

FAIRFIELD TOWNSHIP AND FAIRFIELD CITY
SCHOOL DISTRICT TAX INCREMENT FINANCE EXEMPTION
SCHOOL COMPENSATION AGREEMENT

THIS AGREEMENT (the "Agreement") dated _____, 2017 is between the Township of Fairfield, Ohio (the "Township") acting by and through its Board of Township Trustees (the "Trustees") and the Fairfield City School District (the "District") acting by and through its Board of Education (the "Board").

WHEREAS, Sections 5709.73 et seq. of the Ohio Revised Code authorize townships to grant tax increment financing ("TIF") real property tax exemptions for improvements declared to be for a public purpose, which exempt from taxation the increase in the true value of the parcel of property after the effective date of the resolution granting such exemption; and,

WHEREAS, Section 5709.74 of the Ohio Revised Code further authorizes a township to require owners of improvements subject to a tax increment financing tax exemption to make an annual payment or semi-annual payments in lieu of taxes ("Service Payments in Lieu of Taxes"), which payment(s) is approximately equivalent to the amount of real property tax which would be payable on the increase in the true value of the parcel of property but for the exemption from taxation; and,

WHEREAS, Section 5709.75 of the Ohio Revised Code further requires a township receiving payments in lieu of taxes to create a township public improvement tax increment equivalent fund for deposit of the entire amount of such payments, to be used to pay the costs of public infrastructure improvements benefiting the parcels subject to the tax increment financing tax exemption and, if provided, to make payments to school districts impacted by exemption from taxation; and,

WHEREAS, the Trustees have previously notified the Board by letter received on September 23, 2016, that the Trustees planned to propose a resolution pursuant to Section 5709.73, Ohio Revised Code, (the "Exemption Resolution"), declaring certain improvements to certain real property located on N. Gilmore Road in Fairfield Township, Butler County, Ohio and consisting of 16.882± acres (the "StoryPoint Property") to be a public purpose and exempting from real property taxation one hundred percent (100%) of such improvements for a period of thirty (30) years or in the alternative exempting from real property taxation seventy-five percent (75%) of such improvements for a period of ten (10) years; and

WHEREAS, the Board on October 20, 2016 adopted Resolution No. 110 disapproving the proposed period of tax exemption for the StoryPoint Property in excess of ten (10) years and percentage of tax exemption in excess of seventy-five percent (75%) pursuant to Ohio Revised Code Section 5709.73(D); and

WHEREAS, a copy of said Resolution No. 110 was duly certified to the Trustees on October 21, 2016; and

WHEREAS, the Trustees have now indicated a desire to exempt for up to thirty (30) years and one hundred percent (100%) of the value of further improvements to certain real property located in Fairfield Township, Butler County, Ohio and described in the attached Exhibit "A" which is incorporated herein by reference (the "Future Exempted Property") consisting of 209± acres and approximately nine (9) parcels; and

WHEREAS, with the possible exception of the StoryPoint Property as hereinafter described, the parties desire to agree that the District and the Butler Tech Joint Vocational School District be held harmless and receive from the Trustees one hundred percent (100%) of the tax revenue they would have received from improvements to the Future Exempted Property were it not for the exemption granted by any future TIF resolution of the Trustees for any length or percentage of exemption and whether or not required by law; and

WHEREAS, Sections 5709.73, 5709.75 and 5709.82 of the Ohio Revised Code permit the Trustees and the Board to enter into this Agreement in order to address compensation to the District for property taxes lost as a result of any future TIF exemption as described above; and

WHEREAS, the Board is in agreement to waive its right to approve tax exemptions and its right to receive prior notice of such exemptions under Ohio Revised Code Section 5709.73 (not including prior notices required under Ohio Revised Code Section 5709.83 which are still required) provided that the Trustees execute this School Compensation Agreement and do in fact "hold harmless" the District so that it receives one hundred percent (100%) of the tax revenue it would have received from improvements to the Future Exempted Property were it not for any future TIF exemption(s) granted by the Trustees' resolution(s); and

WHEREAS, the Board has passed a resolution on January 12, 2017, the ("District Resolution") authorizing the execution of this Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES HEREIN CONTAINED AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED BY THE PARTIES, IT IS AGREED BY THE PARTIES AS FOLLOWS:

SECTION 1. Approval of future TIF Exemption(s); Compensation to District.

