

RESOLUTION 03-2023

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HOPKINSVILLE, KENTUCKY PRELIMINARILY APPROVING THE ISSUANCE OF INDUSTRIAL REVENUE BONDS FOR THE BENEFIT OF TOYOTA BOSHOKU AMERICA, INC. OR AN AFFILIATE THEREOF; AUTHORIZING THE ACQUISITION, CONSTRUCTION, INSTALLATION, AND EQUIPPING OF A “SMART” AUTOMOTIVE PARTS MANUFACTURING FACILITY; AGREEING TO ISSUE BONDS AT THE APPROPRIATE TIME; APPROVING A MEMORANDUM OF AGREEMENT BY AND BETWEEN THE CITY AND THE COMPANY; AND TAKING OTHER PRELIMINARY ACTIONS.

WHEREAS, Toyota Boshoku America, Inc., a corporation organized and existing under the laws of the State of Michigan, or any affiliate thereof (collectively, the “Company”), desires to acquire, construct, install, and equip a new “Smart” automotive parts manufacturing facility consisting of real property, real property improvements, tangible personal property, and manufacturing equipment to be located on a 48.11 acre lot identified on Exhibit A attached hereto (the “Project”), all within the jurisdictional boundaries of the City of Hopkinsville, Kentucky (the “City”); and

WHEREAS, Chapter 103 of the Kentucky Revised Statutes (the “Act”) authorizes the City to issue industrial revenue bonds at the appropriate time to acquire, construct, install, and equip the Project, to lease the Project to the Company pursuant to a lease agreement to be entered into between the City and the Company, and to use the resulting lease payments to pay debt service on the industrial revenue bonds; and

WHEREAS, discussions have occurred between representatives of the Company and the City regarding the issuance of industrial revenue bonds by the City and it is the intention of the City, and the City agrees with the Company, to issue industrial revenue bonds upon compliance by the Company with such reasonable conditions and obligations as the City may require and subject to the approval by the City of the terms of all agreements, resolutions, and other documents incident to the industrial revenue bonds; and

WHEREAS, based upon the estimated costs of the Project, the City proposes to issue its industrial revenue bonds at such time as is needed by the Company in an aggregate principal amount of up to \$230,000,000 (the “Bonds”) to pay costs of the Project, including costs incident to the authorization, sale, and issuance of the Bonds and other financing costs, but with such other financing and contributions from the Company as may be necessary; and

WHEREAS, the Bonds will be payable solely from payments to be made by the Company pursuant to the lease agreement and will not be payable from any funds or assets of the City whatsoever; and

WHEREAS, the Company has represented to the City that the Company will have sufficient financial resources to acquire, construct, install, and equip the Project and to operate the Project throughout the term of the Bonds, meeting the obligations of the lease agreement when due; and

WHEREAS, the City proposes to enter into the lease agreement with the Company with respect to the Project at the appropriate time under which the Company will covenant and agree to pay amounts sufficient to provide for the payment of principal of and premium, if any, and interest on the Bonds together with all bond trustee, servicing agent, or paying agent fees, if any, in connection with the Bonds and any other related charges as the same come due and payable; and to evidence the preliminary agreement of the City and the Company with respect to these matters the parties propose to enter into a Memorandum of Agreement substantially in the form set out in EXHIBIT B attached hereto; and

WHEREAS, the City proposes to enter into a Payment in Lieu of Taxes Agreement with the Company in the form set forth as EXHIBIT C attached hereto at the time the Bonds are issued, and the Company, pursuant to such agreement, proposes to make annual payments to the City, the County of Christian, Kentucky, the Christian County School District, and certain other taxing districts within Christian County while the Bonds are outstanding in lieu of the ad valorem taxes that would be payable thereto by the Company if title to the Project were not held by the City while the Bonds are outstanding.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HOPKINSVILLE, KENTUCKY AS FOLLOWS:

SECTION 1. INCORPORATION OF RECITALS. The facts and recitations set out in the recitals of this Resolution are adopted and organized as a part hereof, and the terms defined in the recitals shall have the same meanings when used herein.

