

PAYMENT IN LIEU OF TAXES AGREEMENT

City of Jonesboro, Arkansas
City Hall
515 W. Washington Avenue
Jonesboro, Arkansas 72401

Date _____, 2009

Attention: Mayor

**Re: Not to exceed \$100,000,000 City of Jonesboro, Arkansas Industrial
Development Revenue Bonds (Nordex USA Project)**

Ladies and Gentlemen:

The City of Jonesboro proposes to issue the Bonds identified above in one or more series under the provisions of the Municipalities and Counties Industrial Development Revenue Bond Law, Ark. Code Ann. §§ 14-164-201 to -224 (the "Act") for the purpose of financing a substantial industrial project consisting of the acquisition of land, construction of buildings, and acquisition and installation of equipment, located at the Craighead Technology Park, Jonesboro, Arkansas (the "Project"). The Project will be leased by the City to Nordex USA, Inc. (the "Company"), pursuant to a Lease Agreement (the "Agreement"), for a period of 20 years, for rentals sufficient to pay debt service on the Bonds. The Company will use the Project as facilities for the manufacture of wind turbine nacelles and rotor blades, as training facilities and for other related purposes.

Article VI of the Agreement provides that the Company is obligated to pay all taxes and assessments levied and assessed on the Project during the term of the Agreement. The Company is informed and understands that, notwithstanding the provision of Article VI of the Agreement, under Article 16, Section 5 of the Constitution of the State of Arkansas, as interpreted by the Arkansas Supreme Court in *Wayland v. Snapp*, 233 Ark. 57, 334 S.W. 2d 633 (1960), and *Pulaski County v. Jacuzzi Bros. Div.*, 332 Ark. 91, 964 S.W.2d 788 (1998), and Ark. Code Ann. §§ 14-164-701 to -703, the Project will be exempt from ad valorem taxes because it is owned by the City and used for a public purpose within the meaning of the applicable Constitutional and statutory provisions affording the exemption.

Thus, the Company understands that it, as Lessee of the Project owned by the City, will, in fact, pay no ad valorem taxes on the Project property under the provisions of Article V of the Agreement. The City has indicated a reluctance to lose all tax revenues, which would otherwise be received by it if the property involved was privately owned.

Therefore, to induce the City to proceed with the issuance of the Bonds for the purpose indicated, which will inure to the benefit of the Company, and for other valuable consideration, the receipt of which is hereby acknowledged, the Company agrees with the City as follows:

1. In lieu of ad valorem property taxes, the Company will pay to the City an annual sum equal to 35% of the amount which would be payable as ad valorem taxes that would have to be paid on the Project to the State of Arkansas, the City, Craighead County, the Nettleton School District, and/or other political subdivisions of the State of Arkansas (the "taxing authorities") if

the Project were not exempt from ad valorem taxes under the provisions of Article 16, Section 5 of the Constitution of the State of Arkansas, as interpreted by the Supreme Court of the State of Arkansas in *Wayland v. Snapp, supra*, and *Pulaski County v. Jacuzzi Bros. Div., supra*, and Ark. Code Ann. §§ 14-164-701 to -703. Payments are due not later than October 10 each year commencing after completion of construction. Payments not paid when due shall bear interest at 5% per annum until paid.

The payment is based on land, building, improvement and equipment used at the Project site excluding licensed vehicles. Any expansion or improvement of the Project will become subject to this Agreement using the same formula for the term of the Bonds.

2. The payments to be made pursuant to paragraph 1 are intended to be in lieu of all ad valorem taxes that would have to be paid on the Project to the taxing authorities if the Project were not exempt from ad valorem taxes under the provisions of Article 16, Section 5 of the Constitution of the State of Arkansas, as interpreted by the Supreme Court of the State of Arkansas in *Wayland v. Snapp, supra*, and *Pulaski County v. Jacuzzi Bros. Div., supra*, and Ark. Code Ann. §§ 14-164-701 to -703, but are not intended to be in lieu of (i) any licenses, occupation or privilege tax, or fee imposed upon the Company for or with respect to its right to carry on its business in the State of Arkansas, (ii) any special benefit or local improvement tax or assessment, or (iii) fees or charges for utility services rendered, such as for water or sewer services.

3. The City agrees to distribute each payment under paragraph 1 among the taxing authorities in the proportion that the millage collected bears to the total millage collected by all during the year of distribution.

4. The City and the Company agree to cooperate in sustaining the enforceability of this Agreement. However, if by reason of a change in the Constitution of the State of Arkansas, a change by the Supreme Court of the State of Arkansas in its interpretation of the Constitution, a change by the General Assembly of the State of Arkansas, or otherwise, the Company is required to pay any tax for which the payments specified in paragraph 1 are intended to be in lieu, the Company may deduct the aggregate of any such payments made by it from any amount herein agreed to be paid under paragraph 1. Furthermore, inasmuch as the payments in paragraph 1 herein agreed to be made are intended to be in lieu of taxes, it is agreed that said payments shall not as to any year be in an amount greater than would otherwise be payable for such year in ad valorem taxes, in the aggregate, on account of its ownership of the Project.

5. The agreement herein made by the Company shall terminate and be of no further force and effect from and after the date that the Agreement shall terminate for any purpose other than a default on the part of the Company. If such termination shall be at a point constituting a portion of a year, the Company shall pay for the year in which termination occurred that portion of the specified annual payment that the number of days in such year that the Project was exempt prior to the terminations bears to 365 days (366 days in a leap year).

6. This Agreement shall be binding upon the successors and assigns of the Company, but no assignment shall be effective to relieve the Company of any of its obligations hereunder unless expressly authorized and approved in writing by the City.

When executed, this instrument shall constitute a valid and binding contract between the Company and the City.

Very truly yours,

NORDEX USA, INC.

By: _____
_____, _____

ACCEPTED:

CITY OF JONESBORO, ARKANSAS

By: _____
Harold Perrin, Mayor