

## **CLOSING AGREEMENT ON FINAL DETERMINATION COVERING SPECIFIC MATTERS**

Under section 7121 of the Internal Revenue Code of 1986, as amended (the "Code"), City of Hopkinsville, Kentucky EIN [REDACTED] (the "Issuer"), Riken Elastomers Corporation, EIN [REDACTED], (the "Borrower"), and the Commissioner of Internal Revenue (the "IRS") make this closing agreement (the "Agreement").

WHEREAS, this Agreement is based on the following facts and representations:

- A. This Agreement is in resolution of issues raised in a request for a voluntary closing agreement pertaining to the \$5,000,000 City of Hopkinsville, Kentucky Adjustable Rate Demand Industrial Building Revenue Bonds, Series 2013A (the "Series 2013A Bonds"), issued on June 13, 2013.
- B. The Issuer and Borrower make the following representations:
  - 1. The Series 2013A Bonds were issued and sold under the representation to bondholders that the Series 2013A Bonds comply with all provisions of the Code such that interest on the Series 2013A Bonds is not included in the bondholders' gross income.
  - 2. On May 31, 2007 City of Hopkinsville, Kentucky (the "Issuer") issued its \$5,500,000 Adjustable Rate Demand Industrial Building Revenue Bonds, Series 2007A (the "Series 2007 Bonds") and made the proceeds thereof available to Riken Elastomers Corporation (the "Conduit Borrower") for the purpose of financing a portion of the costs of acquisition, construction and equipping of a manufacturing facility located within the geographic territory of the Issuer (the "Project") to be owned and operated by the Conduit Borrower.
  - 3. IRC 144(a)(2) provided that, at the time the Series 2013A Bonds were issued, the outstanding principal amount of the Series 2007 Bonds was to be taken into account for purposes of the small issue amount limitation of IRC 144(a)(1) and (4).
  - 4. The sum of the original principal amounts of the Series 2007 Bonds and the Series 2013A Bonds on June 13, 2013 was \$10,500,000 which exceeded \$10 million by \$500,000 (the "Non-Qualified Amount"). Until August 2021 neither the Issuer nor the Conduit Borrower knew or had reason to know that the principal amount of the Series 2013A Bonds included the Non-Qualified Amount.
- C. Based on the representations in paragraph B, the IRS has a basis to conclude that the interest on the Series 2013A Bonds is includable in bondholders' gross income pursuant to section 103(b)(1) of the Code because the aggregate principal amount of the Series 2007 Bonds and the Series 2013A Bonds exceeded \$10 million.
- D. The IRS has not formally asserted any claims against the Issuer or Borrower, or sought to tax interest on the Series 2013A Bonds.
- E. The Issuer, the Borrower and the IRS desire to resolve the violation described in paragraph C.

CLOSING AGREEMENT among City of Hopkinsville, Kentucky (EIN [REDACTED]), Riken Elastomers Corporation (EIN [REDACTED]), and the Commissioner of Internal Revenue

F. The terms of this Agreement were arrived at pursuant to negotiation among the Issuer, the Borrower and the IRS and may differ from the resolution terms of other closing agreements.

G. The Issuer and the Borrower make the following additional representations:

- (1) Payment of the Resolution Amount defined below shall be made from sources other than proceeds of bonds described in sections 103, 54A or 54AA of the Code.
- (2) On [DATE], the Issuer redeemed \$500,000 of the outstanding Series 2013A Bonds, as described in the attached Exhibit A, with funds from sources other than proceeds of bonds described in sections 103, 54A or 54AA of the Code.