SECTION 2. PUBLIC PURPOSES. The issuance of the Bonds, the acquisition, construction, installation, and equipping of the Project, and the lease of the Project to the Company, as herein provided, will further the public purposes of the Act by promoting economic development, reducing unemployment, and encouraging the increase of industry, all within the Commonwealth of Kentucky and particularly within the environs of the City.

SECTION 3. COMMENCEMENT OF PROJECT. The Company may initiate the Project, subject to reimbursement of certain costs of the Project from the proceeds of the bonds when issued. The Company has represented that it has sufficient financial resources to construct and acquire the Project and to place it in operation and to continue to operate, maintain, and insure the Project throughout the term of the Bond issue. The City assumes no responsibility for the acquisition, construction, installation, equipping, completion, or operation of the Project, which shall be the responsibility of the Company.

SECTION 4. COMMITMENT TO ISSUE BONDS. The City hereby undertakes to issue the Bonds to acquire, construct, install, and equip the Project and to lease the Project to the Company during the term of the Bonds, which shall be for twenty years. The foregoing undertaking is conditioned upon (i) the approval by the City of the terms of all agreements, resolutions, and other documents

incident to the Bond issue to which the City is a party; (ii) the negotiation of acceptable terms with the purchaser of the Bonds and the execution of a lease agreement between the City and the Company; (iii) compliance by the Company with such reasonable conditions and obligations as the City may require; and (iv) resolution of all issues related to options or other property rights held or allegedly held by third parties related to the real property upon which the Project will be located.

SECTION 5. USE OF BOND PROCEEDS. Project costs shall be paid using the proceeds of the Bonds, such proceeds to be supplemented by contributions of the Company as necessary to complete the Project. The lease agreement shall establish sufficient safeguards to insure that all money provided by the City from the proceeds of the Bonds will be expended, by way of direct expenditure or reimbursement, solely for the purposes of the Project.

SECTION 6. MAXIMUM PAR AMOUNT. The total amount of money necessary to be provided by the City through the issuance of the Bonds for the acquisition, construction, installation, and equipping of the Project will not exceed \$230,000,000.

SECTION 7. SPECIAL AND LIMITED OBLIGATIONS. No Bond shall (a) constitute a general obligation, debt, bonded indebtedness, or liability of the City, the Commonwealth of Kentucky, or any agency or political subdivision thereof; (b) pledge the full faith or credit of the City, the Commonwealth of Kentucky, or any agency or political subdivision thereof for payment of any principal of, premium, if any, or interest on such Bond; or (c) give rise to a general obligation or liability of, or charge against, the general credit or taxing power of the City, the Commonwealth of Kentucky, or any agency or political subdivision thereof. No holder or owner of any Bond shall have the right to require taxes or excises to be levied by the City, the Commonwealth of Kentucky, or any agency or political subdivision thereof for the payment of any principal of, premium, if any, or interest on such Bond. The Bonds, when issued, will be special and limited obligations of the City payable solely from receipts derived under the lease agreement for the Bond and under any trust estate, if any, established by the City in connection therewith. The only security pledged for the Bonds shall be the independent revenues and assets of the Company as described in the lease agreement. Neither the City Council of the City nor the general assembly of the Commonwealth of Kentucky will appropriate any funds to fulfill the financial obligations represented by the Bonds.

No recourse shall be had for the payment of principal of, premium, if any, or interest on any Bond or for any claim based thereon or upon any obligation, covenant, or agreement therein contained against any past, present, or future official, officer, member, employee, or agent of the City, the Commonwealth of Kentucky or any agency or political subdivision thereof, as such, either directly or through the City, the Commonwealth of Kentucky, or any agency or political subdivision thereof, under any rule of law or equity, statute, or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such official, officer, member, employee, or agent as such shall be expressly waived and released as a condition of and consideration for the issuance of the Bonds.

