

AGREEMENT IN LIEU OF TAXES

This Agreement is made effective as of the ____ day of _____, 2020, by and between the Newport Independent School District, Kentucky (the "School District") and the City of Newport, Kentucky, a Kentucky municipal corporation (the "City"):

WITNESSETH

WHEREAS, Newport Clifton Development, LLC (the "developer") intends to develop 52 single family units along West 13 and West 14th Streets, (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) During the term of the Bonds, the City will annually pay to the School District annual payments in lieu of taxes in the amount of \$25,000 per year.

(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, as *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 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.

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
P.O. Box 72340
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 County and the City.

(Signature Page on Next Page)

IN WITNESS WHEREOF the Parties have hereunto set their hands.

NEWPORT INDEPENDENT SCHOOLS

BY: _____

Name: _____

Title: _____

CITY OF NEWPORT, KENTUCKY

BY: _____

Name: _____

Title: _____





Kelly

This is a follow up to our meeting on Friday. We are working with developers from both sides of the river to bring "Citirama" to our great City in 2020. This will be located along 13th street and will ultimately have 52 new homes in the development. This will encompass roughly 40 vacant parcels with a value of approximately \$300,000. At the current value, this would generate around 3,100 per year for the school system.

I am working on an IRB for this project that would have a shorter time frame than past projects, probably less than ten years in order for the City to provide necessary infrastructure. Of course, I will assure that any PILOT will match or exceed what you are currently receiving. One home will probably exceed the current value after the bonds expire since the projected value of each home will be between \$350-450,000 upon completion.

I will forward the necessary resolution and agreement when we begin moving forward. I am also attaching current photos of the development site that is vacant land.

On the issue of Deferred Comp plan, I will forward your contact info to Mr Leslie Hollerman so he can contact you. His email is hollel2@nationwide.com and his cell is 859-230-5095

Thank you

Tjfromme