

**HARDIN FISCAL COURT  
RESOLUTION 2023-097**

**INDUCEMENT RESOLUTION**

A RESOLUTION OF THE FISCAL COURT OF THE COUNTY OF HARDIN, KENTUCKY (THE "COUNTY"), AUTHORIZING THE EXECUTION OF A MEMORANDUM OF AGREEMENT BETWEEN THE COUNTY AND BLUEOVAL SK, LLC (THE "COMPANY") AGREEING TO UNDERTAKE THE ISSUANCE OF INDUSTRIAL BUILDING REVENUE BONDS TO PAY THE COSTS OF ACQUIRING, CONSTRUCTING, EQUIPPING AND INSTALLING TWO ELECTRIC VEHICLE BATTERY MANUFACTURING FACILITIES.

WHEREAS, BlueOval SK, LLC (the "Company") has proposed the construction, equipping and installation of two electric vehicle battery manufacturing facilities in Hardin County, Kentucky (the "Project"), as provided for in Section 103.200 of the Kentucky Revised Statutes, and it has been determined that the County may assist the Company in the construction, equipping and installation of the Project by entering into, at the appropriate time, a lease agreement with reference thereto pursuant to authority of Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes (collectively, the "Act"), all in furtherance of the purposes of the Act and the public benefit of the residents and inhabitants of the County; such lease agreement to be upon such terms and conditions as the Act may require and the County may deem advisable; and

WHEREAS, the construction, equipping and installation of the Project by the Company will encourage the expansion of commerce in accordance with the public policy of the Commonwealth of Kentucky by promoting the economic development of the Commonwealth of Kentucky and the County, will relieve conditions of unemployment, will encourage the increase of industry and will improve the economic welfare of the people of the County; and

WHEREAS, the County is further authorized by the Act to issue bonds, which term under the Act encompasses bonds, variable rate bonds, commercial paper bonds, bond anticipation notes or any other obligations for the payment of money issued by a city, county or other authority pursuant to the Act, for the purpose of defraying the cost of constructing, equipping and installing an industrial building or buildings, as defined in the Act; discussions have occurred between representatives of the Company and the County incident to the issuance of industrial building revenue bonds by the County; the County has agreed with the Company to issue such bonds upon compliance by the Company with certain conditions, requirements and obligations, and subject to the approval of the County of the terms of all agreements, ordinances and other documents required incident to said bond issue; and the County has authorized the Company to proceed with the construction, equipping and installation of the Project, subject to reimbursement of the costs of the Project from the proceeds of such bonds, when, as and if issued; and

WHEREAS, based upon an estimate of the costs of the Project, the County proposes to issue its industrial building revenue bonds in one or more series as determined by the Company and agreed to by the County in an amount not to exceed FIVE BILLION EIGHT HUNDRED MILLION DOLLARS (\$5,800,000,000) (the "Bonds"), such Bonds to be sold and delivered by the County to pay the costs of the Project, together with costs, including all legal costs incurred by the County, incident to the authorization, sale and issuance of such Bonds, but with such contributions from the Company as may be necessary; and

WHEREAS, the County proposes to enter into at the appropriate time a lease agreement with the Company with respect to the Project, whereby 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 trustee and paying agents' fees in connection with the Bonds as the

same become due and payable; the liability of the Company under this instrument or any other instrument related to the issuance of the Bonds shall be limited to its interest in the Project to be financed thereby and no party shall have the right to obtain payment from the Company or from any assets of the Company other than such Project; and

WHEREAS, it is deemed necessary and advisable that a Memorandum of Agreement between the County and the Company be executed setting forth the preliminary agreements of the parties with respect to the construction, equipping and installation of the Project, the issuance of the Bonds to defray the costs thereof and the payments to be made by the Company with respect to the Project; and

NOW, THEREFORE, BE IT ORDERED AND RESOLVED BY THE FISCAL COURT OF THE COUNTY OF HARDIN, KENTUCKY, AS FOLLOWS:

