

RESOLUTION NO. _____, SERIES 2025

A RESOLUTION OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY, GIVING PRELIMINARY APPROVAL OF AN INDUSTRIAL REVENUE BOND FINANCING FOR CHURCHILL DOWNS INCORPORATED AND ITS AFFILIATES; AUTHORIZING INITIATION OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF AN INDUSTRIAL PROJECT RELATED THERETO; AGREEING TO UNDERTAKE THE ISSUANCE OF A SERIES OF INDUSTRIAL REVENUE BONDS AT THE APPROPRIATE TIME; AND TAKING OTHER PRELIMINARY ACTION.

SPONSORED BY: COUNCIL MEMBERS KRAMER AND WINKLER

WHEREAS, Louisville/Jefferson County Metro Government (“Metro Government”) is a consolidated local government and political subdivision of the Commonwealth of Kentucky (the “Commonwealth”) and as such is authorized by Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes (the “Act”), to issue industrial building revenue bonds for the purpose of defraying the cost of any “building” or “industrial building” (as defined in the Act), including specifically land, buildings, improvements, equipment, machinery, and other facilities, including new construction and expansions of existing facilities, including any such facilities designed for recreation, in order to accomplish the public purposes of promoting the economic development of the Commonwealth, relieving conditions of unemployment, and encouraging the increase of industry therein, provided that such bonds are payable solely from the revenues derived from the industrial building and do not constitute an indebtedness of Metro Government within the meaning of the Constitution and laws of the Commonwealth; and

WHEREAS, Churchill Downs Incorporated is a Kentucky corporation authorized to conduct business within the Commonwealth (the “Company”); and

WHEREAS, the City of Louisville issued its City of Louisville, Kentucky Taxable Industrial Building Revenue Bonds (Churchill Downs Incorporated Project), Series 2002,

for the Company's benefit and the benefit of its Churchill Downs Racetrack, pursuant to the Act (the "Series 2002 Bonds"), to finance the acquisition, construction, equipping and installation of certain improvements and upgrades to the racetrack, as part of which the City (now Metro Government) acquired title to the racetrack, leased the racetrack to the Company and pledged the Company's rental payments to repay the Series 2002 Bonds, which bonds are outstanding and will terminate December 31, 2032; and

WHEREAS, it has been determined that Metro Government may assist the Company by causing the acquisition, construction and installation of a further recreation project of the Company consisting of the additional and substantial further improvements and upgrades to the Churchill Downs Racetrack as described in Exhibit A1 attached hereto (collectively, the "Project"), and by, at the appropriate time, terminating the Series 2002 Bonds, issuing a new series of industrial revenue bonds and entering into a new lease agreement with the Company (the "Lease Agreement"), pertaining to the Project, all pursuant to the authority of the Act and in furtherance of the purposes of the Act and the ensuing public benefit to the residents of Metro Government and its environs, such Lease Agreement to be upon terms and conditions as the Act may require and as Metro Government may deem acceptable; and

WHEREAS, the Company has represented to Metro Government that the acquisition, construction and installation of the Project, if constructed and installed, will result in economic development and the creation of new job opportunities within the environs of Metro Government; and

WHEREAS, Metro Government is authorized by the Act to issue a series of its industrial revenue bonds for the purpose of defraying the costs of acquiring, constructing

and installing “building” or “industrial building” facilities, which terms include land, buildings, fixtures and equipment such as the Project; discussions have occurred between representatives of the Company and Metro Government incident to the issuance of such industrial revenue bonds by Metro Government for the purpose of financing the Project; it is the intention of Metro Government, and Metro Government has agreed and hereby agrees with the Company, to issue such industrial revenue bonds upon compliance by the Company with such reasonable conditions and obligations as Metro Government may require and documents incident to such bond issue or issues and upon the agreement of the Company to pay all reasonable costs and expenses of Metro Government related to or arising from such issuance from bond proceeds or other sources; and Metro Government has authorized the Company to proceed with the initiation of the acquisition, construction and installation of the Project, subject to reimbursement of the costs of such acquisition, construction and installation from the proceeds of the industrial revenue bonds, as and when issued; and

WHEREAS, based upon the Company’s present estimate of the aggregate costs of the Project together with a reasonable allowance for contingencies and incidental costs, Metro Government proposes to terminate the Series 2002 Bonds and issue a new series of its industrial revenue bonds in an aggregate amount up to \$1,200,000,000, such new series of bonds to have a term of thirty years (collectively, the “New Bonds”), to pay the aggregate costs of the acquisition, construction and installation of the Project, including costs incident to the authorization, sale and issuance of the New Bonds and other financing costs, with the understanding that such maximum aggregate amount may be increased by subsequent official action of Metro Government, upon the Company’s

request; and the New Bonds will be payable solely from payments to be made by the Company under the Lease Agreement and will not be payable from any funds or assets of Metro Government whatsoever; and

WHEREAS, Metro Government proposes to enter into, at the appropriate time, a Lease Agreement with the Company 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 New Bonds, together with all trustee, paying agent, and/or servicing agent's fees in connection with such New Bonds, and any other related charges as the same come due and payable; and

WHEREAS, to evidence the preliminary agreement of Metro Government 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 hereto (the "Memorandum of Agreement"), and to approve the form of the Payment In Lieu of Taxes Agreement substantially in the form set out in Exhibit C hereto (the "PILOT Agreement");

NOW, THEREFORE, BE IT RESOLVED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT (THE "COUNCIL") AS FOLLOWS:

SECTION I: 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; It is found, determined and declared that (a) the recitals set forth in the preamble to this Resolution, including the definitions contained therein, are true and correct and hereby incorporated in this Section I by reference; (b) the amount of money necessary to be provided by Metro Government through the issuance of the New Bonds for the acquisition, construction and installation of the Project will be an

aggregate amount up to \$1,200,000,000, such New Bonds to have a term of thirty years; (c) the Company has represented it intends to have sufficient financial resources to acquire, construct 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 New Bonds, meeting when due the obligations of the Lease Agreement; and (d) sufficient safeguards shall be provided by the Lease Agreement to insure that all money provided by Metro Government from the proceeds of the issuance and sale of the New Bonds will be expended, by way of direct expenditure or reimbursement, solely and only for purposes of the Project financed thereby.

