

## PAYMENT IN LIEU OF TAXES AGREEMENT

This PAYMENT IN LIEU OF TAXES AGREEMENT, effective as of the \_\_\_ day of \_\_\_\_\_ 2025 (“Agreement”), is made by and among:

- (i) the COUNTY OF SIMPSON, KENTUCKY, a political subdivision of the Commonwealth of Kentucky (the “County”);
- (ii) the CITY OF FRANKLIN, KENTUCKY, a municipal corporation and political subdivision of the Commonwealth of Kentucky (the “City”);
- (iii) the BOARD OF EDUCATION OF SIMPSON COUNTY, KENTUCKY, a body politic and corporate of the Commonwealth of Kentucky (the “Board of Education”); and
- (iv) AA-KY LLC, a Delaware limited liability company and authorized to transact business in the Commonwealth of Kentucky, or an affiliate thereof (collectively, the “Company”).

### WITNESSETH

WHEREAS, the County, by and through its Fiscal Court, is a political subdivision of the Commonwealth of Kentucky existing under Chapter 67 of the Kentucky Revised Statutes (“KRS”) and has the authority under KRS 67.083 to levy *ad valorem* taxes for county purposes on all property subject to local taxation (“County Property Taxes”); and

WHEREAS, the City, by and through its Board of Commissioners, is a municipal corporation and political subdivision of the Commonwealth of Kentucky existing under KRS Chapter 83A and has the authority under KRS 92.280 to levy *ad valorem* taxes for city purposes on all property subject to local taxation (“City Property Taxes”); and

WHEREAS, the Simpson County School District (the “School District”), by and through the Board of Education, is a body politic and corporate existing under KRS 160.160 and has the authority under KRS 160.460 through 160.476 to levy *ad valorem* taxes for school purposes on all property subject to local taxation (“School Property Taxes” and, collectively with the County Property Taxes and City Property Taxes, “Local Property Taxes”); and

WHEREAS, the Company, or an affiliate thereof, will acquire, develop, construct, and operate an industrial building, as defined in KRS 103.200(1)(a), for the project described in Exhibit “A”, attached hereto and made a part hereof (the “Project” or “Facility”) located on real property described in Exhibit “B”, attached hereto and made a part hereof (the “Facility Site”); and

WHEREAS, the Project represents redevelopment of an existing site and is expected to generate new employment within the County, the City, and the School District; and

WHEREAS, on October 1, 2024, the County adopted Resolution No. 2024-10-01, inducing and encouraging the Company to proceed with the Project (the “Inducement Resolution”) together with a Memorandum of Agreement by and between the County and the Company (the “Memorandum of Agreement”), pursuant to which the County agreed to the issuance of taxable industrial revenue bond or bonds, in one or more series (over a period of years in an aggregate principal amount estimated to be \$22,000,000 (with the actual amount sufficient to equal the Company’s total capital investment in the Project) (the “Bond” or “Bonds”), for the benefit of the Company, pursuant to KRS 103.200 to 103.285, inclusive (the “Act”), to finance the acquisition, construction and installation of the Project, to acquire title to the Project and to lease said Project back to the Company, all pursuant to the Act; and

WHEREAS, upon this issuance of the Bonds the County will acquire title to the Facility Site, upon which the Project will be located, from the Company and leased back to the Company, pursuant to the Act, so long as the Bonds are outstanding; and

WHEREAS, a condition of the County’s agreement to enter into the documents necessary to vest title to the Facility Site and Project in the County and to affect the lease of the Project to the Company, the Company has agreed to make certain payments to the County, the City, and the Board of Education in lieu of Local Property Taxes and to enter into this Agreement with respect thereto;

NOW, THEREFORE, in consideration of the foregoing, the mutual agreement of the parties contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

Section 1      Recitals Incorporated. It is hereby found, determined, and declared that the recitals set forth in the preambles to this Agreement, including the definitions contained therein, are true and correct and are hereby incorporated in this Section 1 by reference.

Section 2      Leased Property Exempt from Taxation. It is understood, acknowledged and agreed by the parties that pursuant to KRS 103.285, the Facility Site, together with all real and tangible personal property to be owned by the County and leased to the Company pursuant to the Lease Agreement, between the County, as lessor, and the Company, as lessee, is exempt from *ad valorem* taxation by the County, the City, the School District and other political subdivisions in Kentucky to the same extent as other public property used for public purposes, so long as same is owned by the County. Without making a representation, the parties acknowledge that reduction of state *ad valorem* taxes is subject to prior approval by the Kentucky Economic Development Finance Authority and pursuant to KRS 132.020(1)(f) the Project, including all real property, tangible personal property, and equipment, shall be taxed for state *ad valorem* tax purposes at the reduced rate of one and one-half cents (\$0.015) upon each one hundred dollars (\$100) of value (the “Reduced Rate”), provided that in any year in which the aggregate assessed value of the real property portion of the Project is less than the preceding year, the Reduced Rate shall be increased to the extent necessary to produce the approximate amount of revenue that was produced in the preceding year from such real property, as required under KRS 132.020(2)(c).

