

AGREEMENT

THIS AGREEMENT is effective the 31st day of July, 2012, and is by and between KATHY H. WITT, Sheriff of Fayette County, hereinafter referred to as "Sheriff", and the LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, an urban county government of the Commonwealth of Kentucky pursuant to KRS Chapter 67A, hereinafter referred to as "Government":

WITNESSETH:

WHEREAS, the Sheriff is pursuant to KRS 134.140 the collector of "state, county and district taxes" and is pursuant to KRS 160.010 and 160.500(1) the collector of school taxes; and

WHEREAS, KRS 91A.070 provides that cities may collect their own taxes or elect to hire the Sheriff to collect them; and the Government's position is that KRS 67A.060(1) and 67A.070 give urban county governments all powers of cities not in conflict with the general statutes of the state; and

WHEREAS, the parties have agreed for the upcoming tax year that the Sheriff will collect the state taxes, county taxes, the school taxes, and the ad valorem urban services taxes pursuant to the terms set forth below:

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, the parties hereto have bargained and agreed to the terms of this Agreement as follows:

Section 1. The Sheriff will assume all duties involved in collecting and reporting the ad valorem urban services taxes. The Sheriff shall pay her bond commission

and tax audit fees and not seek a return of these expenses. The Sheriff shall remit all collections to the Government daily via electronic transmission of funds. The Sheriff shall furnish to the Government daily an electronic file containing the bill numbers of all 2012 property tax bills paid or of payments cancelled.

Section 2. The Government shall pay the Sheriff the sum of \$350,000 for the ad valorem urban services tax collection services being provided; said sum is to be considered a commission paid for the collection of taxes. This sum shall be payable as follows: \$190,000 on or before November 9, 2012; \$100,000 on or before December 14, 2012; and \$60,000 on or before January 11, 2013. The parties understand and agree that the Sheriff will report this sum as commissions subject to KRS 64.350(1) and the Government in turn shall receive the twenty-five percent (25%) payment from the state on the Sheriff's commission, pursuant to KRS 64.350(1), in the amount of \$87,500.

Section 3. The Sheriff and her designated staff shall have on-line access to the Government's mainframe computer system in exchange for her daily remittal of tax collections. Access shall be limited to the currently defined terminal sessions. Additional sessions may be requested. Actual creation of any additional sessions will be subject to availability of the Government system resources, at no cost. All costs incurred by the Sheriff associated with providing any additional sessions will be the responsibility of the Sheriff.

Section 4. The Government shall furnish an electronic file of all property tax bills prepared on behalf of the Fayette County Clerk. All exonerations, changes,

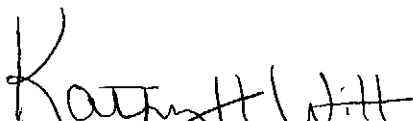
adjustments, payments, credits or refunds to the original bills prepared for the Fayette County Clerk shall be the responsibility of the Sheriff.

Section 5. This Agreement shall be for a period of one tax year and thereafter will be subject to renegotiation. The Agreement shall in no way be construed as limiting, reducing or waiving any constitutional or statutory authority of the Office of Fayette County Sheriff or the Government, including the right to collect taxes, or with respect to the right to assert any claim with respect to compensation for the collection of taxes, in any future agreements. The Sheriff shall continue rendering all other services to Fayette County as required by law.

Section 6. The preamble be and hereby is incorporated in this Agreement, the same as if fully set out herein.

SHERIFF OF FAYETTE COUNTY

LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT


KATHY H. WITT

By: _____

JIM GRAY, MAYOR

ATTEST:

CLERK OF THE URBAN COUNTY COUNCIL