices sent to the Developer shall be sent to:

Manhattan Development Group, LLC
901 3rd Avenue
West Point, Georgia 31833
Attn: Manager

All notices sent to the City shall be sent to:

City of Dayton, Kentucky
514 Sixth Avenue
Dayton, Kentucky 41074
Attn: Mayor

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

Dayton Independent Board of Education
200 Clay Street
Dayton, Kentucky 41074
Attn: Superintendent

10. Modification. This Agreement may not be changed orally, but only by an agreement in writing executed by the Parties.

11. Legally Binding. This Agreement is contractual and binding upon the Parties, their respective parents, subsidiaries, shareholder, members, heirs, successors and assigns, and all of the contents hereof shall be considered covenants running with the land. The terms of this Agreement are contractual and not merely recitals. Time is of the essence with respect to all provisions hereof. Each of the Parties has carefully read this entire Agreement, understands the contents thereof, and has executed it as such Party's free act.

12. Governing Law and Jurisdiction. The Parties agree that this Agreement is governed by the laws of the Commonwealth of Kentucky. Any action taken by the Parties to enforce or seek relief from the terms and conditions of this Agreement shall be brought in the Campbell Circuit Court, and the prevailing party shall be entitled to recover their reasonable attorney's fees.

13. Entire Agreement. This Agreement contains the entire agreement of the Parties hereto in respect to the transaction contemplated hereby and all prior agreements, whether oral or written, are superseded hereby.

14. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid, but if any provision herein shall be deemed to be invalid such provision shall be ineffective to the extent of such invalidity without invalidating the remainder of the provisions contained in this Agreement.

15. Authorization. The Parties hereto represent that each is duly authorized and empowered to enter into this Agreement.

16. Counterparts and Interpretation. This Agreement may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original. The Parties agree that the "Whereas" paragraphs on pages 1, 2 and 3 of this Agreement are not mere recitals, but are fully effective and binding on the Parties.

Signature Page to Agreement In Lieu of Taxes

MANHATTAN DEVELOPMENT GROUP, LLC,
a Kentucky limited liability company

By: _____

Its: _____

CITY OF DAYTON, KENTUCKY

By: _____

Ben Baker, Mayor

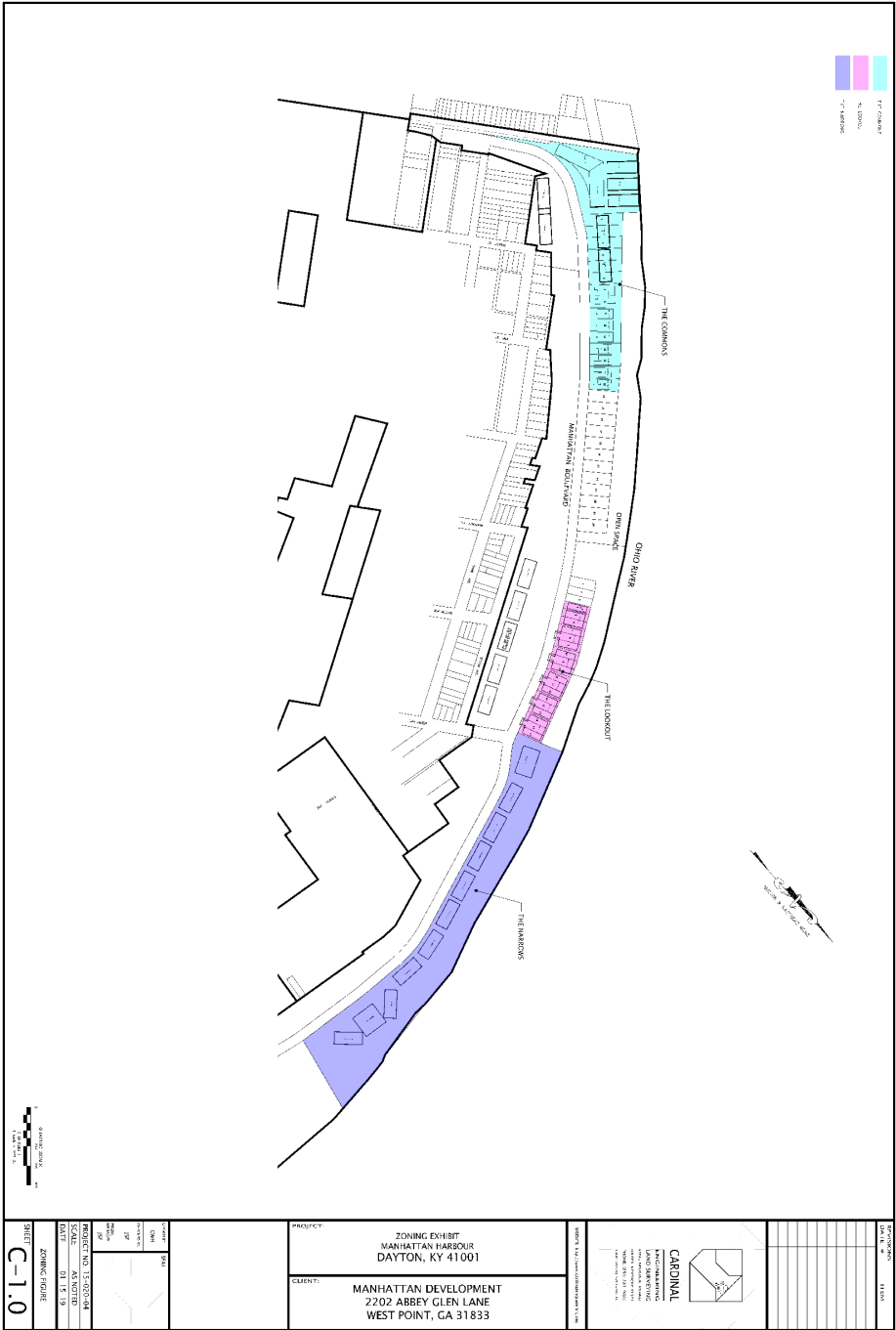
DAYTON INDEPENDENT BOARD OF EDUCATION

By: _____

_____, Chairperson

EXHIBIT A

LEGAL DESCRIPTION PROJECT PROPERTY



Manhattan Harbour IRB

	PIDN	
1	999-99-33-462.00	Narrows
2	999-99-33-462.01	Marina
3	999-99-33-462.05	Marina
4	999-99-33-462.06	Marina
5	999-99-33-462.07	Marina
6	999-99-33-462.08	Marina
7	999-99-33-462.09	Marina
8	999-99-33-462.10	Marina
9	999-99-33-462.11	Lots
10	999-99-33-462.12	Lots
11	999-99-33-462.13	Lots
12	999-99-33-462.14	Lots
13	999-99-33-462.15	Lots
14	999-99-33-462.16	Lots
15	999-99-33-462.17	Lots
16	999-99-33-462.18	Lots
17	999-99-33-462.19	Lots
18	999-99-33-462.35	Lots
19	999-99-33-462.36	Lots
20	999-99-33-462.37	Lots
21	999-99-33-462.38	Lots
22	999-99-33-462.39	Lots
23	999-99-33-462.40	Lots
24	999-99-33-462.41	Lots
25	999-99-33-462.42	Lots
26	999-99-33-462.43	Lots
27	999-99-33-462.44	Lots
28	999-99-33-462.45	Lots
29	999-99-33-462.51	Lots
30	999-99-33-462.52	Lots
31	999-99-33-462.53	Lots
32	999-99-33-462.54	Lots
33	999-99-33-462.55	Lots
34	999-99-33-462.56	Lots
35	999-99-33-462.57	Lots