Section 3      Agreement to Make Local PILOT Payments. In consideration of the County’s agreement to issue the Bonds, and take all other actions authorized by the Inducement

Resolution, the Memorandum of Agreement, and Resolution No. 2024-10-01, authorizing the issuance of the Bonds, the Company hereby agrees, so long as the County owns the Facility Site, that in each calendar year during the term of this Agreement, commencing on January 1 following the date on which the Project becomes operational, and each January 1 thereafter (each an “Assessment Date”), the Company shall make a payment to each of the County, the City, and/or the Board of Education, computed as indicated below, for each of the Assessment Dates, estimated to begin January 1, 202\_, during the term of said Bonds, with respect to the portion of the Project/Facility financed with the proceeds of said Bonds. The Company shall provide written notification to the County of the date the Facility becomes operational, which is currently expected to occur in calendar year 202\_, such that the first Assessment Date would be January 1, 202\_, unless the completion and operation of the Facility occurs later. The annual payment to each shall be equal to the specified percentage (the “PILOT Percentage”) of the amount of all Local Property Taxes levied on the Project by the County, the City, and the Board of Education, respectively, that otherwise would have been due and payable to each, if the Project were owned by a tax-paying entity and subject to payment of Local Property Taxes absent the application of KRS 103.285 (each, respectively, a “County PILOT Payment”, “City PILOT Payment” and “School PILOT Payment” and collectively, the “Local PILOT Payments”), for each of the Assessment Dates following issuance of the Bond as follows:

<u>Assessment Date</u>	<u>PILOT Percentage</u>		
	<u>County</u>	<u>City</u>	<u>School District</u>
1 <sup>st</sup> through 15	0%	0%	100%
15 through 20	75%	75%	100%

Section 4      Calculation of Local PILOT Payments. The amount of the Local PILOT Payments in each calendar year such payments are due hereunder shall be equal to (i) the Fair Cash Value (as hereinafter defined) of the Project as of January 1 of such calendar year, multiplied by (ii) the *ad valorem* tax rate levied by the County, the City, and/or the Board of Education for such calendar year, and further multiplied by (iii) the PILOT Percentage. If, in any calendar year during which the foregoing calculation is made, the County, the City, and/or the Board of Education has levied different *ad valorem* tax rates on different classes of property subject to Local Property Taxes, the foregoing calculation shall be made separately for each such class of property that is included within the Project.

Section 5      Determination of Fair Cash Value of the Project. The PVA is responsible for establishing the assessed value of real estate within Simpson County for the purpose of imposing *ad valorem* taxes. The Department of Revenue, Kentucky Finance and Administration Cabinet (the “Department”), oversees the assessment of personal property within the County for the purpose of imposing personal property taxes. The “Fair Cash Value” of the real property portion of the Project shall be as determined annually by the PVA as if the Project were owned by a tax-paying entity. The “Fair Cash Value” of the personal property portion of the Project shall be annually determined using its original cost, age and the applicable trending tables published by the Department in its Form 62A500 (Tangible Personal Property Tax Return),

adjusted to take into account the scrapping, removal or other disposition of personal property in the ordinary course of business.

Section 6      Valuation Appeal Rights. Each of the County, the City, the Board of Education, and the Company shall have the right at its sole expense and in its own name and without any expense to any other party, to seek and prosecute in good faith an adjustment, by administrative appeal or litigation or otherwise, of any tax assessment made by the PVA on the real property portion of the Project, and if any adjustment is made the PILOT Payments shall be calculated based upon the assessment resulting from such adjustment. If for any reason the Project, or any part of the property included within the Project, is legally placed on the *ad valorem* tax rolls, the obligation of the Company to make the PILOT Payments shall terminate with respect to that property on and after January 1 of the following calendar year, and the owner of that property shall thereafter pay *ad valorem* taxes on that property as required of a tax-paying entity.