SECTION 8. MEMORANDUM OF AGREEMENT. The Mayor of the City is hereby authorized and directed to execute, and the City Clerk of the City is hereby authorized and directed to attest, a Memorandum of Agreement by and among the City and the Company substantially in the form

of EXHIBIT B attached hereto setting forth their preliminary agreements respecting the Bonds and the Project.

SECTION 9. PILOT AGREEMENT. The form of the Payment In Lieu of Taxes Agreement to be utilized by the City and the Company in connection with the Bonds is hereby approved and is set forth as EXHIBIT C attached hereto (the “PILOT Agreement”). The execution and delivery of the PILOT Agreement shall be authorized by the City in a subsequent ordinance or resolution authorizing the issuance, execution, and delivery of the Bonds.

SECTION 10. AUTHORIZATION OF ALL NECESSARY ACTIONS. Bond Counsel designated in the Memorandum of Agreement is authorized and directed on behalf of the City to take any legal action necessary and appropriate in connection with the authorization, issuance, and sale of the Bonds. The Company is authorized and directed to take any other legal action necessary and customary in order to satisfy any prerequisites to the issuance of the Bonds. The City Attorney is authorized and directed to assist Bond Counsel and the Company in this connection.

SECTION 11. EFFECTIVE DATE. This Resolution shall be in full force and effect from and after its adoption. To the extent any prior resolution, ordinance, or part thereof is in conflict herewith, the provisions of this Resolution shall prevail and be given effect.

[Signature page follows]

SIGNATURE PAGE TO RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF HOPKINSVILLE, KENTUCKY

INTRODUCED, SECONDED, READ, AND ADOPTED AT A DULY CONVENED MEETING OF THE CITY COUNCIL OF THE CITY OF HOPKINSVILLE, KENTUCKY, held on September 14, 2023, on the same occasion signed in open session by the Mayor of the City as evidence of his approval, attested under seal by the City Clerk of the City Council, ordered to be filed and recorded as required by law, and declared to be in full force and effect according to law.

CITY OF HOPKINSVILLE, KENTUCKY

(Seal)

By: _____
Mayor James R. Knight Jr.

Attest:

City Clerk Brittany Byrum

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting Clerk of the City Council of the City of Hopkinsville, Kentucky, and as such Clerk I further certify that the foregoing (with the attached EXHIBITS A, B, and C) is a true, correct, and complete copy of a Resolution duly adopted by the City Council of the City at a duly convened meeting held on September 14, 2023, on the same occasion signed by the Mayor of the City, duly filed, recorded, and indexed in my office and now in force and effect, and that all action taken in connection with such Resolution was in compliance with the requirements of KRS 61.810 through 61.835, all as appears from the official records of the City Council in my possession and under my control.

IN WITNESS WHEREOF, I have hereunto set my hand this September 14, 2023.

City Clerk

EXHIBIT A
to
RESOLUTION OF THE HOPKINSVILLE CITY COUNCIL

PROJECT LOCATION

(See attachment)

EXHIBIT B
to
RESOLUTION OF THE HOPKINSVILLE CITY COUNCIL
MEMORANDUM OF AGREEMENT

This MEMORANDUM OF AGREEMENT is made as of September 14, 2023, by and among the CITY OF HOPKINSVILLE, KENTUCKY, a City and political subdivision duly existing under and by virtue of the Constitution and laws of the Commonwealth of Kentucky (the “City”) and TOYOTA BOSHOKU AMERICA, INC., a corporation organized and existing under the laws of the State of Michigan, for itself and on behalf of any of its affiliates (collectively, the “Company”).