EXHIBIT B

FORM OF PILOT MORTGAGE

**OPEN-END LEASEHOLD MORTGAGE, SECURITY AGREEMENT
AND AGREEMENT AS TO REAL ESTATE MATTERS (WITH LESSOR JOINDER)**

AMONG

MANHATTAN DEVELOPMENT GROUP, LLC, Borrower, Mortgagor

CITY OF DAYTON, KENTUCKY, Issuer, Mortgagee

and

THE HUNTINGTON NATIONAL BANK,
as Trustee, Assignee

SECURING:

Borrower's (AND ITS ASSIGNEES') obligations under a certain payment in lieu of
taxes agreement, hereinafter defined,
made between and the Borrower and the Issuer,

this Mortgage DATED AS OF:

Prepared by:

James E. Parsons, Esq.
Keating Muething & Klekamp PLL
One East Fourth Street
Suite 1400
Cincinnati, Ohio 45202

TABLE OF CONTENTS

	<u>Page</u>
Article I DEFINITIONS	7
Section 1.1 General	7
Section 1.2 Definitions	7
Article II PAYMENTS, TAXES, INSURANCE, MAINTENANCE, SUBSTITUTIONS, REMOVALS, LIENS, DAMAGE AND DESTRUCTION, CONDEMNATION, EXPENSES OF MORTGAGEE	9
Section 2.1 Nature of Lien and Limitation of Obligations	9
Section 2.2 PILOT Agreement	9
Section 2.3 Taxes and Other Charges/Insurance	9
Section 2.4 Condemnation	12
Section 2.5 Protection of Mortgagee	13
Article III EVENTS OF DEFAULT AND REMEDIES	15
Section 3.1 Events of Default	15
Section 3.2 Other Remedies	15
Section 3.3 Acceleration	15
Section 3.4 Surrender of Possession; Rights and Duties of Mortgagee in Possession	15
Section 3.5 Actions to Recover Amounts Due	16
Section 3.6 Foreclosure	16
Section 3.7 Appointment of Receiver	16
Section 3.8 Application of Moneys	16
Section 3.9 Rights and Remedies Cumulative; No Waiver or Release of Obligation	17
Section 3.10 Termination of Proceedings	17
Section 3.11 Right to Remedy Default	18
Section 3.12 Relations to Bond Lease, PILOT Agreement, and Indenture	18
Article IV COVENANTS, REPRESENTATIONS AND WARRANTIES	19
Section 4.1 Representations and Warranties	19
Section 4.2 Notices to Mortgagee	19
Section 4.3 Exercise of Options to Purchase	19
Section 4.4 Compliance with Laws and Regulations	19
Section 4.5 Covenant Running with the Land	20
Section 4.6 Recordation	20
Section 4.7 After-Acquired Property	20
Article V MISCELLANEOUS	21
Section 5.1 Notices	21

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Section 5.2 Amendments, Changes and Modifications	21
Section 5.3 Execution Counterparts	21
Section 5.4 Severability	21
Section 5.5 General Waivers By Mortgagor	21
Section 5.6 Effect of Mortgage	22
Section 5.7 No Merger	22
Section 5.8 Captions	22
Section 5.9 Governing Law	22
Section 5.10Conflicts	22
Article VI CONVEYANCE BY MORTGAGOR	23
Section 6.1 Conveyance of Project by Mortgagor	23
Section 6.2 Limitation of Obligations	23

**OPEN-END LEASEHOLD MORTGAGE, SECURITY AGREEMENT,
ASSIGNMENT AND AGREEMENT AS TO REAL ESTATE MATTERS (WITH
LESSOR JOINDER)**

THIS OPEN-END LEASEHOLD MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT AND AGREEMENT AS TO REAL ESTATE MATTERS (the “Mortgage”) is made effective as of _____, 2020 between Manhattan Development Group, LLC, a Kentucky limited liability company (the “Borrower” or “Mortgagor”), a Kentucky limited liability company, and its assigns and successors, the CITY OF DAYTON, KENTUCKY, a city and political subdivision of the Commonwealth of Kentucky (the “Issuer” or “Mortgagee”) and THE HUNTINGTON NATIONAL BANK, a national banking association, individually and as Trustee, with its designated place of business in Cincinnati, Ohio (the “Trustee” or “Assignee”) under the following circumstances:

A. The Mortgagor has entered into a Lease Agreement of even date herewith (the “Bond Lease”) with the Issuer, pursuant to which: (i) the Issuer has agreed to lease the Project to Mortgagor, which Lease has been assigned to the Trustee under the Indenture (defined herein) and to grant a springing executory interest in and to the fee simple estate in the Mortgaged Property to Mortgagor, and (ii) Mortgagor has agreed to grant this Mortgage on and security interest in its leasehold interest created by the Bond Lease and in its springing executory interest as security for, among other things, the payment of certain obligations with respect to the Bonds (as defined herein), such Bonds having a final maturity date of _____, _____.

B. The Issuer has authorized prior to the date of delivery of this Mortgage its Taxable Industrial Building Revenue Bonds, _____ Project” in the maximum aggregate principal amount of \$_____ Series _____ A Bonds, \$_____ Series _____ B Bonds (the Series _____ B Bond, the “2020 Bonds” or “Bonds”) in order to finance the acquisition, construction, installation and equipping of the Project; with the Bonds being issued under a Trust Indenture of even date herewith, between the Issuer and the Trustee, which the Series _____ B Bonds being secured by this Mortgage.

C. In connection with the issuance of the Bonds, the Borrower has entered into a certain payment in lieu of taxes agreement, as hereinafter defined, with respect to the Mortgaged Property, made between the Borrower and the Issuer, under which the Borrower, its successors and assigns, is required to make certain payments to the Issuer in lieu of ad valorem taxes.

D. As a condition to the issuance of the Bonds (also sometimes hereinafter referred to as the “Obligations”), the Issuer has required that the Borrower enter into this Mortgage and that the Assignee also join in the execution of this Mortgage with respect to, and limited to the provisions of Article VI hereof.

E. The maximum indebtedness secured hereby (exclusive of interest, penalties, fees, commissions, charges, costs, reasonable attorneys’ fees and other expenses reason of delinquency of the payment of PILOT Payments, advances and expenses of the Mortgagee pursuant to this Mortgage, the issuance of certificates of delinquency or other Bond Documents) is \$_____ which maximum indebtedness amount is estimated to cover a maximum of two (2) years’ accruals of PILOT Payments (the “Maximum Mortgage Amount”). The Maximum Mortgage Amount will

remain the same during the term of this Mortgage regardless of whether any remedial actions, including foreclosure, shall have been exercised to enforce the payment of any PILOT Payments from time to time, it being the intent of the parties hereto that this Mortgage shall secure the payment of the annual PILOT Payments for each year during the term of the Bonds from the date hereof. The lien of this Mortgage shall have priority over any other obligation or liability for which the Mortgaged Property is liable, including the Open-End Leasehold Mortgage and Security Agreement (with Lessor Joinder) in favor of _____ which is permitted and dated of even date herewith.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged by Mortgagee, and in consideration of the foregoing recitals, which shall be construed as parts hereof for all purposes, and as security for the annual payment and performance of the PILOT Agreement with respect to each of the single family housing units to be restored or constructed and sold by Mortgagor (collectively, the "Homes" or the "Project" with each single family housing unit known as a "Home") and all other agreements and obligations related thereto, whether now existing or hereafter arising (collectively referred to as the "Obligations"), the Mortgagor does hereby grant, bargain, sell, convey, mortgage and warrant, assign, transfer and grant a security interest in and pledge unto Mortgagee, and unto its successors and assigns forever, all of Mortgagor's estate, right, title and interest in, to and under any and all of the following described property, rights and interests, whether now owned or hereafter acquired (herein called the "Mortgaged Property"):

