

RESOLUTION NO. 033 SERIES 2016

AN INDUCEMENT RESOLUTION OF  
LOUISVILLE/JEFFERSON COUNTY METRO  
GOVERNMENT (THE "ISSUER") GIVING PRELIMINARY  
APPROVAL TO THE ACQUISITION, CONSTRUCTION  
AND EQUIPPING OF A NEW MANUFACTURING  
FACILITY TO BE LOCATED IN THE 700 BLOCK OF EAST  
JEFFERSON STREET, LOUISVILLE, KENTUCKY; SUCH  
FACILITY TO BE OPERATED BY RABBIT HOLE SPIRITS,  
LLC, AND USED FOR THE DISTILLING AND  
PRODUCTION OF BOURBON AND OTHER SPIRITS;  
GIVING PRELIMINARY APPROVAL TO THE ISSUANCE  
OF TAXABLE AND/OR TAX-EXEMPT INDUSTRIAL  
BUILDING REVENUE BONDS AT THE APPROPRIATE  
TIME TO PAY THE COST OF ACQUISITION,  
CONSTRUCTION AND EQUIPPING OF SAID PROJECT;  
AND TAKING OTHER PRELIMINARY ACTIONS.

Sponsored by: Councilman David Tandy

**WHEREAS**, Rabbit Hole Spirits, LLC is a Kentucky limited liability company (the "Company") qualified to do business in the Commonwealth of Kentucky ("Kentucky");  
and

**WHEREAS**, the Company proposes to acquire, construct and equip a facility for production of whiskey and other spirits on site, as well as a tasting room, events center and gift shop, such facility to be located at the former Disney Tire property in the 700 block of East Jefferson Street, Louisville, Jefferson County, Kentucky (the "Project");  
and

**WHEREAS**, the acquisition, construction and equipping of the Project will create substantial employment, increase manufacturing in Kentucky, and otherwise serve public purposes, as set forth in Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes ("KRS"), as amended (collectively, the "Act"); and

**WHEREAS**, the Issuer is authorized by the Act to issue taxable and/or tax-exempt industrial building revenue bonds and to loan the proceeds thereof to a company for the purpose of defraying the cost of the acquisition, construction and equipping of an industrial building project, all in furtherance of the purposes of the Act and for the public benefit of the residents and inhabitants of the region, upon such terms and conditions as the Act may require and as the Issuer may deem advisable;

**WHEREAS**, based upon an estimate of the costs of the Project, the Company has requested that the Issuer at the appropriate time issue its taxable and/or tax-exempt industrial building revenue bonds, Series 2016 (the "Bonds") pursuant to the Act in an amount not to exceed \$10,000,000, such Bonds to be sold and delivered to a financial institution (the "Lender") and the proceeds thereof loaned to the Company to defray the costs of the acquisition, construction and equipping of the Project, and the costs incident to the authorization, sale and issuance of the Bonds; and

**WHEREAS**, the Company has requested that the Issuer at the appropriate time enter into a bond purchase and loan agreement (the "Loan Agreement") with the Company and the Lender, pursuant to which the Lender will purchase the Bonds, the Issuer will loan the proceeds of the Bonds to the Company and the Company will covenant and agree to pay amounts sufficient to provide for the payment of principal, premium, if any, and interest on the Bonds, together with all related fees in connection with such Bonds, as the same become due and payable; and

**WHEREAS**, the Company has requested that the Issuer give its preliminary approval to the Project and the issuance of the Bonds so that the Company can submit an application to the Kentucky Private Activity Bond Allocation Committee and, if

successful, receive an allocation of "volume cap" pursuant to the Internal Revenue Code, which is a condition precedent to issuing the Bonds on a tax-exempt basis and thereby achieving the lowest possible interest rate for the Bonds; and

**WHEREAS**, it is appropriate to provide the preliminary approvals set forth herein in order to assist the Company with the Project, all in furtherance of the purposes of the Act and for the public benefit of the residents and inhabitants of the region;

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

**Section 1.** It is hereby found, determined and declared that (i) the recitals set forth in the preambles to this Inducement Resolution, which are incorporated in this Section by reference, are true and correct; (ii) the total amount of money to be provided through the issuance of the Bonds for the acquisition, construction and equipping of the Project will not exceed \$10,000,000; (iii) the Company has represented that it has sufficient financial resources to construct the Project, 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 Loan Agreement; and (iv) sufficient safeguards will be provided by the Loan Agreement to ensure that all money provided by the Issuer 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 as required by such applicable federal and state law.

**Section 2.** It is hereby found, determined and declared that the cost of the acquisition, construction and equipping of 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; THAT NONE OF THE BONDS WILL BE GENERAL OBLIGATIONS OF THE ISSUER; THAT NEITHER THE BONDS NOR THE INTEREST THEREON CONSTITUTE OR GIVE RISE TO ANY INDEBTEDNESS OF THE ISSUER, OR ANY CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWERS; THAT THE BONDS, BOND PREMIUM, IF ANY, 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 A LOAN AGREEMENT; AND THAT NO PART OF SAID PROJECT COSTS WILL BE PAYABLE OUT OF ANY GENERAL FUNDS, REVENUES, ASSETS, PROPERTIES OR OTHER CONTRIBUTIONS OF THE ISSUER OR THE COMMONWEALTH OF KENTUCKY OR ANY OTHER POLITICAL SUBDIVISION THEREOF.