Section 1. It is hereby found, determined and declared that (i) the recitals set forth in the preamble to this Resolution, which are incorporated in this Section by reference, are true and correct; (ii) the total amount of money necessary to be provided by the County for the construction, equipping and installation of the Project to be financed by the Bonds will not exceed FIVE BILLION EIGHT HUNDRED MILLION DOLLARS (\$5,800,000,000); (iii) the Company has represented that it will have sufficient financial resources to construct, equip and install 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, meeting when due the obligations of the proposed lease agreement; and (iv) sufficient safeguards will be provided by the lease agreement to insure that all money provided by the County from the proceeds of the sale of the Bonds will be expended by way of direct expenditure or reimbursement, solely and only for the purposes of the Project.

Section 2. It is hereby found, determined and declared that the cost of constructing, equipping and installing the Project will be paid out of the proceeds of the Bonds and such contributions of the Company as may be necessary to complete the Project as defined in the lease agreement to be executed by and between the County and the Company at the appropriate time pursuant to the Act; **THAT NONE OF THE BONDS WILL BE GENERAL OBLIGATIONS OF THE COUNTY; THAT NEITHER THE BONDS NOR THE INTEREST THEREON SHALL CONSTITUTE OR GIVE RISE TO ANY INDEBTEDNESS OF THE COUNTY OR ANY CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWER, BUT THAT THE BONDS AND THE PAYMENT OF INTEREST THEREON SHALL BE SECURED AND PAYABLE SOLELY AND ONLY BY A PLEDGE OF AMOUNTS TO BE PAID BY THE COMPANY UNDER SUCH LEASE AGREEMENT; AND THAT NO PART OF SAID COSTS WILL BE PAYABLE OUT OF ANY GENERAL FUNDS, REVENUES, ASSETS, PROPERTIES OR OTHER CONTRIBUTIONS OF THE COUNTY.**

Section 3. In order to induce the construction, equipping and installation of the Project in the County with the resultant public benefits which will flow therefrom, it is deemed necessary and advisable that a Memorandum of Agreement hereinafter referred to be approved and executed for and on behalf of the County. Accordingly, a Memorandum of Agreement by and between the Company and the County substantially in the form and with the contents set forth in EXHIBIT A attached hereto and incorporated herein by reference is hereby approved and the County Judge/Executive is hereby authorized and directed to execute and deliver said Memorandum of Agreement.

Section 4. Inasmuch as the Project is to be constructed, equipped and installed in order to conform to the requirements of the Company, so that the Company may provide additional

industrial and economic development and employment to citizens and residents of the local community, and inasmuch as the Company is able to plan, acquire, construct, equip and install the Project and possesses more expertise in such matters, it is hereby found, determined and declared that construction, equipping and installation of the Project should be undertaken or caused to be undertaken by the Company. Accordingly, the Company is hereby authorized to formulate and develop plans for the construction, equipping and installation of the Project and to enter into such contracts and undertakings as may be required for the construction, equipping and installation of the Project. Reimbursements made to the Company after the receipt of the proceeds of the sale of the proposed Bond issue by the County shall be subject to the certifications by qualified persons to be designated by the Company as specified in the lease agreement to be entered into by the County and the Company at the appropriate time pursuant to the Act.

Section 5. This Resolution and the Memorandum of Agreement are approved and hereby constitute the present official intent of the County to issue the Bonds at a later date.

Section 6. Frost Brown Todd LLP, Louisville, Kentucky, is hereby approved as local Bond Counsel. Stites & Harbison, PLLC, Louisville, Kentucky, is hereby approved as Special Counsel to the County in connection with the issuance of the Bonds. Each of Local Bond Counsel and Special Counsel is authorized and directed to take any legal action necessary or appropriate in connection with the issuance of the Bonds. The County Attorney is authorized and directed to assist each of Local Bond Counsel and Special Counsel in any appropriate manner.


Section 7. No County funds shall be expended on the Project, except such as are derived from Bond proceeds.

Section 8. To the extent any resolution, ordinance or part thereof is in conflict, the provisions of this Resolution shall prevail and be given effect.

Section 9. This Resolution shall be in full force and effect from and after its adoption as provided by law.