GRANTING CLAUSE FIRST

All right, title and interest of Mortgagor in and to Mortgagor's leasehold interest created by the Bond Lease in the Project and Project Site (as defined herein) and in and to Mortgagor's springing executory interest in and to the fee simple interest in the Mortgaged Property, together with the entire interest of Mortgagor in and to all buildings, structures, improvements and appurtenances and any property located on the Project Site, of any nature whatsoever now standing, or at any time hereafter constructed or placed, upon the Project Site, including all right, title and interest of Mortgagor, if any, in and to all building material (whether on or off the Project Site), building equipment and fixtures of every kind and nature whatsoever at the Project or in any building, structure or improvement now or hereafter standing on the Project Site, and the proceeds of any insurance on such property, and together with the entire interest of Mortgagor in and to all and singular the tenements, hereditaments, easements, rights-of-way, rights, privileges and appurtenances to the Project Site, belonging or in any way appertaining thereto (including without limitation the entire right, title and interest of Mortgagor in, to and under any streets, ways, alleys, gores or strips of land adjoining the Project Site, and all claims or demands whatsoever of Mortgagor either at law or in equity, in possession or expectancy of, or in and to the Project Site), it being the intention of the parties hereto that, so far as may be permitted by law, all property of the character hereinabove described, which is now owned or is hereafter acquired by Mortgagor and is affixed or attached or annexed to the Project Site, shall be and remain or become and constitute a portion of the Project Site, and the security covered by and subject to the lien of this Mortgage, together with all rents, income, revenues, issues and profits thereof, and the right to make claim for, collect, receive and receipt for any and all of such rents, income, revenues, issues and profits arising therefrom or in connection therewith; subject, however, to Permitted Encumbrances (as hereinafter defined).

GRANTING CLAUSE SECOND

All rentals, issues and profits and other payments due or to become due under any sublease or subleases or rights or licenses to use or occupation of any part of the Mortgaged Property now or hereafter created, as well as all rights or licenses and remedies provided in such subleases, rights or licenses.

GRANTING CLAUSE THIRD

Any and all other rights and interests in property, whether tangible or intangible, required to be subject to the lien hereof, or from time to time by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder by Mortgagor or by anyone in its behalf or with its written consent to Mortgagee, which are hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

This Mortgage lien shall persist for ten (10) years after the date the payment of the Obligations become delinquent, but no later than _____, _____. This lien shall not be defeated by gift, devise, sale, alienation or any other means. The lien shall include all interest, penalties, fees, commissions, charges, costs, reasonable attorney fees and other expenses incurred by reason of delinquency in payment of the Obligations or in the process of collecting the Obligations, and shall have priority over any other obligation or liability for which the property is liable. When any proceeding is instituted to enforce the lien provided hereunder, it shall continue in force until the matter is judicially terminated. The lien of this Mortgage shall have priority over any other obligation or liability for which the Mortgaged Property is liable.

ASSIGNMENT BY MORTGAGOR

Mortgagor hereby further assigns all its right, title and interest in, and to Mortgagor's springing executory interest in and to the fee simple interest in the Mortgaged Property.

TO HAVE AND TO HOLD all and singular the leasehold interest and springing executory interest in and to the Mortgaged Property hereby conveyed, granted and assigned, unto Mortgagee, its successors and assigns forever.

PROVIDED, HOWEVER, and this instrument is upon the express condition that, if Mortgagor and/or its assignees pays, or causes to be paid all sums payable by Mortgagor and its respective assignees to Mortgagee pursuant to the PILOT Agreement, as are secured hereby in accordance with the provisions of this Mortgage, at the times and in the manner specified, without deduction, fraud or delay, and Mortgagor performs and complies with or causes to be performed and complied with, all the agreements, conditions, covenants, provisions and stipulations contained herein, in the Indenture and in the PILOT Agreement, then this Mortgage and the estate and security interest and assignment hereby granted shall terminate, cease, determine and be void; otherwise this Mortgage and the estate and security interest hereby granted shall be and remain in full force and effect.

Mortgagor does hereby further agree and covenant with Mortgagee as follows:

ARTICLE I

DEFINITIONS

Section 1.1 General. In addition to the words and terms defined in the recitals and elsewhere in this Mortgage, certain words and terms as used in this Mortgage shall have the meaning given to them by the definitions and descriptions in this Article I unless the context or use indicates another or different meaning or intent and such definitions shall be equally applicable to both the singular and plural forms of any of the words and terms herein defined. Those words and terms not specifically defined herein and used in this Mortgage with initial capitalization where rules of grammar do not otherwise require capitalization shall have the meanings set forth in the Bond Lease and the Indenture.

Section 1.2 Definitions. The following words and terms are defined terms under this Mortgage:

“Net Proceeds” means, as to any insurance proceeds or any condemnation award, the amount remaining after deducting therefrom all expenses (including attorneys’ fees and expenses of Mortgagee) incurred in the collection of such proceeds or award, plus any interest earned on the investment thereof.

“Notice Address” means for the Mortgagor and Mortgagee, the respective notice addresses provided for in the Bond Lease.

If to the Issuer, City of Dayton, 514 Sixth Avenue, Dayton, KY 41074, Attn: Mayor;

if to the Mortgagor, Manhattan Development Group, LLC,

_____,

and if to the Assignee, The Huntington National Bank, Corporate Trust Department, 525 Vine Street, 14th Floor, Cincinnati, Ohio 45245,

and if to the Home Owner, with the address of their respective Home.

A duplicate copy of each notice, approval, consent, request or other communication given hereunder by either the Issuer or the Mortgagor to the other shall also be given to the Mortgagee. The Issuer, the Mortgagor and the Mortgagee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same shall be directed, but no such communication shall thereby be required to be sent to more than two addresses.

“Permitted Encumbrances” means as of any particular time,

(a) the right reserved to or vested in any municipality or public authority by the terms of any provision of law to terminate any right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of the Project for the purposes for which it is held by Mortgagor or materially adversely affect its value;

(b) the right reserved to or vested in any municipality or public authority to purchase, condemn or appropriate all or any part of the Project or Project Site;

(c) liens for the taxes, assessments, levies, fees, charges, duties, imposts, claims and demands referred to in the Bond Lease which are not at the time due and payable, or the validity or amount of which is being contested in compliance with the provisions of the Bond Lease;

(d) easements, rights of way, licenses, restrictions and other defects, encumbrances and irregularities in the title to the Project or Project Site which in the opinion of the Administration Agent's architect do not materially impair the use thereof for the purposes for which it is held by Mortgagor or materially adversely affect its value;

(e) rights reserved to or vested in any municipality or public authority to control or regulate the Project or Project Site or to use the Project or Project Site in any manner which does not materially impair the use thereof for the purposes for which it is held by Mortgagor or materially adversely affect its value;

(f) the leasehold estate created by and under the Bond Lease and the statutory mortgage lien created upon recording of the Bond Lease;

(g) the lien of this Mortgage;

(h) any security interest necessary to secure adequate credit enhancement for the Bonds;

(i) those exceptions contained in the commitment for title insurance relating to the Project and the Project Site;

"PILOT Agreement" means that certain Agreement in Lieu of Taxes by and between the City of Dayton, Kentucky and Manhattan Development Group, LLC dated _____, 2020, a copy of which is attached hereto as Exhibit D.

"PILOT Payments" means that portion of the payments in lieu of taxes as further described in Exhibit C attached hereto payable under the PILOT Agreement to the Trustee for disposition in accordance with the PILOT Agreement and the Indenture.

"Project" means the Project Site (as hereinafter defined) and the real, personal, or real and personal property located on the Project Site, including undivided interests or other interests therein, identified in Exhibit A attached hereto as a part hereof, or acquired, constructed or installed as a replacement or substitution therefor or an accession thereto, or as may result from any revision of the plans and specifications in accordance with the provisions of the Bond Lease or this Mortgage.

"Project Site" means the real estate and interests in real estate constituting the site of the Project, as described in Exhibit B attached hereto as a part hereof.

