

AGREEMENT IN LIEU OF TAXES

This Agreement In Lieu of Taxes (this “Agreement”) is made effective as of the ____ day of _____, 2026, by and among the City of Covington, Kentucky (the “City”), the County of Kenton, Kentucky (the “County”), the Covington Independent School District (the “School District”) and Innovative Opening Solutions, Inc. an Ohio corporation, and its successors, permitted assigns and/or transferees (the “Company” and, together with the City, the County and the School District, the “Parties”):

WITNESSETH

WHEREAS, the Company plans to adaptively reuse a vacant industrial building located at 4293 Winston Avenue, Covington, Kentucky, as more particularly described in Exhibit A hereto (the “Property”), to relocate the business operations of the Company, including Erlanger Hardware and Innovative Opening Solutions, to the City (the “Project”); and

WHEREAS, the City has agreed to (i) issue and sell Industrial Building Revenue Bonds (the “Bonds”) to finance the acquisition and construction of the Project, (ii) accept title to the Property (which Project will include real and tangible property related to the Project) and enter into a Lease Agreement with the Company for the Property (the “Lease Agreement”), and (iii) in conjunction with the foregoing, enter into this Agreement to memorialize the Company’s obligation to make payments in lieu of taxes (“PILOT Payments”) with respect to the Property to the City, the County and the School District; and

WHEREAS, the Company and the City will enter into a Memorandum of Agreement, wherein the City agrees 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 the Project; and

WHEREAS, the economic incentive to the Company by virtue of the issuance and sale of the Bonds and the execution of the Lease Agreement is the abatement of real property and tangible property *ad valorem* taxes with respect to the Property and the Project; and

WHEREAS, it is understood by the Parties that the Kenton County Property Valuation Administrator (the "PVA") is responsible for establishing assessed value of real property within Kenton County for the purpose of imposing real property *ad valorem* taxes; and

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter contained, the Parties 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 Property and the Project. That the valuation of the real Property and Project shall be the fair cash value for the real Property as determined by the PVA, which shall be set and adjusted in accordance with the PVA's standard practices as the Project is developed. The tax rates for use in calculating PILOT Payments for the term of this Agreement will be the City's, County's and School District's real property *ad valorem* tax rates in effect for each respective year that the Bonds are outstanding. It is understood that the valuation of the Property may change over time as determined by the PVA.

3. Commencement of Obligations. The obligation to make PILOT Payments will be due on November 30th the year after the date the Bonds are issued and shall be due each November 30th, thereafter during the term of the Bonds, and shall be the obligation of the Company or its assigns to remit these payments by the deadline to the City, the School District and the County. PILOT Payments not paid by December 31st of each year shall be considered delinquent and shall bear penalty and interest the same as regular real estate payments *ad valorem* tax until paid.

4. Issuance of Bonds/Tax Abatement. Upon the issuance and sale of the Bonds, the transfer of the Property to the City and the execution of the Lease Agreement, the Property will be exempt from local real and tangible property *ad valorem* taxes pursuant to the provisions of Section 103.285 of the Kentucky Revised Statutes, but shall be subject to the PILOT Payments set forth in this Agreement. The term of the exemption from real property *ad valorem* taxes with respect to the Property shall terminate upon the earlier of (i) the termination of the Lease Agreement, (ii) fifteen (15) years from the date the Bonds are issued, or (iii) the date the Bonds are fully paid or defeased (the "Exemption Termination Date"). The Company's obligation to make Pilot Payments in accordance with the terms of this Agreement shall be a Company's covenant in the Lease Agreement.

5. Obligation to Make PILOT Payments. The Company shall make annual PILOT Payments to the City, County, and School District, beginning the first year after the Bonds are issued, in an amount equal to twenty percent (20%) of the amount the City and County, respectively, and fifty percent (50%) of the amount the School District would have received from the real property related to the Project had Bonds not been issued for the Project. PILOT Payments will be calculated based on the City's, County's and School

District's then current rates for *ad valorem* real property taxes for the respective tax year, multiplied by the fair cash value of the real Property for the respective tax year as determined by the PVA, and then multiplied by the applicable percentages as set forth above in this Paragraph 5 of the Agreement.

6. Career and Technical Education Partnership. The Company shall make good-faith efforts to engage with Covington Independent Public Schools ("CIPS") regarding opportunities to support and participate in CIPS's Career and Technical Education pathways. Such efforts shall include the Company making a good-faith effort to initiate and participate in meetings with CIPS to discuss potential opportunities for student engagement, work-based learning, career exposure, internships, employment, or other forms of partnership appropriate to the Company's operations and workforce needs.

