



Kenton County School District | It's about *ALL* kids.

Issue Paper

DATE:

10/21/2025

AGENDA ITEM (ACTION ITEM):

Consider / Approve the Memorandum of Understanding (MOU) with the City of Covington, Kentucky, Covington Independent Schools, Kenton County, and the Northern Kentucky Port Authority for collaboration on future Industrial Revenue Bond (IRB) projects within the Kenton County School District and the City of Covington.

APPLICABLE BOARD POLICY:

01.1 Legal Status of the Board

HISTORY/BACKGROUND:

In an effort to ensure all taxing agencies within the City of Covington are equally and fairly represented during the negotiation process when an industrial revenue bond will be issued, as well as ensuring each agency is compensated at their standard and expected tax level, the City of Covington established a MOU to define the process for the issuance of IRBs. By agreeing to this MOU, the KCS D is ensured to receive expected property tax revenues when a developer is provided with tax incentives to develop commercial property(ies) within the City of Covington's and the KCS D's boundaries. KCS D, under the oversight and with the input of the Board Attorney, helped craft this multi-agency MOU.

FISCAL/BUDGETARY IMPACT:

No fiscal budgetary cost impact; future IRBs within the Kenton County School District and the City of Covington would be a revenue neutral agreement for the KCS D.

RECOMMENDATION:

Approve the Memorandum of Understanding (MOU) with the City of Covington, Kentucky, Covington Independent Schools, Kenton County, and the Northern Kentucky Port Authority for collaboration on future Industrial Revenue Bond (IRB) projects within the Kenton County School District and the City of Covington.

CONTACT PERSON:

Matt Rigg, Chief Operations Officer

Principal/Administrator



District Administrator



Superintendent

Memorandum of Understanding (MOU) Between the City of Covington, Kentucky, Covington Independent Schools, Kenton County, the Kenton County School District and the Northern Kentucky Port Authority Regarding Collaboration on Industrial Revenue Bond (IRB) Projects

I. PURPOSE

This Memorandum of Understanding (“MOU”) establishes a framework for collaboration among the City of Covington, Kentucky (“City”), Covington Independent Schools (“CIS”), Kenton County (“County”), Kenton County School District (“School District”), and the Northern Kentucky Port Authority (“Port Authority”), (each a “Party”, and collectively, “the Parties”) in the review, negotiation, and implementation of commercial and residential development projects within the City of Covington, Kentucky utilizing Industrial Revenue Bonds (“IRBs”) and Payment in Lieu of Taxes (“PILOT”) agreements (collectively, “Incentive Project”). The goal of this MOU is to ensure fair, transparent, and efficient processes that maximize community benefit and support economic development.

II. PRINCIPLES

The Parties agree to treat each other equitably and with mutual respect in all Incentive Project matters. The Parties recognize that each Incentive Project may require unique terms and structures to best serve the community and the Parties’ interests and agree that flexibility by each Party will be necessary for a successful relationship. Furthermore, the Parties recognize the importance of clear, timely communication and joint decision-making.

III. PROCESS

1. Initial Developer Contact

When a developer or other privately held entity approaches any Party regarding a proposed Incentive Project, the contacted Party will promptly notify the following individuals from the other

Parties:

- a. City: Mayor, City Manager, Economic Development Director
- b. County: Judge Executive, County Administrator
- c. Kenton County School District: Chief Operations Officer, Board of Education Chair
- d. Covington School District: Superintendent, Board of Education Chair
- e. Port Authority: Executive Director, Board Chair

2. Joint Preliminary Meeting

The Parties will convene a joint meeting with the developer as early as possible. This allows the developer to present the project to all Parties simultaneously, ensuring alignment and reducing delays.

3. Underwriting and Analysis

The City's Economic Development staff will coordinate underwriting and analysis, sharing findings with the County and relevant school district. Based on this underwriting, City Staff will recommend a PILOT structure for each taxing entity designed to fill any funding gap or use the standard of the taxing entity, offer a fair return to the developer and assure that each party receives a fair PILOT. This recommendation will be shared with the County and the relevant school district for feedback prior to presenting the proposal to a developer. Each Party may negotiate its own terms as appropriate, with support from the City as needed.

The City shall serve as the issuer of IRBs for projects located within the City of Covington. Another Party may issue IRBs for a project within the City only at the City's request or with the City's written consent, which shall not be unreasonably withheld. The framework for collaboration

and the commitment to ensuring a fair, transparent, and efficient process established by this MOU will continue to apply to all such projects.

4. Negotiation and Flexibility

The Parties will collaborate to structure deals that reflect the unique needs of each project, avoiding rigid, one-size-fits-all terms. The Parties may consider creative solutions, such as alternative PILOT structures, as appropriate.

5. Approval

Each Party retains final approval authority for its participation in any IRB project. The Parties will strive to coordinate approval timelines to minimize project delays.

6. Communication

The Parties will maintain open lines of communication throughout the process and will keep each other informed of any material changes or concerns.

7. Inclusion of Other Entities

The Parties may include other relevant entities, such as OneNKY, The Catalytic Fund, etc., as appropriate for specific projects.

IV. AMENDMENT AND TERMINATION

This MOU is not legally binding but reflects the Parties' shared commitment to collaboration. The MOU may be amended or terminated at any time by mutual agreement of the Parties. The MOU is intended to provide continuity of understanding as personnel or elected officials change.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have executed this MOU as of the date(s) listed below.

CITY OF COVINGTON, KENTUCKY

KENTON COUNTY, KENTUCKY

Ronald L. Washington, Mayor

Kris Knochelmann, Judge Executive

Date: _____

Date: _____

**COVINGTON INDEPENDENT
SCHOOLS**

KENTON COUNTY SCHOOL DISTRICT

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

**NORTHERN KENTUCKY PORT
AUTHORITY**

By: _____

Its: Chair, Board of Directors

Date: _____