[End of Article I]

ARTICLE II

PAYMENTS, TAXES, INSURANCE, MAINTENANCE, SUBSTITUTIONS, REMOVALS, LIENS, DAMAGE AND DESTRUCTION, CONDEMNATION, EXPENSES OF MORTGAGEE

Section 2.1 Nature of Lien and Limitation of Obligations. **THIS MORTGAGE IS MADE FOR THE SOLE PURPOSE OF SECURING THE ANNUAL PAYMENTS DUE BY THE MORTGAGOR AND (OR AN ASSIGNEE OF MORTGAGOR), TO PAY THE MORTGAGOR'S (OR ANY SUCH ASSIGNEE'S) PORTION OF THE ANNUAL PILOT PAYMENTS DUE UNDER THE PILOT AGREEMENT, THIS MORTGAGE, AND BOND LEASE RESPECTIVELY, BEING PAYMENTS IN LIEU OF REAL ESTATE TAXES AND, AS SUCH, IS INTENDED TO OPERATE AS A LEGAL SUBSTITUTE OR EQUIVALENT TO THE LIEN FOR TAXES AS PROVIDED IN KRS 134.420.** The PILOT Payments are retained in part by the Mortgagee with the balance being paid over to the Trustee to secure (in part) payment of the Obligations. The Mortgagor will be assigning its leasehold interest and springing executory interest in the Project to assignees which assignees will be the owners of respective Homes in the Project (collectively, the "Assigned Interests"). Each such assignee will only assume its, his or her proportionate share of the annual obligations to make such payments in lieu of taxes and no default in payment of any payments in lieu of taxes by Mortgagor or any other assignee of Mortgagor will have any effect upon the non-defaulting assignee (or Mortgagor, as the case may be) under the PILOT Agreement or under this Mortgage.

Section 2.2 PILOT Agreement. Mortgagor and its respective successors and assigns shall make all PILOT Payments, and as to the Home Owners (hereinafter defined), their respective share of the PILOT Payments, when due and in accordance with the PILOT Agreement and shall perform and comply with all covenants, agreements, conditions, provisions, stipulations and obligations set forth therein on its part to be performed, at the times and in the manner required thereby.

Section 2.3 Taxes and Other Charges/Insurance.

2.3.1 Taxes. Mortgagor, and its assigns, shall pay or cause to be paid when due and payable and before interest or penalties are due thereon, without any deduction, defalcation or abatement, all taxes, if any, assessments, water and sewer rents, charges and claims which may be assessed, levied, or filed at any time against Mortgagor, the Mortgaged Property or any part thereof (including without limitation any taxes levied upon or with respect to the revenues, income or profit of Mortgagor from the Mortgaged Property) or against the interest of Mortgagee therein, or which by any present or future law may become or be made a lien on the Mortgaged Property, or any part thereof, or a charge on such revenues, income or profits; and Mortgagor shall produce to Mortgagee, upon request, receipts for the payment thereof-, provided, however, that if, pursuant to this Mortgage or otherwise, Mortgagor shall have deposited with Mortgagee before the due date thereof sums sufficient to pay any such taxes, assessments, water and sewer rents, charges and claims, and Mortgagor is not otherwise in default, they shall be paid by the respective Mortgagee; and provided further, that if Mortgagor in good faith and by appropriate legal action shall contest the validity of any such item, or the amount thereof,

and shall have established by deposit of a letter of credit or bond with Mortgagee or the Assignee, as Mortgagee may elect, the amount required for the payment thereof, then Mortgagor shall not be required to pay the item or to produce the required receipts while the amount is maintained and so long as the contest operates to prevent collection, is maintained and prosecuted with diligence, and shall not have been terminated or discontinued adversely to Mortgagor. Notwithstanding the foregoing, if Mortgagee notifies Mortgagor that, in the opinion of counsel selected by Mortgagee, by nonpayment of any such item the lien of this Mortgage as to any part of the Mortgaged Property will be materially affected or the Mortgaged Property or any part thereof will be subject to imminent loss or forfeiture, Mortgagor, and/or its assigns, shall promptly pay such item.

2.3.2 Insurance. Mortgagor, and its assigns, shall obtain or cause to be obtained, and continuously maintain or cause to be maintained, insurance with respect to the Project, in such amounts as are customary for a prudent owner of properties comparable to those comprising the Project, against loss or damage from theft, fire, vandalism, and other events covered by uniform standard all risk coverage endorsements approved by the insurance regulatory authority in the Commonwealth of Kentucky, and such other hazards (including earthquake insurance, and flood insurance if the Project Site is located in an area designated by the United States Government or any agency thereof as a flood plain) as the Mortgagee may reasonably require. Mortgagor may provide any such insurance under a blanket insurance policy or policies which cover not only such property but other properties. Any insurance policy required pursuant to this paragraph which is written on a co-insurance basis must contain an “agreed amount” endorsement as evidence that the coverage is in an amount sufficient to insure the required amount set forth in this paragraph.

2.3.3 Tax and Insurance Deposits. Without limiting the effect of Section 2.2 if a PILOT Mortgage Default (as hereinafter defined) hereunder has occurred and is continuing, Mortgagor, or Home Owner, as the case may be, shall pay to the Mortgagee monthly on or before the first day of each month, commencing with the month following the recording of this Mortgage, an amount equal to one-twelfth (1/12) of the annual premiums for the insurance policies referred to hereinabove and the annual real estate taxes, PILOT Payments, water and sewer rents, rates and charges, any special assessments, charges or claims and any other items which at any time may be or become a lien upon the Mortgaged Property prior to the lien of this mortgage; and on demand from time to time Mortgagor shall pay to the Mortgagee any additional sums necessary to pay, at least thirty (30) days proper to the due date thereof, the premiums and other items, all as estimated by the Mortgagee. The amounts so paid shall be security for the premiums and other items and shall be used in payment thereof if Mortgagor is not otherwise in default hereunder. If, pursuant to any provision of this Mortgage, the whole amount of the unpaid Obligations become due and payable, Mortgagee shall have the right, at its election, to apply any amount so held against the entire Obligations secured hereby. So long as Mortgagor is not in default under Section 2.2 hereof and has provided to Mortgagee evidence of timely payment of its obligations thereunder, the provisions of this Section 2.3 shall be waived by Mortgagee.

2.3.4 Maintenance and Modification of Mortgaged Property. Mortgagor, and its assigns, shall keep and maintain or cause to be kept and maintained the Mortgaged Property

as provided in Section 14.1 of the Bond Lease and make such modifications or alterations of the Project as provided in the Bond Lease.

2.3.5 Mechanics' and Other Liens. Mortgagor, and its assigns, shall not suffer or permit any mechanics' liens to be filed or exist against the Mortgaged Property, or against any payment to be made under the Bond Lease or payment agreement, or any Payment Agreement as defined in the bond documents by reason of work, labor, services or materials supplied or claimed to have been supplied to Mortgagor or anyone holding the Project or the Project Site or any part thereof through or under Mortgagor. If any such mechanics' liens shall at any time be filed, Mortgagor shall, within thirty (30) days after notice of the filing thereof, cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise; provided that if Mortgagor in good faith and by appropriate legal action shall contest the validity of any such mechanic's lien, or the amount thereof, then Mortgagor shall not be required to discharge such mechanic's lien so long as the contest is maintained and prosecuted with diligence, and shall not have been terminated or discontinued adversely to Mortgagor. Notwithstanding the foregoing, if Mortgagee notifies Mortgagor that, in the opinion of counsel selected by Mortgagee, by nonpayment of any such mechanic's lien the lien of this Mortgage as to any part of the Mortgaged Property will be materially affected or the Mortgaged Property or any part thereof will be subject to imminent loss or forfeiture, Mortgagor shall promptly discharge such mechanic's lien.

