

a surcharge and a Town transaction privilege/use tax against any such revenues. Payment of said surcharge hereunder shall end upon complete reimbursement to the Town of the actual cost of its Improvements or at the end of the Term (whichever is sooner).]

NCU shall submit to the Town on a quarterly basis during the Term financial statements and enrollment/employment data related to the NCU Campus in a form specified by the Town.

- F. If total surcharge payments do not equal the actual cost of the Improvements (inclusive of the lowest possible interest rate allowable by law) as of occupancy of any building in the first phase of the Campus Plan), reimburse the difference to the Town in certified funds no later than the end of the Term.
- G. Pay the Town quarterly \$2.00 per course enrolled. These moneys shall be earmarked for Town purposes mutually determined by the Town and NCU, and NCU shall receive recognition for its payment when applied for such purposes. The purposes will be revisited 5 years after occupancy of any building in the first phase of the Campus Plan. However, such payment is not in any way connected to repayment by NCU for the Improvements.
- H. During the Term, provide a 10% reduction in tuition to any student who qualifies as a resident of Prescott Valley for voting purposes under Arizona law.

The parties hereto expressly acknowledge that these covenants touch and concern the Property, and that there is privity of estate between the Town, the District, and NCU. However, notwithstanding anything to the contrary herein, upon written notice from NCU to both the Town and the District that NCU is unable to close its purchase of the Property or close on its financing to begin construction of the first phase of the Campus Plan, this Agreement shall be terminated and no party hereto shall have any further obligation to the other under any provision of this Agreement

SECTION SEVEN. Security for NCU's Reimbursement Payments. That the reimbursement payment set forth in SUBSECTION SIX(F) hereinabove shall be secured for the Town's benefit as follows:

- A. Subject to NCU's arrangement for financing, within 90 days after execution of this Agreement, NCU shall execute a non-recourse Promissory Note in the initial principal amount of \$653,100.00, representing the Total Estimated Cost of the Improvements as set forth in Exhibit C. In the event the actual cost of the Improvements is less than the estimate, the Town hereby agrees to modify said Promissory Note to reflect the lesser principal amount within 90 days of its final payment of said actual cost. In no event shall the principal amount of said Promissory Note be increased.
- B. Subject to NCU's arrangement for financing, within 90 days after execution of this Agreement, NCU shall also execute a Deed of Trust against a portion of the Property