WITNESSETH:

WHEREAS, the City is authorized under Chapter 103 of the Kentucky Revised Statutes (the “Act”) to issue industrial revenue bonds to pay all or a portion of the costs of acquiring, constructing, installing, and equipping industrial buildings, to lease such facilities to any person, and to use the resulting lease payments to pay debt service on the industrial revenue bonds, all in order to accomplish the public purposes of promoting economic development, decreasing unemployment, and encouraging the increase of industry within the Commonwealth of Kentucky; and

WHEREAS, the Company desires to acquire, construct, install, and equip a new “Smart” automotive parts manufacturing facility and facilities functionally related thereto consisting of real property, real property improvements, tangible personal property, and manufacturing equipment to be located on a 48.11 acre lot identified on Attachment A attached hereto (the “Project”), all within the jurisdictional boundaries of the City; and

WHEREAS, the Company has requested that the City issue its industrial revenue bonds pursuant to the Act in an aggregate principal amount not to exceed \$230,000,000 (the “Bonds”), to acquire, construct, install, and equip the Project and to lease the Project to the Company while the Bonds are outstanding; and

WHEREAS, the City has found and determined that the financing of the Project will promote the public purposes of the Act by promoting economic development, reducing unemployment, and encouraging the increase of industry, all within the environs of the Commonwealth of Kentucky and particularly within the geographical boundaries of the City; and

WHEREAS, the City proposes to issue the Bonds to finance the Project and desires to authorize the Company to proceed with the acquisition, construction, installation, and equipping of the Project and be reimbursed from the proceeds of the Bonds for costs incurred related thereto before the issuance of the Bonds; and

WHEREAS, the City proposes to enter into a lease agreement (the “Lease Agreement”) with the Company relating to the Bonds, whereby the Company will agree to make payments to

the City sufficient to provide for the payment of the principal of, premium, if any, and interest on the Bonds and all other costs of the City incurred in connection with the Bonds.

NOW, THEREFORE, in consideration of the premises and of the covenants and undertakings herein expressed, the City and the Company hereby agree as follows:

SECTION 1. COMMENCEMENT OF THE PROJECT. The Company may commence the acquisition, construction, installation, and equipping of the Project and may provide or cause to be provided, at its own expense, any necessary interim financing to permit such acquisition, construction, installation, and equipping to commence and continue.

SECTION 2. ISSUANCE OF THE BONDS. The City will issue and sell the Bonds pursuant to the terms of the Act in an aggregate principal amount not to exceed \$230,000,000. The Bonds shall be issued in one or more series, shall be signed by the manual or facsimile signature of the Mayor of the City, shall be attested by the manual or facsimile signature of the City Clerk of the City, shall bear such title or designation, shall bear interest at such rate or rates, shall be in such denomination or denominations, shall be subject to such terms of redemption, shall be in registered form, shall be payable as to principal, redemption price, and interest at such place or places, and shall contain such other terms and conditions as may be fixed by or pursuant to an ordinance or resolution of the City before the sale and delivery thereof. The foregoing undertaking is conditioned upon (i) the approval by the City of the terms of all agreements, resolutions, and other documents incident to the Bond issue to which the City is a party; (ii) the negotiation of acceptable terms with the purchaser of the Bonds and the execution of a lease agreement between the City and the Company; (iii) compliance by the Company with such reasonable conditions and obligations as the City may require; and (iv) resolution of all issues related to options or other property rights held or allegedly held by third parties related to the real property upon which the Project will be located.

SECTION 3. SALE OF THE BONDS. The City will cooperate with the Company for the purpose of issuing and selling the Bonds on the best terms reasonably obtainable; and if arrangements therefor satisfactory to the City and the Company can be made, the City will authorize the execution and delivery of such instruments and the taking of such further actions as may be necessary or advisable for the authorization, issuance, and sale of the Bonds on a negotiated basis and the expenditure of the proceeds thereof to acquire, construct, install, and equip the Project (or to reimburse the Company for such costs), all as shall be authorized by law and mutually satisfactory to the City and the Company.

SECTION 4. LEASE AGREEMENT. Upon the issuance of the Bonds, the City and the Company shall enter into the Lease Agreement pursuant to which the Project shall be leased to the Company in exchange for lease payments in such sums and at such times as shall be sufficient to pay the principal, premium, if any, and interest on the Bonds, as and when the same shall become due and payable and additional payments in such sums as shall be sufficient to pay the fees and expenses of the indenture trustee or servicing agent thereof, and all related costs and expenses; and the Company shall have the option to prepay rent under the lease at such times and under such terms and conditions as are mutually satisfactory to the City and the Company.