2.3.6 Damage and Destruction. If the Project is damaged by fire or other casualty and Mortgagor has not been declared in default of the Bond Lease, unless Mortgagor elects within ninety (90) days to prepay the Bonds in full in accordance with the provisions of the Bond Lease, (i) Mortgagor will promptly repair, replace, rebuild or restore the property damaged or destroyed to substantially the same condition as existed prior to the event causing such damage or destruction, with such changes or alterations (including substitution and addition of other property), as Mortgagor may deem necessary, with the prior approval of the Mortgagee, which approval is not to be unreasonably withheld, conditioned or delayed, for proper operation of the Mortgaged Property, and (ii) Mortgagor and Mortgagee will apply for such purpose so much as may be necessary of any Net Proceeds of insurance resulting from claims for losses, under the insurance policies required to be carried herein, resulting from such damage. In the event that Mortgagor is in default of the Bond Lease, all proceeds of insurance shall, at the election of the Mortgagee, be applied (1) first, to prepay the Obligations in such order as the Mortgagee, as defined in the Bond Lease, as the Mortgagee, in its sole discretion, and in accordance with the related documents, may determine, and (2) second, to the payment of accrued and unpaid PILOT Payments.

All Net Proceeds of insurance resulting from claims for losses not in excess of \$500,000 shall be paid to Mortgagor by Mortgagee, assuming Mortgagor acts to promptly repair, replace, rebuild or restore the damaged property. All Net Proceeds of insurance resulting from claims for losses in excess of \$500,000 shall be paid to and held by the Mortgagee in a separate disbursement account, and the Mortgagee will apply so much as may be necessary of the Net Proceeds of such insurance to payment of the costs incurred by Mortgagor for the repair, replacement, rebuilding or restoration of the Project, either on completion thereof or as the work progresses as directed by

Mortgagor. In the event any Net Proceeds of insurance will be insufficient to pay in full the costs of repair, replacement, rebuilding or restoration under this Section, as determined by an independent architect or engineer approved by Mortgagee, then Mortgagor, prior to commencing such repair, replacement, rebuilding or restoration, shall pay to the Mortgagee for deposit in the separate disbursement account an amount equal to the deficiency, which deposit shall first be exhausted before any disbursement of Net Proceeds of insurance. Mortgagor shall not, by reason of the payment of any such deficiency be entitled to any reimbursement from Mortgagee or the Issuer.

Any moneys held by the Mortgagee in the separate disbursement account under the provisions of the preceding paragraph shall, at the written request of the Authorized Tenant Representative, be invested or reinvested by the Mortgagee in Eligible Investments (as defined in the Indenture).

Any balance of such Net Proceeds remaining after payment of all the costs of repair, replacement, rebuilding or restoration under this Section and approval thereof by the Mortgagee shall be paid to Mortgagor, provided no default has been declared under the Bond Lease.

If upon any damage to or destruction of the Project Mortgagor elects to prepay the Basic Rent in full pursuant to the provisions of the Bond Lease rather than repair, replace, rebuild or restore the property damaged or destroyed, all Net Proceeds of insurance shall be applied to such prepayment of Basic Rent, and any balance remaining after such prepayment shall be applied to the balance of the Obligations and, if the Obligations are paid in full, then any balance shall be paid to Mortgagor or its assignees as their respective interests may appear.

Section 2.4 Condemnation. If title to, or the temporary use of, the Project or the Project Site or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, Mortgagor shall be obligated to continue to make the payments required by the Obligations. Subject to the terms of the Bond Lease and to the approval of the Trustee, so long as the PILOT Agreement shall be in full force and effect, Mortgagor and Mortgagee will cause the Net Proceeds received by them or either of them from any award made in such eminent domain proceedings, to be paid to and held by the Mortgagee in a separate disbursement account, to be applied in one or more of the following ways as shall be directed in writing by Mortgagor:

2.4.1 The modification or restoration of the improvements located on the Project Site, or the acquisition, construction, installation or otherwise, by Mortgagor of buildings, machinery, equipment, fixtures or other improvements on the Project Site, all to the extent deemed appropriate by Mortgagor for its uses and purposes; provided that, at a minimum, the Project as so modified, restored or acquired shall have a value, as reasonably determined by the Mortgagee, sufficient to fully secure the then outstanding principal amount of the Bonds; and provided further that the Project as so modified, restored or acquired shall be subject to no liens or encumbrances except Permitted Encumbrances and the mortgages, inferior in priority to this Mortgage, noted in Recital E hereof.

2.4.2 Redemption of the Bonds, together with accrued interest thereon, to the date of redemption; provided, that no part of any such condemnation award may be applied for

such redemption unless (i) all of the Bonds are to be redeemed in accordance with the Indenture upon exercise of the option to purchase the Project pursuant to the provisions of Section 11.4(b) of the Bond Lease, or (ii) if less than all of the Bonds are to be redeemed, Mortgagor shall furnish to Mortgagee a certificate of the Authorized Tenant Representative stating (1) that the property forming a part of the Mortgaged Property that was taken in such eminent domain proceeding is not essential to Mortgagor's use or occupancy of the Mortgaged Property, (2) that the Project has been restored to a condition substantially equivalent to its condition prior to the taking in such eminent domain proceeding, or (3) that improvements have been acquired which are suitable for Mortgagor's operations at the Project as contemplated by the foregoing subsection of this Section.

2.4.3 Payment into the Escrow Fund in accordance with the Indenture, of an amount sufficient to permit Payment in Full of the Bonds.

2.4.4 Payment of accrued and unpaid PILOT Payments.

If Mortgagor elects to apply any Net Proceeds of any such award in the manner set forth in paragraph (a) above, and the amount of such Net Proceeds will be insufficient to pay in full the costs of such modification, restoration or acquisition, as determined by an independent architect or engineer approved by Mortgagee, then Mortgagor, prior to commencing such modification, restoration or acquisition, shall pay to the Mortgagee for deposit in the separate disbursement account provided for in the Bond Lease an amount equal to the deficiency. Such deposit shall first be applied to the costs of such modification, restoration or acquisition before any Net Proceeds of any such award are so applied. Mortgagor will not, by reason of the payment of any excess costs of modification, restoration or acquisition, be entitled to any reimbursement by the Mortgagee or the Issuer or any abatement or diminution of payments under the Obligations.

Within thirty (30) days from the date of entry of a final order in any eminent domain proceedings granting condemnation, Mortgagor shall direct Mortgagee in writing as to which of the ways specified in this Section Mortgagor elects to have the condemnation award applied, and in the event Mortgagor elects to proceed under paragraph (a) above, Mortgagor shall provide Mortgagee with plans and specifications and cost break-downs therefor. Any balance of the Net Proceeds of the award in such eminent domain proceedings shall be paid and applied in the same manner as specified herein for excess Net Proceeds of insurance.

Any moneys held by the Mortgagee under the provisions of the preceding paragraph shall, at the written request of the Authorized Tenant Representative, be invested or reinvested by the Mortgagee in Eligible Investments.

Section 2.5 Protection of Mortgagee. Mortgagor, and its assigns, will protect, defend, indemnify and hold harmless Mortgagee from and against all liabilities, obligations, claims, damages, penalties, causes of action, cost and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against the Mortgagee or either of them by reason of (a) ownership of any interest in the Mortgaged Property or any part thereof, (b) any accident, injury to or death of any person or persons, or loss of or damage to property, occurring on or about the Mortgaged Property or any part thereof or any adjoining sidewalks, curbs, vaults and vault spaces, streets or highways, (c) any use, nonuse or condition of

the Mortgaged Property or any part thereof, or any adjoining sidewalks, curbs, vaults and vault spaces, street or highways, (d) any failure on the part of Mortgagor to perform or comply with any of the terms, covenants or conditions of this Mortgage, (e) any necessity to defend any of the rights, title or interest conveyed by this Mortgage, or (f) the performance of any labor or services or the furnishing of any materials or other property in respect of the Mortgaged Property or any part thereof. Notwithstanding the foregoing, Mortgagor shall have no obligation to protect, defend, indemnify or hold Mortgagee harmless with respect to any liability, obligation, claim, damage, penalty, cause of action, cost or expenses arising from or due to the negligent or willful misconduct of Mortgagee or Mortgagor. In the event that any action, suit or proceeding is brought against Mortgagee by reason of any of the matters described in the immediately preceding sentence, Mortgagor, upon the request of Mortgagee, will, at Mortgagor's expense, cause such action, suit or proceeding to be resisted and defended by counsel designated by Mortgagor and approved by Mortgagee. Any amounts payable to Mortgagee pursuant to the provisions of this paragraph shall be secured by this Mortgage. The obligations of Mortgagor under this paragraph shall survive any defeasance of this Mortgage.

