

**FIRST AMENDMENT**  
**TO**  
**AGREEMENT IN LIEU OF TAXES**

This First Amendment to Agreement In Lieu of Taxes (the “First Amendment”) is made effective this 1<sup>st</sup> day of November, 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”), its successors, assigns and/or transferees (with the City, School District, and Manhattan being collectively referred to as the “Parties”):

WITNESSETH

WHEREAS, the Parties entered into an Agreement In Lieu of Taxes dated March 26, 2020 (the “Agreement”) relating to Manhattan’s plans to develop a series of residential projects within the Manhattan Harbour Development Area established by the City, within designated areas as defined in the Agreement; and

WHEREAS, there is a need to amend the Agreement with this First Amendment.

IT IS AGREED AMONG THE PARTIES AS FOLLOWS:

1. That notwithstanding the provisions of the Agreement, each respective project may have one primary construction mortgage loan obtained by the Developer, as defined in the Agreement, for the construction of said project, that may be first and superior to the Pilot Mortgage, as defined in the Agreement, but the Pilot Mortgage shall be superior to any other debt obtained by the Developer and/or the Unit owners as defined in the Agreement to purchase their respective Unit.

2. That Paragraph 5 of the Agreement is amended and restated in its entirety as follows:

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 City, based on an annual bill issued by the City, 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 City 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 paid to the Trustee for further disposition as provided in the Trust Indenture.”

3. That except as modified by this First Amendment, the Agreement shall remain in full force and effect.

*Signature Page to First Amendment 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  
10376655.2