SECTION 5. OTHER ACTIONS AUTHORIZED. The City will take or cause to be taken such other acts and adopt or cause to be adopted such further proceedings as may be required to implement the aforesaid undertakings or as it may deem appropriate pursuant thereto.

SECTION 6. PAYMENT OF CITY FEES AND EXPENSES. As an inducement to the City to enter into this Memorandum of Agreement, the Company agrees that it will pay the reasonable expenses of the City or reimburse the City for its reasonable expenses incurred in connection with the issuance of the Bonds, including the fees and expenses of its counsel, which the City may incur at the request of the Company, or as may be necessary, arising from the execution of this Memorandum of Agreement and the performance by the City of its obligations hereunder.

SECTION 7. APPOINTMENT OF BOND COUNSEL. The City hereby appoints Dinsmore & Shohl LLP to serve as Bond Counsel for the issuance of the Bonds.

SECTION 8. SPECIAL AND LIMITED OBLIGATIONS. No bond shall (a) constitute a general obligation, debt, bonded indebtedness, or liability of the City, the Commonwealth of Kentucky, or any agency or political subdivision thereof; (b) pledge the full faith or credit of the City, the Commonwealth of Kentucky, or any agency or political subdivision thereof for payment of any principal of, premium, if any, or interest on such bond; or (c) give rise to a general obligation or liability of, or charge against, the general credit or taxing power of the City, the Commonwealth of Kentucky, or any agency or political subdivision thereof. No holder or owner of any Bond shall have the right to require taxes or excises to be levied by the City, the Commonwealth of Kentucky, or any agency or political subdivision thereof for the payment of any principal of, premium, if any, or interest on such Bond. The Bonds, when issued, will be special and limited obligations of the City payable solely from receipts derived under the Lease Agreement for such Bond and under any trust estate established by the City in connection therewith. The only security pledged for the Bonds shall be the independent revenues and assets of the Company as described in the Lease Agreement. Neither the City Council of the City nor the general assembly of the Commonwealth of Kentucky will appropriate any funds to fulfill the financial obligations represented by the Bonds.

No recourse shall be had for payment of principal of, premium, if any, or interest on any Bond or for any claim based thereon or upon any obligation, covenant, or agreement therein contained against any past, present, or future official, officer, member, employee, or agent of the City, the Commonwealth of Kentucky, or any agency or political subdivision thereof, as such, either directly or through the City, the Commonwealth of Kentucky, or any agency or political subdivision thereof, under any rule of law or equity, statute, or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such official, officer, member, employee, or agent as such shall be expressly waived and released as a condition of and consideration for the execution and delivery of this Memorandum of Agreement and the issuance of the Bonds.

[Signature page follows]

SIGNATURE PAGE TO MEMORANDUM OF AGREEMENT

IN WITNESS WHEREOF, the parties hereto have entered into this Memorandum of Agreement on the date first above written.

CITY OF HOPKINSVILLE, KENTUCKY

By: _____
Mayor James R. Knight Jr.

Attest:

City Clerk Brittany Byrum

TOYOTA BOSHOKU AMERICA, INC.,
for itself and on behalf of any of its affiliates

By: _____

Name: _____

Title: _____

ATTACHMENT A
to
MEMORANDUM OF AGREEMENT

PROJECT LOCATION

(See attachment)

EXHIBIT C
to
RESOLUTION OF THE HOPKINSVILLE CITY COUNCIL
FORM OF PAYMENT IN LIEU OF TAXES AGREEMENT

* * * * *

PAYMENT IN LIEU OF TAXES AGREEMENT

THIS PAYMENT IN LIEU OF TAXES AGREEMENT, made as of [Closing Date] (this “Agreement”), by and between the CITY OF HOPKINSVILLE, KENTUCKY, a City and political subdivision in and of the Commonwealth of Kentucky (the “City”) and TOYOTA BOSHOKU AMERICA, INC., a corporation organized and existing under the laws of the State of Michigan (the “Company”).