For purposes of clause (d) in the first sentence of the preceding paragraph (and without limiting the generality thereof), it is expressly understood and agreed that Mortgagee shall have no duty to examine or make any investigation with respect to any work done, action taken or payment made by Mortgagor pursuant to this Mortgage, and any determination of value under any such Section (except as therein provided) shall be the sole responsibility of Mortgagor.

[End of Article II]

ARTICLE III

EVENTS OF DEFAULT AND REMEDIES

Section 3.1 Events of Default. The following shall be a “PILOT Mortgage Default: under this Mortgage:

The occurrence of an “Event of Default” as defined in and set forth under the PILOT Agreement or Bond Lease (following the expiration of any applicable cure periods), but only to the extent such Event of Default under the PILOT Agreement and Bond Lease relates to the failure to make payment of PILOT Payments. Provided, however and notwithstanding anything set forth herein to the contrary and as set forth in Section 2.1 hereof, (1) each respective assignee of Mortgagor (including any leasehold owner of any Home (a “Home Owner”) after assuming an Assigned Interest) will only assume (and be responsible for) its, his or her proportionate share of the annual obligations to make such payments in lieu of taxes and (2) no default in payment of any payments in lieu of taxes by a respective Home Owner will have any effect upon any non-defaulting Home Owner(s) under the PILOT Agreement or under this Mortgage, and any action or remedy for default by the Mortgagee may only impact the respective Assigned Interest of the Home Owner causing the PILOT Mortgage Default and not any interest(s) (including Assigned Interest(s)) of the non-defaulting Home Owners.

Section 3.2 Other Remedies. In addition to any other remedy available to Mortgagee, as provided herein or otherwise, Mortgagee may exercise any and all remedies available to it under any applicable law, including, without limitation, the rights and remedies of a secured party under the Uniform Commercial Code as adopted in the Commonwealth of Kentucky.

Section 3.3 Acceleration. Upon the occurrence of a PILOT Mortgage Default by Mortgagor or a respective Home Owner, the Mortgagee may declare all of the respective Obligations secured by this Mortgage, as it relates to the defaulting Home owner, to be due and payable immediately and, upon said declaration such principal, interest and other sums shall become and be immediately due and payable.

Section 3.4 Surrender of Possession; Rights and Duties of Mortgagee in Possession. Upon the occurrence of a PILOT Mortgage Default, Mortgagor, or respective defaulting Home Owner as the case may be, upon demand of Mortgagee, shall forthwith assemble the respective Mortgaged Property and proceeds and make them available to the Mortgagee at the Project Site or some other place to be designated by the Mortgagee which is convenient to all parties, and Mortgagor shall forthwith surrender the possession of, and it shall be lawful for the Mortgagee to take possession of, all or any part of the Mortgaged Property together with the books, papers and accounts of Mortgagor pertaining thereto, and to hold, operate and manage the same, and from time to time to make all needful repairs, replacements and improvements; and Mortgagee may sublease or license the use of the Mortgaged Property or any part thereof in the name and for the account of Mortgagor and collect, receive and sequester the rents, license fees, revenues and other income, charges and moneys therefrom, and out of the same and any moneys received from any receiver of any part thereof, after deducting all proper costs and expenses of so taking, holding and managing the same, including reasonable compensation to Mortgagee, their respective agents and counsel, pay and/or set up proper reserves for the payment of any or all of the following in such

order and amounts as Mortgagee, in Mortgagee's sole discretion, may elect: the payment of any sums due under any prior or subordinate lien, taxes, water and sewer rents, charges and claims, insurance premiums and all other carrying charges, costs of maintenance, repair, replacement or restoration of the Mortgaged Property, and on account and in reduction of the principal or interest, or both, on the Obligations. For the aforesaid purpose, Mortgagor and Issuer hereby assign Mortgagee all rentals and license fees due and to become due under any subleases or rights or licenses to use and occupation of all or any part of the Mortgaged Property now or hereafter created, as well as all rights and remedies provided in such subleases, rights or licenses. In the event that all events of default have been made good and Mortgagee shall have surrendered possession to Mortgagor, the right of entry provided in this Section shall again exist upon any subsequent PILOT Mortgage Default.

Section 3.5 Actions to Recover Amounts Due. Mortgagee shall have the right, from time to time, to bring an appropriate action to recover any sums required to be paid by Mortgagor, or Home owner, under the terms of this Mortgage or the Obligations as they become due, without regard to whether or not the principal indebtedness or any other sums secured by the Indenture, the Obligations or this Mortgage shall be due, and without prejudice to the right of Mortgagee thereafter to institute foreclosure or otherwise dispose of the Mortgaged Property or any part thereof, or any other action, for any default by Mortgagor existing at the time the earlier action was commenced.

Section 3.6 Foreclosure. Upon the occurrence of a PILOT Mortgage Default, the lien on the Mortgaged Property created and vested by this Mortgage may be foreclosed and the Mortgagee may sell or otherwise dispose of the Mortgaged Property to satisfy the unpaid annual obligation in the manner provided by law, and either or both Mortgagee, if the highest bidder, may become the purchaser of the Mortgaged Property at any such sale. Mortgagee will give Mortgagor reasonable notice of the time and place of any public sale thereof. The requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the Notice Address of Mortgagor and its assigns at least ten (10) days before the time of such sale or disposition.

Section 3.7 Appointment of Receiver. Upon the occurrence of a PILOT Mortgage Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of Mortgagee under this Mortgage, Mortgagee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Mortgaged Property (as limited to the defaulting Home Owner) and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer; provided, however, that Mortgagee may, with or without action under this Section, pursue any available remedy to enforce the payment of principal and interest and premium, if any, or to remedy any PILOT Mortgage Default.

Section 3.8 Application of Moneys. All moneys received by Mortgagee or a receiver pursuant to any right given or action taken under the provisions of this Article shall, after the payment of any applicable late charges and the costs, expenses, liabilities and advances incurred by Mortgagee or receiver, together with interest thereon at the Default Rate, be applied in the manner provided for herein if such moneys are received other than as a result of foreclosure or any other disposition of the Mortgaged Property, and if received as a result of foreclosure or any other disposition of the Mortgaged Property shall be applied first to the payment of the costs, expenses, liabilities and advances incurred by Mortgagee or receiver, together with interest thereon at the

Default Rate, and then on account and in reduction of the principal, premium (if any) and interest on the Obligations in such order as the Mortgagee in its sole discretion determines.

Section 3.9 Rights and Remedies Cumulative; No Waiver or Release of Obligation. The rights and remedies of Mortgagee as provided in the PILOT Agreement, Bond Lease, and, this Mortgage, and in the warranties contained herein and therein, shall be cumulative and concurrent, may be pursued separately, successively or together against Mortgagor or its assigns or against the respective Mortgaged Property, or any combination thereof, at the sole discretion of Mortgagee, and may be exercised as often as occasion therefor shall arise. The failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof. The rights and remedies provided for in this Mortgage are not exclusive, but are in addition to all other rights and remedies provided by law or equity.