Section 7      Timing of Local PILOT Payments. Any Local PILOT Payments payable in a calendar year hereunder shall be paid at the same time and in the same manner as are County Property Taxes for such calendar year, except that the Company shall deliver the County PILOT Payment, the City PILOT Payment and the School PILOT Payment to the County, the City and the Board of Education at the addresses provided in Section 9 below, instead of the regular tax collector. The Local PILOT Payments for each such calendar year shall be due and payable in full no later than December 31 of that year or a later date established pursuant to KRS 134.015; provided, however, if the Company pays a County PILOT Payment or School PILOT Payment to the County or School District respectively on or before any discount date established pursuant to KRS 134.015, the Company may reduce said PILOT Payment by the corresponding discount percentage, and provided further that if the Company pays a Local PILOT Payment after December 31 or a later due date established pursuant to KRS 134.015, the Company shall increase said PILOT Payment by the corresponding penalty percentage established by KRS 134.015 for the County Property Taxes and School Property Taxes and pursuant to City Ordinance for City Property Taxes. The City does not offer discounts for early payment of City Property Taxes, and no discount shall be provided for early payment hereunder.

Section 8      Termination. Notwithstanding any other provision herein and with the exception of Sections 1 and 2 hereof, this Agreement shall terminate on the day immediately following the first date that no Bonds issued by the County pursuant to Resolution No. 24-\_\_, authorizing the Bonds, remain issued and outstanding, the termination of the Lease Agreement, or the transfer of the Facility Site to a third-party who is not an affiliate or subsidiary of the Company.

Section 9      Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or sent by telegram, addressed as follows:

If to the County, at:	County of Simpson, Kentucky Simpson County Courthouse 100 Courthouse Sq. Franklin, Kentucky 42134 Attention: Judge/Executive
If to the City, at:	City of Franklin, Kentucky 117 Cedar St. Franklin, Kentucky 42134 Attention: Mayor
If to the Board of Education, at:	Simpson County Board of Education Attn: Superintendent 430 South College Street Franklin, Kentucky 42134
If to the Company, at:	AA-KY LLC 1815 S. Soto Street Los Angeles, California 90023 Attention: Jessica Chu  With copy to: Jessica Chu jessica@altaalloys.com  and Scott Kelrick scottk@ealpert.com

The County, the City, the Board of Education, and the Company may by notice given hereunder designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

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 County, the City, the Board of Education, the Company 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 of Kentucky.

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.

*[Signatures for Payment in Lieu of Taxes Agreement  
appear on the following page S-1]*

IN WITNESS WHEREOF, the County, the City, the Board of Education, and the Company have executed this Agreement effective as of the date first above written.

COUNTY OF SIMPSON, KENTUCKY

By: \_\_\_\_\_  
Mason Barnes  
County Judge/Executive

CITY OF FRANKLIN, KENTUCKY

By: \_\_\_\_\_  
Larry Dixon  
Mayor

BOARD OF EDUCATION OF SIMPSON COUNTY,  
KENTUCKY

By: \_\_\_\_\_  
Name and Title

AA-KY LLC, a Delaware limited liability company

By: \_\_\_\_\_  
Name and Title

## EXHIBIT A

### Project Description

The “Project” is an industrial building, together with operating equipment deemed necessary by AA-KY LLC, its affiliates, successors, and/or assigns (the “Company”), as defined in KRS §103.200(1)(a) and used by the Company to process specialty metal that is used to manufacture complex components used in commercial and military aircraft, rockets, satellites, automobiles and other specialized products.



EXHIBIT "B"

Legal Description

**LEGAL DESCRIPTION FOR PARCEL ONE**

The Land referred to herein below is situated in the County of Simpson, Commonwealth of Kentucky, and is described as follows:

LOT 13-2 OF "MINOR SUBDIVISION PLAT OF LOTS 13 AND REVISION OF LOT 14-1 OF THE HENDERSON INDUSTRIAL PARK SUBDIVISION" AS SHOWN OF RECORD IN PLAT BOOK 6, PAGE 70, IN THE SIMPSON COUNTY CLERK'S OFFICE.

SUBJECT TO RESTRICTIVE AND PROTECTIVE COVENANTS EMBRACING FRANKLIN-SIMPSON INDUSTRIAL AUTHORITY GARVIN PROPERTY RECORDED JUNE 14, 2012, IN DEED BOOK 298, PAGE 508, IN THE SIMPSON COUNTY CLERK'S OFFICE, AND FIRST AMENDMENT RECORDED AUGUST 14, 2014, IN DEED BOOK 311, PAGE 122 AND A SECOND AMENDMENT RECORDED DECEMBER 23, 2015, IN DEED BOOK 318, PAGE 652, AND A THIRD AMENDMENT RECORDED OCTOBER 11, 2016 IN DEED BOOK 323, PAGE 516, IN THE OFFICE AFORESAID.

BEING THE SAME PROPERTY CONVEYED TO SOUTH STREET, LLC, A KENTUCKY LIMITED LIABILITY COMPANY, FROM STEWART RICHEY CONSTRUCTION, INC., A KENTUCKY CORPORATION, BY DEED DATED FEBRUARY 10, 2023, AND OF RECORD IN DEED BOOK 370, PAGE 771, IN THE SIMPSON COUNTY CLERK'S OFFICE.

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