WITNESSETH:

WHEREAS, all capitalized terms utilized herein shall have the meanings provided in Section 2 hereof unless the context provides otherwise; and

WHEREAS, the City, at the request of the Company, has agreed to issue its City of Hopkinsville, Kentucky, Industrial Building Revenue Bonds, Series 20[___] (Toyota Boshoku America Project) in a maximum principal amount of \$230,000,000 pursuant to the provisions of Chapter 103 of the Kentucky Revised Statutes, the proceeds of which will be used to acquire, construct, install, and equip a new “Smart” automotive parts manufacturing facility consisting of real property, real property improvements, tangible personal property, and manufacturing equipment to be located on a 48.11 acre lot at Waymans Way, all within the jurisdictional boundaries of the City, which Project is owned by the City and leased to the Company under a Lease Agreement dated as of [Closing Date], by and between the City and the Company; and

WHEREAS, pursuant to the provisions of Section 103.285 of the Kentucky Revised Statutes, the Project will be exempt from ad valorem taxation to the same extent as other public property used for public purposes, so long as it is owned by the City; and

WHEREAS, notwithstanding the exemption from ad valorem taxes of the Project during the period the Bonds are outstanding, it is the desire of the parties to make provisions for payments in lieu of taxes by the Company to the various taxing authorities within Christian County, Kentucky.

NOW, THEREFORE, the City and the Company hereby agree as follows:

SECTION 1. RECITALS ORGANIZED. It is hereby found, determined, and declared that the recitals set forth above are true and correct and are hereby organized into this Section 1 by reference.

SECTION 2. DEFINITIONS. The following words and terms as used in this Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

“Agreement” means this Payment in Lieu of Taxes Agreement dated as of [Closing Date], by and between the City and the Company, as the same may be amended or supplemented from time to time.

“Assessment Date” means each January 1 beginning on (and including) January 1, 20[___] and ending on (and including) the earlier of (i) January 1, 20[___], or (ii) the last January 1 immediately preceding the date that no Bond remains Outstanding.

“Bond Purchase Agreement” means the Bond Purchase Agreement dated [Closing Date], by and between the City and [Purchaser Name] related to the Bonds, as the same may be amended or supplemented from time to time.

“Bonds” means the City of Hopkinsville, Kentucky Industrial Building Revenue Bonds, Series 20[___] (Toyota Boshoku America Project), dated [Closing Date], in an original maximum principal of \$230,000,000.

“City” means the City of Hopkinsville, Kentucky, a City and political subdivision of the Commonwealth.

“Commonwealth” means the Commonwealth of Kentucky.

“Company” means Toyota Boshoku America, Inc., a corporation organized and existing under the laws of the State of Michigan, or its assignee.

“County” means the County of Christian, Kentucky, a county and political subdivision of the Commonwealth.

“District” means any of the Local Districts or the School District.

“Districts” means all of the Districts.

“Extension District” means the Christian County Cooperative Extension Service District, an extension district and political subdivision of the Commonwealth.

“Fair Cash Value” has the meaning provided in Section 6 hereof.

“Health District” means the Christian County Public Health Taxing District, a public health taxing district and political subdivision of the Commonwealth created and existing pursuant to Section 212.720 of the Kentucky Revised Statutes.

“Lease Agreement” means the Lease Agreement dated [Closing Date], by and between the City and the Company related to the Bonds, as the same may be amended or supplemented from time to time.

“Local District” means either the City, the County, the Extension District, the Health District, or the Soil Conservation District.

“Local Districts” means all of the Local Districts.

“Outstanding” has, with respect to the Bonds, the meaning provided in the Bond Purchase Agreement.

“Payment Date” means each date a PILOT Payment is due to any District hereunder, such date to be determined in accordance with Section 4 hereof.

