



GEORGIA DEPARTMENT OF ECONOMIC DEVELOPMENT

PAT WILSON
COMMISSIONER

H. Robert Boehringer
Managing Director, KPMG
1601 Market Street, 29th floor, Philadelphia, PA 19103.

Re Project EA

Dear Robert:

This confidential letter of intent (“LOI”) is provided to you in connection with Project EA, an economic development project by Hyundai Motor America (the “Company”), a joint venture company owned by the Company and a battery manufacturer (the “Battery JV”), and certain of the Company’s affiliates (the “Affiliate Suppliers”). We understand Project EA contemplates the establishment of a state-of-the-art electric vehicle manufacturing facility (the “OEM Facility”) by the Company, a battery manufacturing facility (the “Battery Facility”) by the Battery JV, and multiple affiliate supplier facilities (the “Affiliate Supplier Facilities”) by the Affiliate Suppliers (collectively, the “Project”) in the State of Georgia, County of Bryan (the “Site”). We also understand that the OEM Facility will be owned by an entity to be organized in the near future by the Company and the Company will assign its rights and any obligations under this LOI to such entity (“Newco”). We also understand that, upon written acceptance by the Company of this LOI, to occur no later than April 25, 2022, the Company will, pursuant to the terms of the Confidential Memorandum of Understanding dated February 24, 2022 among the Georgia Department of Economic Development, the Savannah Harbor-Interstate 16 Corridor Joint Development Authority, and the Company (the “MOU”), will have selected the JDA Property, as defined in the MOU, as the finalist site for the Project, subject to the satisfaction of the conditions stated in the MOU.

We further understand the Company anticipates that the Project will result in an investment of approximately \$5.9 billion in land, improvements to land, and personal property over a period of six (6) years from the commencement of construction, and the creation of approximately 8,100 net-new, full-time positions¹ over a period of six (6) years from the date of issuance of a certificate of occupancy (the “Project

¹ Net new full-time job is defined as a new job that did not previously exist within the State of Georgia which has a minimum of 35 hours per week with the opportunity for access to, but not necessarily paid or subsidized, medical benefits. Any new full-time job may include the use of leased or third-party agency employees (collectively, the “Leased Jobs”), subject to the following conditions:

(i) the Leased Jobs at the Project must be assigned exclusively to the Company and no other clients of the third-party leasing company; (ii) the Leased Jobs are new full-time jobs that, but for the contractual arrangement between the Company and the third-party leasing company, would not otherwise exist within the State; (iii) the Leased Jobs must substantially satisfy the definition of “leased employee” as such a term is described in (6)(v) of the rules published by the Georgia Department of Community Affairs in Chapter 110-9-1, and (iv) the third-party leasing company must substantially satisfy the definition of an “employee leasing company” as provided in O.C.G.A. § 34-8-32. To the extent that the aforementioned conditions are satisfied, and so long as the Company retains control over the third-party leasing operations at the Project facility, the Company’s use of leased employees through a license or management-type agreement with a third-party company shall constitute Leased Jobs for purposes of qualifying as

Parameters”). The Company, the Battery JV and the Affiliate Suppliers may count any full-time leased employees as qualifying employees for meeting any minimum job creation requirements. The Project Parameters are based on preliminary projections and may change. The Company acknowledges that the incentives outlined below are based on the Project Parameters outlined above and are subject to change should the Project Parameters change. The Company agrees to participate in a joint public announcement regarding its chosen location and the Project Parameters at a mutually agreeable date and time but no later than as required by law.

As you know, the State of Georgia (the “State”); and the Savannah Harbor-Interstate 16 Corridor Joint Development Authority, a public body corporate and politic created and existing under the laws of the State of Georgia (the “JDA”) (the State and the JDA shall be collectively referred to herein as the “Public Parties”, and the Public Parties and the Company shall be collectively referred to as the “Parties”), have been in discussions with the Company about the location of the Project within the State, at a site owned by the JDA known as the Bryan County Mega Site and the Martin Tract, which is currently under contract for purchase by the JDA, and the Mingledorff Tract (the “Project Land”). The Public Parties intend to provide certain funds and other incentives as an inducement for the Company and its Affiliate Suppliers to locate the Project in Bryan County.

The Company has another site under consideration and is in the process of selecting the final site for the location of the Project and desires to have the Public Parties set forth in this LOI a summary of the final offer of incentives offered to the Company and the Affiliate Suppliers based on the Project Parameters. The remainder of this letter addresses such request by the Company.