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INTRODUCED, SECONDED, READ AND ADOPTED AT A DULY CONVENED MEETING OF THE FISCAL COURT OF THE COUNTY OF HARDIN, KENTUCKY, held on the [9] day of [May], 2023, on the same occasion signed in open session by the County Judge/Executive as evidence of his approval, attested under seal by the County Clerk, ordered to be filed and recorded as required by law, and declared to be in full force and effect according to law.

  
\_\_\_\_\_  
KEITH L. TAUL  
HARDIN COUNTY JUDGE/EXECUTIVE

(SEAL)

ATTEST:

  
\_\_\_\_\_  
BRIAN D. SMITH  
HARDIN COUNTY CLERK

**CERTIFICATION**

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of Hardin County, Kentucky, and as such County Clerk, I further certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by the Fiscal Court of said County at a duly convened meeting held on the [9] day of [May], 2023, signed by the County Judge/Executive, duly filed and recorded in my office, all as appears from the official records of said Fiscal Court in my possession and under my control.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said County this [9] day of [May], 2023.



BRIAN D. SMITH  
HARDIN COUNTY CLERK

(SEAL)



EXHIBIT A

FORM OF MEMORANDUM OF AGREEMENT

See the attached.

LR10576.0746909 4888-1815-0490v1

MEMORANDUM OF AGREEMENT REGARDING ISSUANCE  
OF INDUSTRIAL BUILDING REVENUE BONDS

This MEMORANDUM OF AGREEMENT REGARDING ISSUANCE OF INDUSTRIAL BUILDING REVENUE BONDS, by and between the COUNTY OF HARDIN, KENTUCKY (the "County") and BLUEOVAL SK, LLC, a Delaware limited liability company (the "Company"), with its principal office located at 2022 Battery Park Drive, Glendale, Kentucky 42740.

W I T N E S S E T H:

1. Preliminary Statement. Among the facts and circumstances which have resulted in the execution of this Memorandum of Agreement by and between the parties are the following:

(a) The Company is desirous of constructing, equipping and installing 2 electric vehicle battery manufacturing facilities in Hardin County, Kentucky (the "Project").

(b) The Project proposed to be constructed, equipped and installed for use by the Company will constitute an "industrial building" within the meaning of Section 103.200 of the Kentucky Revised Statutes.

(c) The Company is initiating the development of plans, specifications and designs for the Project and has entered into discussions with the County with respect to the financing thereof. The Company has publicly announced that the aggregate cost of the Project will approximate FIVE BILLION EIGHT HUNDRED MILLION DOLLARS (\$5,800,000,000), including financing costs.

(d) The County is authorized and empowered by the provisions of Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes (collectively, the "Act") to issue bonds, which term under the Act encompasses bonds, notes, variable rate bonds, commercial paper bonds, bond anticipation notes or any other obligations for the payment of money issued by a city, county or other authority pursuant to the Act, for the purpose of defraying the costs of constructing, equipping and installing an industrial building or buildings, as defined in the Act, in order to promote the economic development of the Commonwealth and the establishment, retention or expansion of industry. The County is empowered, with respect to such industrial building facilities so constructed, equipped and installed, to enter into at the appropriate time a lease agreement with an entity such as the Company providing for such payments by the Company and such other terms and conditions as the County may deem advisable.

(e) The purposes of the Act, inter alia, are to promote the economic development of the Commonwealth of Kentucky, to relieve conditions of unemployment, to encourage the increase of industry in Kentucky, and to aid in the retention of existing industry by certain described means. In furtherance of such purposes the County, at the request of the Company, proposes to cause to be constructed, equipped and installed the Project for the Company's use in connection with the operations of the Company in the County. The County intends to finance the Project and to enter into at the appropriate time a lease agreement with the Company pursuant to the provisions of the Act with respect to the Project.

(f) The Company is ready, willing and able to cause construction, equipping and installation of the Project to be undertaken, but has been advised by counsel that in order to warrant the issuance of industrial building revenue bonds by the County it is necessary that official action be taken by the County approving the Project and agreeing to issue at the appropriate time industrial building revenue bonds to finance the costs of construction, equipping and installation of the Project.