“PILOT Payment” means a payment of money by the Company to a District in accordance with the terms and conditions hereof, which is intended to constitute a payment made to the District in lieu of ad valorem property tax revenue as a result of the City holding title to the Project from (and including) the date hereof to (and including) the last Assessment Date immediately preceding the date that no Bond remains Outstanding.

“Project” means the industrial building facilities financed with the proceeds of the Bonds, being the costs of acquiring, constructing, installing, and equipping a new “Smart” automotive parts manufacturing facility consisting of real property, real property improvements, tangible personal property, and manufacturing equipment to be located on a 48.11 acre lot at [Project Street Address], Hopkinsville, Kentucky.

“Reduced Local Tax” means, with respect to a Local District for any Tax Year, the product of twenty percent multiplied by the Regular Local Tax for such Local District for such Tax Year.

“Regular Local Tax” means, with respect to a Local District for any Tax Year, the amount of valorem property taxes that would have been assessed and owing by the Company with respect to the Project for the benefit of such Local District if the Project were owned by the Company and subject to ad valorem property taxes by such Local District on such Assessment Date for such Tax Year.

“Regular School Tax” means, for any Tax Year, the amount of ad valorem property taxes that would have been assessed and owing by the Company with respect to the Project for the benefit of the School District if the Project were owned by the Company and subject to ad valorem property taxes by the School District on such Assessment Date for such Tax Year.

“School District” means the Christian County School District, a public school district and political subdivision of the Commonwealth created and existing pursuant to Chapter 160 of the Kentucky Revised Statutes and governed by the Christian County Board of Education.

“Soil Conservation District” means the Christian County Soil Conservation District, a soil conservation district, political subdivision, and public body corporate and

politic of the Commonwealth created and existing pursuant to Chapter 262 of the Kentucky Revised Statutes.

“Tax Year” means a calendar year for which ad valorem property taxes are assessed by the Districts on the Assessment Date during such calendar year and due and payable to the Districts during the same calendar year.

“Term” has the meaning provided in Section 8 hereof.

SECTION 3. TAX EXEMPTION. The City and the Company hereby acknowledge and agree that during the Term of this Agreement and the Lease Agreement, pursuant to KRS 103.285 the Project will be exempt from ad valorem taxation to the same extent as other public property used for public purposes. For purposes of clarity, the City and the Company acknowledge that the Company’s leasehold interest is exempt from local taxation pursuant to KRS 132.200(7) and is taxable for state purposes at the applicable state tax rate, except that the state rate shall not apply to the proportion of value of the leasehold interest created through any private financing. The Company agrees annually to list any taxable leasehold in the Project created by the Lease Agreement by filing Form 62A500 (Tangible Personal Property Tax Return), or other applicable property tax return.

SECTION 4. PILOT PAYMENTS. In consideration of (a) the ad valorem tax exemption provided to the Company by the City for the Project in connection with the issuance by the City of the Bonds and (b) the agreement of the City to continue to hold title to the Project for so long as the Bonds are Outstanding, for each Tax Year that the Bonds are Outstanding, the Company shall pay PILOT Payments to each District on or before each Payment Date immediately following the Assessment Date for such Tax Year.

The amount of each PILOT Payment payable to the School District for a particular Tax Year shall equal the Regular School Tax for such Tax Year.

The amount of each PILOT Payment payable to each Local District for a particular Tax Year shall equal the Reduced Local Tax for such Local District for such Tax Year.

SECTION 5. DETERMINATION OF TAXES. The amount of Reduced Local Tax for each Local District for any Tax Year shall be equal the product of (a) the Fair Cash Value of the Project as of the Assessment Date for such Tax Year, multiplied by (b) the ad valorem property tax rate levied by such Local District for such Tax Year, multiplied by (c) twenty percent. If a Local District levies different ad valorem property tax rates for real and tangible personal property during any Tax Year, such respective rates shall be applied to the respective values of real and tangible personal property when determining the Reduced Local Tax that would otherwise be owed for such Tax Year.