**Section 3.** No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement therein contained against any past, present or future officer, member, employee or agent of the Issuer, as such, either directly or through the Issuer, 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 officers, members, employees or agents as such shall be expressly waived and released as a condition of and consideration for the adoption of this Inducement Resolution and the issuance of the Bonds.

**Section 4.** The Company is hereby authorized to enter into such contracts and undertakings as may be required for the acquisition, construction and equipping of the Project, subject to any and all further approvals of the Issuer as may be required in

connection with the final site and the construction of the Project (including, but not limited to, all necessary planning and zoning approvals, construction permits and the like), once the site has been determined.

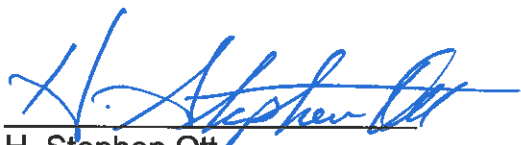
**Section 5.** To the extent any resolution or part thereof is in conflict herewith, the provisions of this Inducement Resolution shall prevail and be given effect

**Section 6.** The Company has advised the Issuer that, to the extent the issuance of Bonds goes forward on a tax-exempt basis in an amount not to exceed \$10,000,000; the Company may use a portion of the proceeds of the Bonds to reimburse itself for preliminary costs related to the Project. As such, this Inducement Resolution constitutes this a declaration of official intent to reimburse for purposes of Internal Revenue Code Regulation 1-150-2.

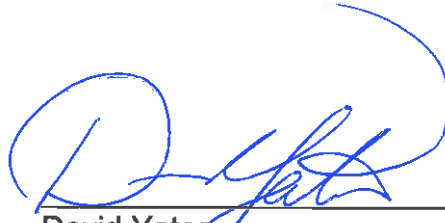
**Section 7.** This Inducement Resolution has been adopted in order to express the preliminary support of the Issuer for the Company moving forward with the Project and in order for the Company to submit an application for an allocation of Federal "volume cap" which is needed in order to issue the Bonds on a tax-exempt basis. The Issuer's commitment to issue the Bonds shall not be binding or final until the Issuer has enacted a further resolution or ordinance setting forth the terms on which such Bonds are to be issued.

**Section 8.** This Inducement Resolution shall be in full force and effect from and after its passage as provided by law.

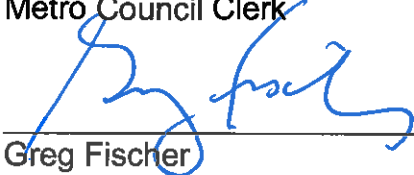
This Resolution was given first reading at a duly convened meeting of the Legislative Council of the Louisville/Jefferson County Metro Government, held on the 10<sup>th</sup> day of MARCH, 2016, and given second reading approval and enacted at a duly convened meeting of the Legislative Council held on the 24<sup>th</sup> day of MARCH, 2016.



H. Stephen Ott  
Metro Council Clerk



David Yates  
President of the Council



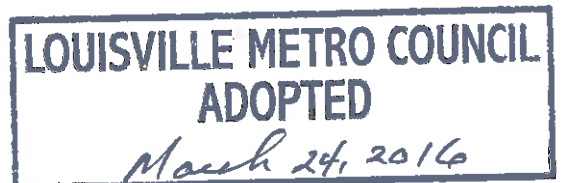
Greg Fischer  
Mayor

3/28/16  
Approval Date

**APPROVED AS TO FORM AND LEGALITY:**  
Michael J. O'Connell, Jefferson County Attorney

By: 

Nicholas Lococo, an Assistant County Attorney  
And Attorney for Louisville/Jefferson County  
Metro Government



## CERTIFICATE OF THE CLERK

I, H. Stephen Ott, Metro Council Clerk, hereby certify that I am the duly qualified and acting Metro Council Clerk of the Louisville/Jefferson County Metro Government, that the foregoing Resolution is a true copy of said Resolution duly enacted by the Metro Council of said Metro Government, signed by the Mayor and President of the Council of said Metro Government, and attested under seal by me as Metro Council Clerk of the Metro Government, at a properly convened term and session of said Metro Council held on MARCH 24, 2016, as shown by the official records in my custody and under my control; that attached hereto are true copies of the documents approved therein, and that copies of such documents have also been duly filed and recorded in the official records of the Metro Government.

**IN WITNESS WHEREOF**, I have hereunder set my hand as Metro Council Clerk of the Louisville/Jefferson County Metro Government and the seal of the Metro Government this 29<sup>th</sup> day of MARCH, 2016.

  
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H. Stephen Ott, Clerk

[SEAL]