(g) Representatives of the County have indicated the willingness of the County to proceed with and to carry out such industrial building revenue bond financing in order to effectuate the purposes of the Act and have advised the Company that, subject to due compliance with all requirements of law and the obtaining of all necessary consents and approvals required by law, and to the happening of all acts, conditions and things required precedent to such financing, including satisfaction of all requirements of the County, the County, by virtue of authority of the Act, will issue and sell its industrial building revenue bonds in one or more series as determined by the Company and agreed to by the County in an amount not to exceed FIVE BILLION EIGHT HUNDRED MILLION DOLLARS (\$5,800,000,000) (the "Bonds").

(h) The County considers and determines that the construction, equipping and installation of the Project, and the execution of a lease agreement with the Company at the appropriate time with reference to the Project, will promote and further the purposes of the Act.

(i) Pursuant to KRS 103.230(l), the Company has requested and hereby requests that the sale of the Bonds by the County be made upon a negotiated basis in a manner to be determined by the Company.

2. Representations and Undertakings on the Part of the Company. The Company represents, undertakes, covenants and agrees as follows:

(a) That the Company intends to utilize the Project, or cause the Project to be utilized, at all times during the term of the lease agreement to be entered into at the appropriate time by and between the County and the Company with reference to the Project for the purposes hereinbefore indicated;

(b) That the Project will tend to relieve conditions of unemployment;

(c) That the Company will cause contracts to be entered into for, or will otherwise provide for, the construction, equipping and installation of the Project;

(d) That prior to or contemporaneously with the delivery of the Bonds the Company will enter into a lease agreement with the County under the terms of which the Company will obligate itself to undertake and to complete the construction, equipping and installation of the Project and to pay to the County sums sufficient in the aggregate to pay the principal of, interest on, and premium, if any, on the Bonds as and when the Bonds shall become due and payable, such lease agreement to contain such other provisions as shall be agreed upon by the County and the Company;

(e) That prior to or contemporaneously with the delivery of the Bonds the Company will enter into an in-lieu of tax payments agreement ("Pilot Agreement") with (i) the Hardin County Board of Education (the "School Board") under the terms of which the Company

will obligate itself to make annual payments in-lieu of the taxes from which the Project will be exempt, with annual payments concerning the property not greater than that amount of property taxes that would have accrued to the School Board if the property constituting the Project had not been conveyed to the County, and (ii) the County (with either a separate Pilot Agreement with the County or one Pilot Agreement with both the County and the School Board) providing that there shall be a 100% abatement of County property taxes (including industrial, soil, agricultural and other real and personal property taxes, other than the amounts due to the School Board in subparagraph (i) above) for years 1-15 of the 30 year term of the Bonds (commencing with the calendar year after the date of issue of the Bonds), and a 90% abatement of County property taxes (except that there shall continue to be a 100% abatement for County property taxes for industrial, soil, agricultural and other real and personal property taxes [other than the 10% payment for the County property tax and the amounts due to the School Board in subparagraph (i) above]) for the remaining term of the Bonds (years 16-30, which shall include the calendar year during which the Bonds mature); and

(f) That the Company will take such further action and adopt such further proceedings as may be required to implement its aforesaid undertakings or as it or the County may deem appropriate in pursuance thereof.

3. Undertaking on the Part of the County. Subject to the fulfillment of the several conditions herein stated, the County agrees as follows:

(a) That it will at the appropriate time authorize or cause to be authorized the issuance and sale of the Bonds pursuant to the terms of the Act as then in force in an aggregate principal amount not to exceed FIVE BILLION EIGHT HUNDRED MILLION DOLLARS (\$5,800,000,000), or such other aggregate principal amount as shall be sufficient to pay the costs of the Project and related costs, including all legal costs incurred by the County when actually determined;