NOW, IT IS HEREBY DETERMINED AND AGREED PURSUANT TO THIS AGREEMENT EXECUTED BY THE PARTIES HERETO UNDER SECTION 7121 OF THE CODE THAT FOR FEDERAL INCOME TAX PURPOSES:

1. Contemporaneously with the Issuer's execution of this Agreement, the Issuer shall pay or cause to be electronically paid the sum of \$[7,552.22] (SEVEN THOUSAND FIVE HUNDRED FIFTY-TWO DOLLARS AND TWENTY-TWO CENTS) (the "Resolution Amount") to the U.S. Treasury via the Electronic Federal Tax Payment System and in accordance with the directions contained in Exhibit B of this Agreement.
2. The Resolution Amount is not refundable or subject to credit or offset under any circumstance.
3. The Resolution Amount or any portion thereof paid by or on behalf of the Issuer shall not be deductible or amortizable for federal income tax purposes by any person.
4. The Resolution Amount shall not be treated as income to any person benefiting from this Agreement.
5. The bondholders shall not be required to include interest paid on the Series 2013A Bonds in gross income because of the specific violation(s) identified in paragraph C. The Borrower's deduction for interest paid on the Non-Qualified Bonds shall not be disallowed under Section 150(b)(4) of the Code.
6. The IRS may take any appropriate action, including requiring bondholders to include interest paid on the Series 2013A Bonds in gross income, for any violation not specifically listed in paragraph C that has occurred or will occur with respect to the Series 2013A Bonds.
7. For purposes of any refunding of the Series 2013A Bonds redeemed as provided in Exhibit A, gross proceeds of the Series 2013A Bonds are unspent proceeds (i.e., not allocated to any expenditure under subsection 1.148-6(d) of the Treasury Regulations).

CLOSING AGREEMENT among City of Hopkinsville, Kentucky (EIN [REDACTED]), Riken Elastomers Corporation (EIN [REDACTED]), and the Commissioner of Internal Revenue

8. This Agreement is not based upon an examination of the Series 2013A Bonds by the IRS and does not preclude or impede an examination of the Series 2013A Bonds, the Issuer, the Borrower, or any Bondholder.
9. This Agreement may not be cited or relied upon by any person or entity whatsoever as precedent in the disposition of any other case.
10. This Agreement is final and conclusive, except that:
  - a. The matter it relates to may be reopened in the event of fraud, malfeasance, or misrepresentation of a material fact;
  - b. It is subject to sections of the Code that expressly provide that effect be given to their provisions notwithstanding any other law or rule of law; and
  - c. If it relates to a tax period ending after the effective date of this agreement, it is subject to any law enacted after the Agreement date that applies to that tax period.

This space intentionally left blank.

By signing, the above parties certify that they have read and agreed to the terms of this Agreement.

**ISSUER:** City of Hopkinsville, Kentucky      **EIN:** [REDACTED]

By signing, I certify that I have the authority to execute this Agreement on behalf of Issuer

**BY:** \_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
NAME (PLEASE PRINT)

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
DATE

**BORROWER:** Riken Elastomers Corporation      **EIN:** [REDACTED]

By signing, I certify that I have the authority to execute this Agreement on behalf of Borrower

**BY:** \_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
NAME (PLEASE PRINT)

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
DATE

**COMMISSIONER OF INTERNAL REVENUE:**

**BY:** \_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
NAME AND TITLE

\_\_\_\_\_  
DATE

CLOSING AGREEMENT among City of Hopkinsville, Kentucky ([REDACTED]), Riken Elastomers Corporation (EIN [REDACTED]), and the Commissioner of Internal Revenue

**Exhibit A**

Trustee Bank

[DATE]

Mayor  
City of Hopkinsville, Kentucky  
101 Main Street

Hopkinsville, Kentucky 42240

RE: \$5,000,000 City of Hopkinsville, Kentucky \$5,000,000 Adjustable Rate Demand Industrial Building Revenue Bonds, Series 2013A

Dear Sir or Madam:

This letter confirms that on [DATE] we called \$500,000 of the principal amount of the Series 2013A Bonds outstanding pursuant to the notice of partial redemption dated [DATE] 1, 2022. The Series 2013A Bonds as listed below were redeemed in accordance with section 1.141-12(j) of the Treasury Regulations.

Maturity June 1	Principal Amount	CUSIP
2033	500,000	440020-CY9

Please contact me at 444-333-2222 if you have any questions.

Sincerely,

Lucy Vang  
U.S. Bank Trust Company, National Association

## Exhibit B

### Taxpayer Information Worksheet for Electronic Federal Tax Payment System Deposit

This Agreement requires the electronic deposit of an amount to the U.S. Treasury through the Electronic Federal Tax Payment System (EFTPS) as a term for resolution of certain identified matters related to the tax-advantaged treatment of interest paid on a municipal obligation. This payment must be deposited in accordance with the directions contained herein.