7. Real Property *Ad Valorem* Taxes After Bonds Mature. Upon the Exemption Termination Date, the City shall convey the Property to the Company (or its assignees or transferees) at the cost of the Company (for attorney's fees, recording fees, etc.), the real property *ad valorem* tax exemption shall cease, and the City, County, School District and other taxing authorities, shall receive from the Company or its assigns one hundred (100%) of the real and tangible property *ad valorem* taxes with respect to the Property at the tax rates established at that time on an annual basis in accordance with the assessment for the Property as determined by the PVA.

8. Other Taxes. Other than the real property *ad valorem* taxes discussed herein, this Agreement does not affect or apply to any other non-*ad valorem* taxes or fees that may be owed by the Company (or its assignees or transferees) to the City, the County, School District or other taxing districts. The Company acknowledges that this

Agreement will not be inconsistent or will not conflict with any bond placement agreement, any financing agreement, or the Lease Agreement executed or to be executed in connection with the Bonds (collectively, the "Bond Documents"), and to the extent that this Agreement is inconsistent or in conflict with the Bond Documents, the terms and language of this Agreement shall control over the Bond Documents.

9. Term of Bonds. It is further understood by the Parties that the final maturity date of the Bonds shall not exceed fifteen (15) years from their date of issuance. Any costs expended by the City related to the issuance of the Bonds shall be reimbursed or paid by the Company.

10. Notices.

All notices sent to the Company shall be sent to:

Innovative Opening Solutions, Inc.
2025 Delaware Avenue
Norwood, Ohio
Attn: Mark Teremi, Jr.

All notices sent to the City shall be sent to:

City of Covington, Kentucky
20 West Pike Street
Covington, Kentucky 41011
Attn: City Manager

All notices sent to the County shall be sent to:

County of Kenton, Kentucky
1840 Simon Kenton Way
Covington, Kentucky 41011
Attn: Judge/Executive

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

Covington Independent School District
25 East 7th Street
Covington, Kentucky 41011

Attn: Superintendent

11. Default. In addition to any and all remedies specified in the Bond Documents relating to the payment of the PILOT Payments required by this Agreement the City, County or School District shall have the right to enforce the provisions of this Agreement in any matter that the City, County or School District deems appropriate. It is further agreed that in the event of a default, the Company will pay all costs, including the City's, County's and School District's reasonable attorney fees, associated with the collection of the due, but unpaid PILOT Payments and interest and penalties thereon.

12. Effect of Bankruptcy. In the event that the Company or its successors, transferees, or assigns shall file a voluntary action seeking relief under applicable bankruptcy law, or have an involuntary action filed against it seeking such relief, then, and in that event, it is agreed that all payments required by this Agreement shall be treated the same as if they were local real property ad valorem taxes under applicable Kentucky law, giving said payments and obligations preference over all other secured and unsecured creditors.

13. Assignment. At its sole cost, the Company shall have the right to assign its interest under this Agreement to a special purpose entity formed by Company to undertake the Project or to an entity that is providing financing for the Project. Company, with written notice to the City, may assign its interest under this Agreement to a third-party purchaser of the Project, and consent of the City, County, and School District shall be required, and the consent shall not be unreasonably withheld. Any Assignment of this Agreement shall require the Assignee to assume all rights and obligations of this Agreement, and pay any costs incurred by the City related to this action or process.

14. This Agreement is legally binding upon the City, the County, the School District and the Company, its officers, affiliates, shareholders successors in interests, employees, and agents, and assigns and transferees.

15. 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 Kenton Circuit Court.

16. 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.

17. 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.

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

19. Counterparts. This Agreement may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original.

Signature Page to Agreement In Lieu of Taxes

CITY OF COVINGTON, KENTUCKY

By: _____
Ron Washington
Mayor

COUNTY OF KENTON, KENTUCKY

By: _____
Kris Knochelmann
County Judge/Executive

COVINGTON INDEPENDENT SCHOOL DISTRICT

By: _____
Cortnei D. Flucas
Superintendent

INNOVATIVE OPENING SOLUTIONS, INC.,
an Ohio corporation

By: _____
Mark Teremi, Jr.
President

EXHIBIT A
PROJECT SITE

Being part of PIDN 056-14-11-001.01 as generally shown on the below map.



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