Any failure by Mortgagee to insist upon strict performance by Mortgagor or its assigns of any of the terms and provisions of this Mortgage shall not be deemed to be a waiver of any of the terms or provisions thereof, and Mortgagee shall have the right thereafter to insist upon strict performance by Mortgagor of any and all of them.

No delay or omission to exercise any right or power accruing upon any failure or PILOT Mortgage Default shall impair any right or power or shall be construed to be a waiver of any such failure or PILOT Mortgage Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any failure or PILOT Mortgage Default hereunder by Mortgagee shall extend to or shall affect any subsequent failure or PILOT Mortgage Default or shall impair any rights or remedies consequent thereon.

Neither Mortgagor nor any other person now or hereafter obligated for payment of all or any part of the sums now or hereafter secured by this Mortgage shall be relieved of such obligation by reason of the failure of Mortgagee to comply with any request of Mortgagor or of any other person so obligated to take action to foreclose on this Mortgage or otherwise enforce any provisions of this Mortgage, the Bonds, or the Obligations, or by reason of the release, regardless of consideration, of all or any part of the security held for the indebtedness secured by this Mortgage, or by reason of any agreement or stipulation between any subsequent owner of the Mortgaged Property and Mortgagee extending the time of payment or modifying the terms of the Mortgage, without first having obtained the consent of Mortgagor or such other person; and in the latter event Mortgagor and all such other persons shall continue to be liable to make payments according to the terms of any such extension or modification agreement, unless expressly released and discharged in writing by Mortgagee.

The Mortgagee may in writing release, regardless of consideration, any part of the security held for the indebtedness secured by this Mortgage without, as to the remainder of the security, in any way impairing or affecting the lien of this Mortgage or its priority over any subordinate lien.

Section 3.10 Termination of Proceedings. If Mortgagee shall have proceeded to enforce any right under this Mortgage by the appointment of a receiver, by entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason, or shall have been

determined adversely, then and in every such case Mortgagor, the Issuer, and Assignee shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of Mortgagee shall continue unimpaired as before.

Section 3.11 Right to Remedy Default. In the event that Mortgagor or Home Owner should fail to pay the Obligations or to pay or cause to be paid real estate or other taxes, assessments, water and sewer rents, charges and claims (unless and only for so long as, in strict compliance with the provisions of this Mortgage, Mortgagor or Home Owner is contesting the validity of any such item or the amount thereof), corporate taxes, sums due under any prior lien or approved prior lien, or insurance premiums, or fail to make necessary repairs or replacements, or permit waste, or fail to cure any default under any prior lien or approved prior lien, or fail to comply with any other obligation on the part of Mortgagor or Home Owner contained herein or in the documents evidencing the Obligations, Mortgagee, at its election and without notice to Mortgagor or Home Owner, shall have the right to make any payment or expenditure and to take any action which Mortgagor or Home Owner should have made or taken, or which such Mortgagee deems advisable to protect the security of this Mortgage or the Mortgaged Property, without prejudice to any of Mortgagee's rights or remedies available hereunder or otherwise, at law or in equity. All such sums, as well as costs, advanced by such Mortgagee or due such Mortgagee pursuant to this Mortgage or the documents evidencing the Obligations shall be due immediately from Mortgagor or Home Owner to Mortgagee and, together with interest thereon at the Default Rate, shall be secured hereby.

Section 3.12 Relations to Bond Lease, PILOT Agreement, and Indenture. This Mortgage is made subject to all of the terms, covenants and conditions of the Bond Lease, the Indenture, the PILOT Agreement and the documents evidencing the Obligations. It is understood that the Bondholders shall have hereunder such rights with respect to direction of and taking Mortgagee's actions hereunder as are provided in the Bond Lease and the Indenture.

[End of Article III]

ARTICLE IV

COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties. Mortgagor represents and warrants that (i) it is lawfully seized with a good and marketable leasehold interest and springing executory interest in the Project, subject only to Permitted Encumbrances; (ii) it will hold a leasehold interest and springing executory interest in the Project free and clear of liens and claims, subject only to Permitted Encumbrances; (iii) it has full right and authority to grant a first priority security interest in its leasehold interest and springing executory interest in the Project and a first mortgage on its leasehold interest in the Project Site and all its interests and rights therein in the manner and form herein done or intended to be done; (iv) this Mortgage is and will remain a valid and enforceable first lien on its leasehold interest and springing executory interest in the Project Site, the Project and the Equipment and a first priority security interest on the other Mortgaged Property and all interests and rights of Mortgagor related thereto, except for Permitted Encumbrances; and (v) it will preserve such interests in and to the Mortgaged Property and will forever warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever.

Section 4.2 Notices to Mortgagee. Mortgagor shall notify Mortgagee promptly of the occurrence of any of the following:

4.2.1 a fire or other casualty causing damage in excess of \$500,000 to the Mortgaged Property;

4.2.2 receipt of notice of condemnation of the Mortgaged Property or any part thereof;

4.2.3 receipt of notice from any governmental authority concerning any action or condition that may materially adversely affect the structure, use or occupancy of the Mortgaged Property;

4.2.4 receipt of any notice of alleged default from the holder of any lien or security interest in the Mortgaged Property; or

4.2.5 commencement of any litigation in which a claim for a single cause of action exceeds \$100,000 or for claims which in the aggregate exceed \$500,000.

Section 4.3 Exercise of Options to Purchase. Without the prior written consent of the Mortgagee, Mortgagor shall not or take any actions which would cause the termination of the Bond Lease under the terms thereof or by operation of law.

Section 4.4 Compliance with Laws and Regulations. Mortgagor covenants and agrees that in the maintenance, repair, renewal, replacement, remodeling, modification, operation and management of the Mortgaged Property it will observe and comply with all insurance underwriters' requirements and with all applicable, Federal, state and local statutes, ordinances, regulations, orders and restrictions, reserving hereby its right to contest the same, or the application of the same, so long as such contest shall not prejudice the lien of this Mortgage nor affect the amounts secured hereby.

Section 4.5 Covenant Running with the Land. Any act or agreement to be done or performed by Mortgagor shall be construed as a covenant running with the land and shall be binding upon Mortgagor and its respective successors and assigns as if they had personally made such agreement.

Section 4.6 Recordation. Mortgagor, at its expense, shall cause this Mortgage, any instruments supplemental hereto, financing statements, including all necessary amendments, supplements and appropriate continuation statements to be recorded, registered and filed, and to be kept recorded, registered and filed, in such manner and in such places as may be required in order to establish, preserve and protect the lien of this Mortgage as a valid, first mortgage lien and/or security interest on Mortgagor's leasehold interest in the Project, the Project Site and the Equipment and a valid, perfected first priority security interest in Mortgagor's interest in all other personal property, fixtures, and interests therein included in the Mortgaged Property (including in each such case, without limitation, any such properties acquired after the execution hereof).

Section 4.7 After-Acquired Property. All property of every kind acquired by Mortgagor after the date hereof, which by the terms hereof is intended to be subject to the lien of this Mortgage, and is subject to the Bond Lease, shall immediately upon the acquisition or lease (pursuant to the Bond Lease) thereof by Mortgagor, and without further mortgage, conveyance or assignment, become subject to the lien of this Mortgage as fully as though now owned or leased (under the Bond Lease) by Mortgagor and specifically described herein. Nevertheless, Mortgagor shall take such actions and execute and deliver such additional instruments as Mortgagee shall reasonably require to further evidence or confirm the subjection to the lien of this Mortgage of any such property.

[End of Article IV]

ARTICLE V

MISCELLANEOUS

Section 5.1 Notices. All notices, certificates, requests or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, addressed as provided in Section 19.1 of the Bond Lease.

Section 5.2 Amendments, Changes and Modifications. Except as may otherwise be provided in the Bond Lease, this Mortgage may not be effectively amended, changed, modified or altered without the prior written consent of the party against whom enforcement of such amendment, change, modification or alteration is sought.