SECTION II: It is hereby found, determined and declared that the Project is a recreation project for a state-of-the-art live thoroughbred racing facility and comprises facilities for a “recreation park” as described in KRS 103.200(1)(e).

SECTION III: It is hereby found, determined and declared that (a) the costs of acquiring and constructing the Project will be paid out of the proceeds of the issuance and sale of the New Bonds, such proceeds to be supplemented by contributions of the Company as may be necessary to complete the Project financed pursuant to the Lease Agreement; (b) **THE NEW BONDS SHALL NOT BE A GENERAL OBLIGATION OF METRO GOVERNMENT, A CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS, NOR AN INDEBTEDNESS OF METRO GOVERNMENT WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE COMMONWEALTH;** (c) **THAT NEITHER THE NEW BONDS NOR THE INTEREST THEREON SHALL CONSTITUTE OR GIVE RISE TO ANY PECUNIARY LIABILITY WHATSOEVER OF METRO GOVERNMENT OR ANY CHARGE AGAINST METRO GOVERNMENT’S**

GENERAL CREDIT OR TAXING POWER; (d) THAT THE NEW BONDS AND THE PAYMENT OF INTEREST THEREON SHALL BE SECURED AND PAYABLE SOLELY BY A PLEDGE OF AMOUNTS TO BE PAID BY THE COMPANY OR OTHERWISE TO BE AVAILABLE UNDER THE LEASE AGREEMENT; (e) THAT NO PART OF SAID COSTS WILL BE PAYABLE OUT OF ANY GENERAL FUNDS, ASSETS, PROPERTIES OR OTHER CONTRIBUTIONS OF METRO GOVERNMENT; and (f) that the Company shall pay all reasonable costs and expenses of Metro Government related to or arising from the issuance of the New Bonds in an amount not to exceed \$1,500.00 and any additional reasonable charge resulting from the review and approval of the related documents by the Office of the Jefferson County Attorney.

SECTION IV: The acquisition, construction and installation of the Project may be initiated and undertaken or caused to be initiated and undertaken by the Company forthwith, and the Company is authorized to formulate and develop plans and specifications for the Project and to enter into such contracts and undertakings as may be required for the acquisition, construction and installation of the Project. Payments or reimbursements to or on behalf of the Company after the receipt of the proceeds of the issuance and sale of the New Bonds by Metro Government shall be made as set out in the Lease Agreement.

SECTION V: 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 New Bonds. Counsel for Metro Government and its officers and officials are authorized and requested to assist the Company in any appropriate manner.

SECTION VI: The Memorandum of Agreement attached hereto as Exhibit B is hereby approved and the Mayor is hereby authorized to execute the Memorandum of Agreement on behalf of Metro Government.

SECTION VII: It is hereby acknowledged and agreed that the form of the Payment in Lieu of Taxes Agreement attached hereto as Exhibit C (the "PILOT Agreement") describes the agreement reached between representatives of Metro Government and the Company regarding the obligations of the Company to make payments in lieu of taxes during the period in which the New Bonds will be outstanding and that upon the issuance of the New Bonds, Metro Government shall direct its Mayor or other authorized officials of Metro Government to execute a PILOT Agreement in the form attached hereto with such changes or revisions as are necessary to reflect the date, par, designation, maturity and interest rate or rates applicable the New Bonds, and any additions or changes to the Project Site (including changes to the description of the Project Site after termination of the Series 2002 Bonds and any future consolidation of the current parcels by the Company, its affiliates, or any combination thereof).

SECTION VIII: This Resolution hereby constitutes the present official intent of the Issuer to issue the New Bonds at a later date.

SECTION IX: No funds of Metro Government shall be expended for the costs of issuance of the New Bonds or for the costs of the Project, except such as are derived from the proceeds of the issuance and sale of the New Bonds.

SECTION X: All resolutions, municipal orders or other official actions of Metro Government or parts thereof in conflict herewith are, to the extent of such conflict, hereby rescinded.

SECTION XI: This Resolution shall take effect upon its passage and approval or as otherwise becoming law.

This Resolution was given first reading at a duly convened meeting of the Council, held on _____, 2025, and given second reading and approval at a duly convened meeting of the Council held on _____, 2025.

Sonya Harward
Metro Council Clerk

Brent Ackerson
President of the Council

Craig Greenberg
Mayor

Approval Date

APPROVED AS TO FORM AND LEGALITY:

Michael J. O'Connell
Jefferson County Attorney

By: _____

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting Metro Council Clerk of the Louisville/Jefferson County Metro Government, and as such Clerk, I further certify that the foregoing (including the appended Exhibits A1, A2, A3 , A4, B and C) is a true, correct and complete copy of a Resolution duly adopted by the Council of said Metro Government at a duly convened meeting held on the ____ day of _____, 2025, signed by the Mayor and President of the Council, duly filed and recorded in my office, all as appears from the official records of said Council in my possession and under my control.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Metro Government this ____ day of _____, 2025.

Sonya Harward,
LOUISVILLE METRO COUNCIL CLERK

(SEAL)