



March 23, 2026

Tracy Bruno
Chief of Staff – Fayette County Public Schools

Re: **Updated – Proposed PILOT Structure**
Preservation of 168 Units of Affordable Housing in Downtown Lexington
Rose Tower Apartments – 137 Rose Street

Mr. Bruno:

Please see the below proposed PILOT structure which follows the structure presented to the Lexington Public Library on March 20, 2026.

Proposed PILOT Structure:

- At closing of the acquisition of the property, Fayette County Public Schools would receive an upfront impact fee of \$195,000. This amount represents almost five times (5x) annual current tax receipts. Over the course of the 15-year PILOT term, payments would be made according to the following schedule:

Growth Factor	3%
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Year	RE Taxes
1	65,000.00
2	66,950.00
3	68,958.50
4	71,027.26
5	73,158.07
6	75,352.81
7	77,613.40
8	79,941.80
9	82,340.06
10	84,810.26
11	87,354.56
12	89,975.20
13	92,674.46
14	95,454.69
15	98,318.33



The Year 1 payment would be set at \$65,000 which is approximately one and one half times (1.5x) current taxes. Annual payments would grow by 3% for the term of the agreement.

At the end of the term of the PILOT, a “true-up” would be made as follows:

- If the total of the impact fee plus PILOT payments made over 15 years were less than the taxes that would have otherwise been due absent a PILOT agreement (the “PILOT Shortfall”), then Related would pay to Fayette County Public Schools the difference between the two amounts.
- If the total of the impact fee plus PILOT payments made over 15 years were more than the taxes that would have otherwise been due absent a PILOT agreement, then no amounts would be exchanged between Related and Fayette County Public Schools.

In order to determine the PILOT Shortfall, if any, the ad valorem rate applicable to Fayette County Public Schools in each year will be applied to the fair market value determined annually by the Fayette County Property Value Administrator. The sum of the resulting ad valorem taxes in each of the 15 years during the agreement would be compared against the total payments under the PILOT agreement. Each year, Related would prepare an annual statement with that year’s ad valorem tax calculation along with the cumulative ad valorem taxes during the life of the PILOT so that the amount of any “true-up” at the end of the PILOT term is not in question.

Should this proposal be acceptable, we would be happy to provide a formal PILOT agreement reflecting these terms for further review.

Sincerely,

Sam Sjoberg

Vice President, Related Affordable