The amount of Regular School Taxes for any Tax Year shall be equal the product of (a) the Fair Cash Value of the Project as of the Assessment Date for such Tax Year, multiplied by (b) the ad valorem property tax rate levied by the School District for such Tax Year. If the School District levies different ad valorem property tax rates for real and tangible personal property during any Tax Year, such respective rates shall be applied to the respective values of real and tangible

personal property when determining the Regular School Taxes that would otherwise be owed for such Tax Year.

SECTION 6. DETERMINATION OF FAIR CASH VALUE. The Christian County Property Valuation Administrator (the "PVA") is generally responsible for determining the assessed value of real estate within the County and City. For purposes of calculating any PILOT Payment payable by the Company under this Agreement, (i) the "Fair Cash Value" of any tangible personal property comprising a part of the Project shall be annually determined by applying the applicable depreciation factors published annually on the Kentucky Department of Revenue Form 62A500 (Personal Property Tax Form) to the Project's original cost and age, and (ii) the "Fair Cash Value" of any real property and real property improvements shall be annually determined by the PVA.

SECTION 7. TIMING OF PILOT PAYMENTS. Any PILOT Payment payable in a Tax Year hereunder shall be paid at the same time and in the same manner as ad valorem taxes levied by the Districts for such Tax Year, except that the Company shall deliver PILOT Payments to the Districts at the addresses provided in Section 9 below, instead of to the regular tax collector. The PILOT Payments for each such Tax Year shall be due and payable in full no later than December 31st of that year or a later date established pursuant to KRS 134.015.

SECTION 8. TERM. This Agreement shall be effective for the period beginning on (and including) [Closing Date], and shall terminate on the earlier of (a) [Maturity Date] or (b) the first date that no Bonds remain Outstanding.

SECTION 9. NOTICES AND PAYMENTS. All notices, certificates, or other communications hereunder and shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, addressed as follows:

- | | |
|----------------------------|--|
| To the City: | City of Hopkinsville, Kentucky
715 South Virginia Street
Hopkinsville, Kentucky 42240 |
| To the Company: | Toyota Boshoku America, Inc.
1360 Dolwick Drive
Erlanger, Kentucky 41018 |
| To the School District: | Hopkinsville City School District
1155 West Main Street
Hopkinsville, Kentucky 40066-0159 |
| To the Extension District: | Christian County Cooperative Extension
Service District
2850 Pembroke Road
Hopkinsville, Kentucky 42240 |

To the Health District: Christian County Public Health Taxing District
1700 Canton Street
Hopkinsville, Kentucky 42240

To the Soil Conservation District: Christian County School District
3237 Eagle Way By-Pass
Hopkinsville, Kentucky 42240

SECTION 10. ENTIRE AGREEMENT. This Agreement contains all of the agreements and conditions made between the parties hereto regarding the subject matter of this Agreement and there are no other agreements or understandings, written or oral, between the parties relating to the subject matter of this Agreement. This Agreement supersedes all prior agreements and understandings, written and oral, between the parties with respect to such subject matter. This Agreement may not be modified orally or in any other manner than by an agreement in writing signed by both parties hereto or their respect successors in interest. The invalidity, illegality, or unenforceability of any provision of this Agreement will not affect the validity, legality, or enforceability of the remaining provisions.

SECTION 11. BINDING EFFECT. This Agreement shall inure to the benefit of and shall be binding upon the City and the Company and the other Districts (as third party beneficiaries), and their respective successors and assigns.

SECTION 12. EXECUTION IN COUNTERPARTS. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 13. APPLICABLE LAW. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth.

SECTION 14. CAPTIONS. The captions or headings in this Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Agreement.

[Signature page follows]

SIGNATURE PAGE TO PAYMENT IN LIEU OF TAXES AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CITY OF HOPKINSVILLE, KENTUCKY

By: _____
Mayor James R. Knight Jr.

Attest:

By: _____
City Clerk Brittany Byrum

TOYOTA BOSHOKU AMERICA, INC.

By: _____

Name: _____

Title: _____