(a) The District approves any future TIF Exemption on the Future Exempted Property for up to one hundred percent (100%) of the further improvements to the Future Exempted Property, for a period of up to thirty (30) years. The District waives its right to approve tax exemptions and its right to receive prior notice of such exemptions under Ohio Revised Code Section 5709.73 as to the Future Exempted Property only. This agreement does not apply to real property not included in the Future Exempted Property as described in Exhibit "A". Notices required under Ohio Revised Code Section 5709.83 are not waived by the District.

(b) Commencing with tax year 2018 and thereafter, during any year, or any portion thereof, in which the District would have received property tax payments derived from the Future Exempted Property, but for the Trustees' authorization of the TIF Exemption, the Township agrees to pay to the District an amount equal to one hundred percent (100%) of the additional

amount of property tax payments derived from the Future Exempted Property that the District would have received from the Future Exempted Property but for the TIF Exemption, (the “TIF Compensation”), as determined by the Fiscal Officer of the Township and certified to the District Treasurer. Such amount shall be calculated by multiplying the assessed value of the Future Exempted Property by one hundred percent (100%) of the District effective tax rate for the applicable tax year and adjusting for any Service Payments not actually paid by property owners or received by the Township in accordance with subsection (e) below. Payment of the TIF Compensation may, but is not required to, be made from the Township’s Public Improvement Tax Increment Equivalent Fund (the “Fund”). However, nothing in this Agreement shall be construed to pledge the full faith and credit of the Township.

(c) The Township agrees that it will pay TIF Compensation to the Butler Tech Joint Vocational School District as provided under Ohio Revised Code Section 5709.73(D) at the same rate (100% of revenue not received as a result of the exemption) and upon the same terms as provided herein for the Fairfield City School District.

(d) The Township agrees that with regard to the Future Exempted Property it will provide prior notice to the District of any TIF exemption resolution proposed by the Trustees in accordance with the provisions of Ohio Revised Code Section 5709.83, whether or not such notice is required by said statute.

(e) The Township further agrees that it intends and will pay the TIF Compensation as provided above for all years and percentages of exemption including the first ten (10) years of any exemption and exemption percentages of seventy-five percent (75%) or less on the Future Exempted Property whether or not required by law. The foregoing notwithstanding, with regard to the 16.882± acre StoryPoint Property only, which is included in the Future Exempted Property, if the Township grants no more than a ten (10) year, seventy-five percent (75%) exemption for the StoryPoint Property, then it will not be required to make the TIF Compensation Payments to the District or Butler Tech Joint Vocational School District for the StoryPoint Property. If the exemption for the StoryPoint Property exceeds ten (10) years or seventy-five percent (75%) then the TIF Compensation Payments will be paid by the Township for all years and percentages of exemption whether or not required by law.

(f) The Township hereby agrees that it will not issue Bonds to be paid with the Service Payments from the Future Exempted Property unless estimated Service Payments will be sufficient to pay both debt service on any bonds issued and compensation due and owing the District under this Agreement.

(g) In the event that any one or more property owners fails to remit a Service Payment in Lieu of Taxes on or before its due date as determined by applicable statutes, the Township is not required to make a compensation payment to the District for the amount not remitted; provided, however, that the Township shall proceed to collect the amount not remitted and shall include that amount after collection in calculation of the next future TIF Compensation amount due to the District. Any collected amounts so included will be offset by a prorated amount of the costs incurred in the collection of said sum.

(h) In determining the amount of the Service Payments in Lieu of Taxes required by the Township pursuant to Section 5709.74 of the Ohio Revised Code, it is expressly agreed and relied upon that the value of the parcels included in the Future Exempted Property prior to the effective date of the TIF Exemption shall be the value of the parcels on the date that the applicable TIF Exemption resolution was passed by the Trustees.

SECTION 2. Payment of TIF Compensation. Each calendar year or portion thereof for which this Agreement is in effect, within thirty (30) days after the receipt of payment and settlement from the county auditor and/or treasurer for each half of annual real property taxes for that calendar year, the Township shall pay to the District, by bank check, ACH, or other mutually agreeable manner, the amount of the TIF Compensation. Upon mutual written agreement the parties may agree to an alternate payment schedule for the TIF Compensation.