(b) That it will adopt or cause to be adopted such proceedings and authorize the execution of such documents as may be necessary or acceptable for (i) the authorization, issuance and sale of the Bonds, (ii) the construction, equipping and installation of the Project, and (iii) the payment of principal of and interest on the Bonds under the terms of the lease agreement with the Company pursuant to the Act, all as shall be authorized by the Act and upon terms which shall be mutually satisfactory to the County and the Company;

(c) That the aggregate basic payments stipulated to be made by the Company under the lease agreement with the County with reference to the Project shall be at least sufficient (in addition to covenants of the Company to properly operate, maintain and insure the Project) to pay the principal of, interest on and redemption premium, if any, on all of the Bonds as and when the same become due and payable, whether at maturity or prior redemption or upon any acceleration of payment of principal as provided in the Bond proceedings; and

(d) That it will take or cause to be taken such other acts and adopt such further proceedings as may be required to implement the aforesaid undertakings as it may deem appropriate.

(e) In the event the Company commits to additional investment for the Project, upon request, the County will commit to appropriate amendments or a subsequent issuance and sale of bonds to facilitate such investment.

4. General Provisions.

(a) The Company has requested that the sale of the Bonds be negotiated in the manner permitted by statute and that the terms of the sale be subject to approval by the Company.

(b) All commitments of the County and the Company pursuant to this Memorandum of Agreement are subject to the condition that on or before one year from the date hereof or such later date as shall be agreed upon by the County and the Company, the County and the Company shall have agreed to mutually acceptable terms and conditions with respect to the lease agreement referred to in this Memorandum of Agreement and the details of the industrial building revenue bond financing.

(c) If the event set forth in (b) of this paragraph does not take place within the time set forth therein, or any agreed extension thereof, and the Bonds are not issued within such time, the Company agrees that it will reimburse the County for all reasonable and necessary direct out-of-pocket expenses, including all legal costs incurred by the County, which the County may incur at the Company's request arising from the execution of this Agreement, and the performance by the County of its obligations hereunder shall thereupon terminate.

(d) Notwithstanding paragraph (c) above, the Company agrees (upon billing therefor) to pay for all reasonable and necessary expenses, fees and costs, including attorneys fees and expenses, incurred by the County or the School Board in connection with this Memorandum of Agreement, the Project and the Bonds.

(e) The Company shall not assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the County; provided, however, that the Company may assign its rights or delegate its obligations, in whole or in part, without such consent and upon thirty (30) days' prior written notice to the County, to one of its affiliates. Any purported assignment or delegation in violation of this Section shall be null and void. No assignment or delegation shall relieve the Company of any of its obligations hereunder unless the County enters into a novation releasing the Company of its obligation under this Memorandum of Agreement.

(f) This Memorandum of Agreement and the Resolution approving this Memorandum of Agreement constitute the present official intent of the County to issue the Bonds at a later date.

**(g) NONE OF THE BONDS WILL BE GENERAL OBLIGATIONS OF THE COUNTY AND NEITHER THE BONDS NOR THE INTEREST THEREON SHALL CONSTITUTE OR GIVE RISE TO ANY INDEBTEDNESS OF THE COUNTY OR ANY CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWER. THE BONDS AND THE PAYMENT OF INTEREST THEREON SHALL BE SECURED AND PAYABLE SOLELY AND ONLY BY A PLEDGE OF AMOUNTS TO BE PAID BY THE COMPANY UNDER ANY LEASE AGREEMENT WITH THE COUNTY AS REQUIRED BY THE ACT. NO PART OF THE COSTS OF CONSTRUCTING, EQUIPPING AND INSTALLING THE PROJECT WILL BE PAYABLE OUT OF ANY GENERAL FUNDS,**

**REVENUES, ASSETS, PROPERTIES OR OTHER CONTRIBUTIONS OF THE COUNTY.**

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IN WITNESS WHEREOF, the parties hereto have entered into this Memorandum of Agreement by their officers thereunto duly authorized as of the [ ] day of [ ], 2023.

COUNTY OF HARDIN, KENTUCKY

BY:   
Keith L. Taul  
Hardin County Judge/Executive

(SEAL)

ATTEST:

  
Brian D. Smith,  
Hardin County Clerk

BLUEOVAL SK, LLC

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

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