Please carefully review the taxpayer information listed below and immediately report any errors to the IRS Tax Exempt Bonds employee assigned to your case. If, to the best of your knowledge, the information is correct, then please deposit all required payments through the EFTPS (either *EFTPS – Direct* or *EFTPS – Through a Financial Institution*) accurately and in accordance with this information and the terms of this Agreement.

1. Total Amount of Tax Deposit: **\$[7,552.22]**
2. Taxpayer's Employee Identification Number (EIN): [REDACTED]
3. Taxpayer Name Control (4 characters): **City**
4. Taxpayer Name (up to 35 characters): **City of Hopkinsville, Kentucky**
5. Tax Type (5 characters): **80384**
6. Tax Year (2 digits): 13
7. Tax Month (2 digits): 06

Your financial institution may call the EFTPS Financial Institution Helpline for questions or assistance at **1-800-605-9876** (Monday – Friday, 8:00 a.m. – 8:00 p.m., Eastern Standard Time).

**NOTE:** If you are not enrolled in *EFTPS – Direct* or *EFTPS – Through a Financial Institution*, or otherwise wish to use the Same Day Payment option, then please provide your financial institution with the information listed above and direct them to accurately deposit your payments utilizing the following routing and account numbers: **Note that the Receiving ABA/Routing Number, Receiving FI Name, Tax Type (under Beneficiary) and Beneficiary FI indicated below do not change.**

Receiving ABA/Routing Number: [REDACTED]  
Receiving FI Name: **US TREAS SINGLE TX**  
Beneficiary: [REDACTED]: **CITYOFHOPKINSVILLEKY:** [REDACTED]  
Beneficiary FI: [REDACTED]

If the financial institution has difficulty transmitting the EFTPS same-day payment, please call **1-800-382-0045** (Monday – Friday, 7:45 a.m. – 4:30 p.m. Central Standard Time) to receive assistance from a Customer Service Representative at the Minneapolis Federal Reserve Bank.

CLOSING AGREEMENT among City of Hopkinsville, Kentucky ([REDACTED]), Riken Elastomers Corporation (EIN [REDACTED]), and the Commissioner of Internal Revenue

**CONSENT TO DISCLOSE TAX INFORMATION**

I hereby consent, pursuant to section 6103(c) of the Internal Revenue Code of 1986 (as amended), to the disclosure of return information (as defined in section 6103(b)(2) ) relating to the Closing Agreement (Agreement) between CITY OF HOPKINSVILLE, KY EIN ( [REDACTED] ) (the "Taxpayer"), RIKEN ELASTOMERS CORPORATION EIN ( [REDACTED] ) (the "Borrower"), and the Commissioner of Internal Revenue pertaining to the City of Hopkinsville, Kentucky Adjustable Rate Demand Industrial Building Revenue Bonds, Series 2013A, executed by the Taxpayer on [DATE], as follows:

The Internal Revenue Service may disclose the existence and subject matter of the Agreement to the extent that the Internal Revenue Service deems necessary to correct any material misstatement with respect to the Agreement in response to a public statement by Taxpayer or Borrower, or an agent of Taxpayer or Borrower.

Such disclosure may be made to Members of Congress, the press, and the general public, and may be made by any means, including press releases and notices in Internal Revenue Service publications.

I am aware that in the absence of this authorization, the returns and return information of CITY OF HOPKINSVILLE, KENTUCKY are confidential and may not be disclosed except as authorized by the Internal Revenue Code.

I certify that I have the authority to execute this consent on behalf of Taxpayer.

Taxpayer Name: CITY OF HOPKINSVILLE, KENTUCKY

Taxpayer TIN: [REDACTED]

Taxpayer Address: 101 North Main Street  
Hopkinsville, Kentucky 42240

By: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

CLOSING AGREEMENT among City of Hopkinsville, Kentucky ( [REDACTED] ), Riken Elastomers Corporation (EIN [REDACTED] ), and the Commissioner of Internal Revenue