Section 5.3 Execution Counterparts. This Mortgage may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 5.4 Severability. In case any clause, provision or section of this Mortgage, or any covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken under this Mortgage, or any application thereof, is for any reason held to be illegal, invalid or inoperable, such illegality, invalidity, or inoperability shall not affect the remainder thereof or any other clause, provision or section or any other covenant, stipulation, obligation, agreement, act or action or part thereof, made, assumed, entered into, or taken thereunder, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein, nor shall such illegality or invalidity or inoperability of any application thereof affect any legal and valid and operable application thereof, from time to time, and each such clause, provision or section, covenant, stipulation, obligation, agreement, act, or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent from time to time permitted by law.

Section 5.5 General Waivers By Mortgagor. Mortgagor hereby waives and releases, to the extent permitted by law:

5.5.1 all errors, defects and imperfections in any proceeding instituted by Mortgagee hereunder;

5.5.2 all benefit that might accrue to Mortgagor by virtue of any present or future law exempting the Mortgaged Property, or any part of the proceeds arising from any sale thereof, from attachment, levy or sale on execution, or providing for any stay of execution, exemption from civil process or extension of time for payment;

5.5.3 any appraisal, valuation, stay, extension or redemption or usury law now or hereafter in force and all rights of marshalling of assets in the event of any sale of the Mortgaged Property or any part thereof or interest therein, it being understood and agreed that any court having jurisdiction to foreclose the lien hereof may sell the Mortgaged Property in part or as an entirety; and

5.5.4 unless specifically required herein, all notices of Mortgagor's default or of Mortgagee's election to exercise, or Mortgagee's actual exercise, of any option or remedy hereunder or under the Bond Lease, the Indenture, the documents evidencing the other Obligations or the Bonds.

Section 5.6 Effect of Mortgage. This Mortgage constitutes a security agreement under the Uniform Commercial Code as adopted in the Commonwealth of Kentucky and creates a security interest in favor of Mortgagee in and to all that property (and the proceeds, accessions and replacements thereof, and the proceeds of any insurance on such property) included in the Mortgaged Property which constitutes fixtures or personal property. Mortgagor shall execute, deliver, file and refile any financing statements, continuation statements, or other security agreements Mortgagee may require from time to time to confirm the lien of this Mortgage with respect to such property. If certificates of title are issued with respect to any such property, Mortgagor will cause the interest of the Mortgagee to be properly noted thereon. Without limiting the foregoing, Mortgagor hereby irrevocably appoints Mortgagee attorney-in-fact for Mortgagor to execute, deliver and file such instruments for and on behalf of Mortgagor. Notwithstanding any release of any or all of that property included in the Mortgaged Property which is deemed "real property", any proceedings to foreclose this Mortgage, or its satisfaction of record, the terms hereof shall survive as a security agreement with respect to the security interest created hereby and referred to above until the repayment or satisfaction in full of the Obligations. Nothing herein shall preclude Mortgagee from proceeding as to both real and personal property in accordance with Mortgagee's rights and remedies in respect of personal property or fixtures, as provided in the Uniform Commercial Code as adopted in the Commonwealth of Kentucky.

Section 5.7 No Merger. It being the desire and intention of the parties hereto that this Mortgage and the lien thereof do not merge in the leasehold title or springing executory interest to the Mortgaged Property, it is hereby understood and agreed that should the Mortgagee acquire any additional or other interest in or to the Mortgaged Property or the ownership thereof, then, unless a contrary intent is manifested by the Mortgagee as evidenced by an appropriate document duly recorded, this Mortgage and the lien thereof shall not merge in the leasehold title or springing executory interest, that this Mortgage may be foreclosed as if owned by a stranger to the leasehold title. It is further the intention and desire of the parties that the leasehold title or springing executory interest to the Mortgaged Property cannot merge with the fee simple title interest to the Mortgaged Property without the prior written consent of the Mortgagee.

Section 5.8 Captions. The captions or headings in this Mortgage are for convenience only and in no way define, limit or describe the scope or intent of any provisions of this Mortgage.

Section 5.9 Governing Law. This Mortgage shall be deemed to be a contract made under the laws of the Commonwealth of Kentucky and for all purposes shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

Section 5.10 Conflicts. In the event of an inconsistency or conflict between this Mortgage and the PILOT Agreement, the PILOT Agreement shall control and govern the resolution of the inconsistency or conflict.

[End of Article V]

ARTICLE VI

CONVEYANCE BY MORTGAGOR

Section 6.1 Conveyance of Project by Mortgagor. Mortgagor and Mortgagee pursuant to this Mortgage hereby convey, mortgage and assign to the Assignee as security for the payment of the principal of, premium, if any, and interest on the PILOT Payments, as defined in Exhibit C hereto, their respective rights, title and interests in and to the Project and the Equipment, to the extent needed to secure Assignee's interest in the PILOT Payments.

Section 6.2 Limitation of Obligations. The Assignee has executed this Mortgage solely for the purpose of securing and perfecting its interest in the PILOT Payments as set forth herein, and no further representation, covenant, warranty, agreement or other obligation of the Assignee is expressed or shall be implied under this Mortgage.

Section 6.3 Lessor Joiner. The Issuer, in its capacity as holder of a fee simple title in the real estate subject to the Bond Lease, hereby joins in this Mortgage for the sole purpose of granting a security interest in such fee simple interest and encumbering the same to this Mortgage. The Assignee shall be entitled to extinguish, assume, or otherwise enforce its rights against both the fee simple and leasehold interests encumbered hereby, but otherwise without recourse to the Issuer, except as may be otherwise provided in the Bond Lease. It is the intention of the parties hereto that in the event of a default hereunder and foreclosure of this Mortgage, Assignee (or Mortgagee as the case may be) shall look solely to Mortgagor, or its assigns, for the performance of the covenants herein contained.

[End of Article VI]

IN WITNESS WHEREOF, the parties have executed this Mortgage as of the day and year first above written.

Borrower/Mortgagor:

Manhattan Development Group, LLC, a Kentucky
limited liability company

By: _____

Issuer/ Mortgagee:

CITY OF DAYTON, KENTUCKY, a Kentucky
City of the Home Rule Class

By: _____

_____, Mayor

Trustee/Assignee:

THE HUNTINGTON NATIONAL BANK

By: _____

Title: _____

ACKNOWLEDGMENTS

STATE OF _____)
)SS
COUNTY OF _____)

The foregoing instrument was sworn to and acknowledged before me this ____ day of _____, 20__ by _____, the Member of Manhattan Development Group, LLC, a Kentucky limited liability company on behalf of Manhattan Development Group, LLC, a Kentucky limited liability company This is an acknowledgement clause. No oath or affirmation was administered to the signer.

Notary Public
My Commission Expires: _____

STATE OF OHIO)
)SS
COUNTY OF HAMILTON)

The foregoing instrument was acknowledged before me this _____ day of _____, 2020, by _____, _____ of The Huntington National Bank, a national banking association, on behalf of the Mortgagee as Trustee. This is an acknowledgement clause. No oath or affirmation was administered to the signer.

Notary Public
My Commission Expires: _____

COMMONWEALTH OF KENTUCKY)
)SS
COUNTY OF CAMPBELL)

The foregoing instrument was acknowledged before me this ____ day of _____ 2020, by _____, Mayor of the City of Dayton, Kentucky, on behalf of the City of Dayton, Kentucky.

Notary Public
My Commission Expires: _____

EXHIBIT A
PROJECT DESCRIPTION

EXHIBIT B
PROJECT SITE

EXHIBIT C

PILOT PAYMENTS

The PILOT Payments are the payments in lieu of taxes which are to be paid to the Trustee by the Mortgagor and its assignees and successors, all in accordance with and described in Section _____ of the PILOT Agreement and the Bond Lease, as applicable.

EXHIBIT D
PILOT Agreement

See Attached