

MOU Day 1 # 1A

Memorandum of Understanding

This non-binding Memorandum of Understanding (the "MOU") is made and entered into on this 24 day of July, 2018 (the "Effective Date") by and between the Board of Education of Deer Park Community City School District (the "School District") and Capital Investment Development Group, LLC., an Ohio limited liability company (the "Developer").

RECITALS

A. WHEREAS, the Developer is interested in construction of a mixed use development consisting of multi-family residential units, an office building, a hotel, commercial /retail space and parking facilities within a portion of Sycamore Township, Hamilton County, Ohio (the "Township") that is within the jurisdiction of the School District (the "Project"); and,

B. WHEREAS, in order to support the construction of public infrastructure improvements necessary for the Project (as ultimately determined by the Township and the Developer, but inclusive of public parking facilities benefiting the Project, the "Public Improvements"), the Township is interested in establishing a tax increment financing plan pursuant to Ohio Revised Code Section 5709.73(B) that will encompass the entire Project and exempt 100% of the increase in assessed valuation thereof for a period of 30 years from real property taxation (collectively, the "TIF"); and,

C. WHEREAS, it is anticipated that 60% of the incremental value of the multi-family residential component (and appurtenant parking improvements, if applicable) of the Project will also be exempted from real property taxation for a period of 15 years pursuant to a Community Reinvestment Area tax exemption effected under Ohio Revised Code Section 3735.67, et. seq. (the "CRA") (the other 40% of the incremental value being part of the TIF, and after the conclusion of the CRA all the incremental value would be part of the TIF).

D. WHEREAS, it is anticipated that the Township will issue, or cause the Greater Cincinnati Redevelopment Authority to issue, several series of bonds secured by a first priority pledge of the TIF revenue (collectively, the "Bonds"), the proceeds of which will be used, *inter alia*, for the construction of the Public Improvements; and,

E. WHEREAS, in order to establish the TIF and the CRA on the terms set forth above, the Township will need the approval of the School District; and,

F. WHEREAS, this MOU is intended as an expression of mutual understanding with respect to the transaction described herein which may be reduced to writing in the future in a School Compensation Agreement (defined *infra*) that will, if executed, be a legally-enforceable document.

General Declarations

It is the intention of the parties to memorialize this MOU in the form of a binding School Compensation Agreement (the "School Compensation Agreement") within sixty (60) days of the Effective Date, or at such earlier time as is necessary to allow the Township to effect passage of the TIF and to cause the implementation of the CRA.

Excess TIF revenue in any year remaining after payment of all debt service charges on the Bonds (including any administrative expenses, etc.) (such excess TIF revenue being hereinafter the “**Excess TIF Revenue**”) will be applied (i) first, to reimburse the Developer for any payments of minimum service payments paid in accordance with Ohio Revised Code Section 5709.91 (i.e. service payments under the TIF in excess of what the taxes on the Project would have been but for the TIF) previously paid, (ii) second, to interest payments due on a subordinate series of bonds (the “**Subordinate Bonds**”) held by the Developer in an aggregate principal amount not to exceed \$750,000 bearing interest at a rate per annum not to exceed 5% and payable semi-annually (interest will begin accruing on the Subordinate Bonds after completion of the Public Improvements), (iii) third, to a fund for the payment of principal on the Subordinate Bonds at maturity of the TIF in an amount not in excess of the principal amount of the Subordinate Bonds (the principal amount of the Subordinate Bonds will be finally determined after completion of the Public Improvements and will be the amount paid by Developer or its affiliates for the Public Improvements and not otherwise reimbursed from Bond proceeds), and (iv) thereafter, as additional compensation to the School District and to Great Oaks Institute of Technology and Career Development (the “**JVSD**”), shared proportionately as required by Ohio Revised Code Section 5709.73. Amounts paid pursuant to romanet (iii) above will, prior to being applied to pay principal on the Subordinate Bonds, be held in an account as an additional reserve fund for the Bonds.

Developer Responsibilities

The Developer will or will cause its affiliates to:

1. Pay, or cause to be paid, to the School District an amount equal to \$1,200,000 on the date that the Bonds are issued to finance the construction of the Public Improvements that will service the Project (the “**Lump Sum Payment**”).
2. Cause the owner of the Project to pay the base taxes on the property comprising the Project in an amount equal to \$107,000 per annum.
3. Beginning for Tax Year 2020 (payable 2021) and continuing through Tax Year 2029 (payable 2030), cause the owners of the Project to pay \$200,000 per year to the School District as a payment-in-lieu of taxes. For the avoidance of doubt, this payment would be paid in semi-annual installments each January and July commencing in January of 2021.
4. Beginning for Tax Year 2030 (payable 2031) and continuing through Tax Year 2039 (payable 2040), cause the owners of the Project to pay \$300,000 per year to the School District as a payment-in-lieu of taxes. For the avoidance of doubt, this payment would be paid in semi-annual installments each January and July commencing in January of 2031.
5. Beginning for Tax Year 2040 (payable 2041) and continuing through the remaining duration of the TIF, cause the owners of the Project to pay \$400,000 per year to the School District as a payment-in-lieu of taxes. For the avoidance of doubt, this payment would be paid in semi-annual installments each January and July commencing in January of 2041.

6. For the avoidance of doubt, the payments-in-lieu of taxes set forth in paragraphs 2, 3, 4 and 5 (collectively, the "PILOTS") will automatically terminate if the TIF shall for whatever reason terminates.
7. The amount of the Lump Sum Payment and the PILOTS (collectively, the "Compensation") is predicated on the yield on 10-year U.S. Treasuries not exceeding 3.25% at the time of issuance of the Bonds. In the event that such yield does exceed 3.25%, the amount of the Compensation would be reduced proportionately
8. Developer will pay, or cause to be paid, to the School District any moneys received by Developer as repayment of principal under the Subordinate Bonds. Developer shall be entitled to retain interest paid on the Subordinate Bonds for its own account.
9. Developer agrees not to make or issue (or cause to be made or issued) any public comments and/or media communications of any kind that mention or refer to the School District in any manner unless such comments or communications have first been approved by the Superintendent of the School District.

School District Responsibilities

The School District will:

1. Dismiss its current challenge to the assessed valuation of the real property comprising the Project.
2. Forego challenging any real property values of properties comprising the Project until the termination of the TIF.
3. The School District will publicly support our project both in the press and during any commission meetings. The School District will also execute any necessary documents for the issuance of TIF bonds by the Port or Township.
4. The School District will pass a resolution in support of the TIF and the CRA and waive any notice periods required under Ohio law.

DEVELOPER

SCHOOL DISTRICT

CAPITAL INVESTMENT DEVELOPMENT
GROUP, LLC.,
an Ohio limited liability company

BOARD OF EDUCATION OF
DEER PARK COMMUNITY CITY
SCHOOL DISTRICT

By: David Baster
Title: Manager

By: Peggy Bosse
Title: Board of Education President