SECTION 3. Resolution of Disputes. In the event the District disputes the amount of the TIF Compensation as paid by the Township, or the Township believes it has overpaid amounts of TIF Compensation in the past, the District or the Township shall certify the basis for the dispute and the amount that the District or the Township claims is the correct amount of TIF Compensation to be paid to the District or refunded to the Township. Such dispute must be certified to the other party within 180 days of the receipt of or payment of TIF Compensation. Within fifteen (15) days thereafter, the Treasurer of the District and the Township Fiscal Officer shall meet to discuss and attempt to resolve the dispute. In the event the Treasurer of the District and the Township Fiscal Officer are unable to mutually agree on the amount of TIF Compensation, the parties shall next mutually select an impartial arbitrator to determine the amount of TIF Compensation. The cost of such arbitration shall be borne equally by the District and the Township in the event that they are able to mutually arrive at a settlement of such dispute prior to the issuance of a decision by the arbitrator. In the event that they are unable to arrive at a mutually acceptable settlement and the arbitrator is required to make a decision, the cost of such arbitration shall be borne by the losing party to such arbitration. The Township or the District shall then pay such agreed amount or determined amount within 30 days thereafter; provided that nothing contained in this Section shall limit either the District's or the Township's ability, after payment and receipt of such TIF Compensation amount to seek recovery of amounts deemed overpaid or underpaid.

SECTION 4. Late Payments. Except for the case where a TIF Compensation payment is delayed pursuant to a dispute, as provided in Section 3 hereof, and the dispute results in a determination that the TIF Compensation amount is an amount different than the amount initially certified by the Treasurer, any late TIF Compensation payments shall bear interest at the then current rate established under Sections 323.121(B)(1) and 5703.47 of the Ohio Revised Code, as the same may be amended from time to time, or any successor provisions thereto as the same may be amended from time to time.

SECTION 5. Duration of Agreement Amendment. This Agreement shall become effective on the date that it is executed and delivered and shall remain in effect for such period as any TIF Exemption on the Future Exempted Property is in effect. This Agreement may be amended only by mutual written agreement of the respective governing Boards of the District and the Township.

SECTION 6. Severability. Should any portion of this Agreement be declared by the courts to be unconstitutional, invalid or otherwise unlawful, such decision shall not effect the entire Agreement but only that part declared to be unconstitutional, invalid or illegal.

SECTION 7. Counterpart; Captions. This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same Agreement. Captions have been provided herein for the convenience of the reader and shall not affect the construction of this Agreement.

SECTION 8. Filing of Agreement. The Township Administrator shall file an executed copy of this Agreement with the County Auditor, as a member of the Tax Incentive Review Council.

SECTION 9. Recording of Exemption. Notice of the exemption of the Future Exempted Property and the requirement of property owners to make Service Payments will be properly recorded with the Butler County Recorder in accordance with Section 5709.911(C)(1) of the Ohio Revised Code.

SECTION 10. Third Party Beneficiary. The parties acknowledge the District is directly impacted by the tax increment financing exemption and shall be a third party beneficiary of any service payments and/or payments in lieu of taxes required to be paid under Section 5709.74 and Future TIF resolutions of the Trustees, and any agreement between the Township and any property owner pertaining to said service payments in lieu of taxes and shall have the right to enforce the provisions thereof.

IN WITNESS WHEREOF, the Board of Township Trustees of Fairfield Township, Ohio has caused this Agreement to be signed by at least two members of the Board of Township Trustees and the Fairfield City School District Board of Education has caused this Agreement to be signed by the President and the Treasurer of the Board of Education, all as of the date first written above.

BOARD OF TRUSTEES OF FAIRFIELD
TOWNSHIP, OHIO

By: _____ Date: _____
By: _____ Date: _____
By: _____ Date: _____

BOARD OF EDUCATION OF FAIRFIELD CITY
SCHOOL DISTRICT

By: _____ Date: _____
Dan E. Hare, President
By: _____ Date: _____
Nancy L. Lane, Treasurer