I. Project Land.

- (a) The Project Land consists of three sites, totaling 2,923 acres, more or less, as more particularly described in **Exhibit 1.1** attached. The first tract of land is commonly referred to as the “Bryan County Mega Site,” owned by the JDA and consists of approximately 2,136 acres, more or less; and the second tract of land is commonly referred to as the “Martin Tract,” which shall be acquired by the JDA and consists of approximately 685 acres, more or less. Furthermore, there is an additional 102-acre tract between the Bryan County Mega Site and the Martin Tract, commonly referred to as the “Mingledorff Tract” and more particularly shown in Exhibit 1.1, which the JDA is working to acquire. However, the Mingledorff tract is undevelopable as it is entirely comprised of significant wetlands, and its acquisition will not impact the Company’s timeline for development or the Company’s current site layout. The Company may exclude the Mingledorff Tract from the Project Land and request the JDA to maintain ownership of the Mingledorff Tract to which the JDA agrees.
- (b) The Public Parties will offer the Project Land to the Company through a 25-year lease. The lease term will run coterminous with the 25-year tax abatement that is being offered to the Company to reduce local *ad valorem* taxes that would otherwise be payable by the Company to the local taxing authorities. At the end of the lease term, the Company will be deeded fee simple title to the Project Land at a nominal cost, subject to meeting the performance standards which will be outlined in a long form economic development agreement (“EDA”).
- (c) (i) The following due diligence items related to the Bryan County Mega Site have been completed and will be provided to the Company and the Affiliate Suppliers at no cost within five (5) days of request: Phase I ESA Update; Title Policy, Title Commitment or Title Opinion; Threatened and Endangered Species Report; Cultural Resource Study and Literature Review; Wetlands Delineation and Jurisdictional Determination dated after January 6, 2022; Wetlands Permit and related onsite mitigation documents; Preliminary Geotechnical Investigation; Boundary Survey; LIDAR Topo Survey; and Partial ALTA Survey. No additional due diligence items related to the Bryan County Mega Site will be completed by the Public Parties, except a traffic study (if required).

(ii) The following due diligence items related to the Martin Tract have been completed and will be provided to the Company and the Affiliate Suppliers at no cost: Threatened and Endangered Species Report; and Wetlands Delineation and Jurisdictional Determination dated after January 6, 2022.

(iii) The following due diligence items related to the Martin Tract will be completed and provided to the Company and the Affiliate Suppliers at no cost with a target completion date of August 31, 2022: ALTA Survey, Phase I ESA, Traffic Study (if required), Rezoning, Development of Regional Impact Report (if necessary), Cultural Resources Study, and Preliminary Geotechnical Investigation. The Wetlands Jurisdictional Determination report and the wetlands permit will be completed by October 1, 2022.

(iv) To the extent that the Company chooses to take ownership of the Mingledorff Tract, a boundary survey and a Title Policy, Title Commitment or Title Opinion will be completed and provided to the Company. No due diligence will be conducted by the Public Parties related to the Mingledorff Tract as that tract is undevelopable.

(d) The Project Land to be leased to the Company will include the following improvements made by the Public Parties or their utility partners, at the Public Party or the utility partner's expense, as noted below.

		<u>Completion Dates*</u> * Completion dates assume a signed EDA on May 20, 2022 and are subject to the Public Parties receiving from Company confirmation of its site plan, including building locations, finished floor elevations and slab/floor system depth no later than June 1, 2022.
(i)	Earthwork, to include (1) clearing and grading, cut to fill on site, topsoil disposal on site, and erosion control; (2) wetland and stream mitigation credits on Project Land; and (3) provide and apply any required fill material and soil improvements to the site, including any wetlands, as indicated by the site plan.	See Exhibit 1.2**
(ii)	Road improvements, to include widening of Highway 280 from 2 to 5 lanes, frontage road, second access road from Highway 280, and intersection improvements. Second interchange on I-16.	For Highway 280/ Frontage Road Improvements: September 30, 2025*** Second access road: December 30, 2023 (before production starts) For I-16 Interchange March 31, 2027*** ***The Public Parties will work to expedite the schedule of delivery to the extent possible
(iii)	Water infrastructure, to include construction of 4 new ground water supply wells; transmission mains to Mega Site; one (1) two million gallon elevated water storage tank; groundwater well on Mega Site.	Construction Phase: Connection to existing 0.5 million-gallon ("MG") tank and well north of I-16 (Completed November 15, 2022)

		<p>Start-Up & Testing: One (1) 1,800 gallons per minute well and 2 MG tank on site (Completed November 15, 2023)</p> <p>Full Production: Four (4) new wells in Bulloch County and approximately 60,000 linear feet of 24-inch to 30-inch transmission mains to Bryan County Mega Site (Completed January 1, 2025)</p>
(iv)	<p>Wastewater infrastructure, to include construction of regional transfer pump station; 18-inch force main from Mega Site to Savannah; construction of 4-million gallon per day water reclamation facility.</p>	<p>Construction Phase: Temporary sewer facilities on site with pump and haul operations (Completed November 15, 2022)</p> <p>Start-Up & Testing: Regional pump station and 18-inch force main to Savannah (Completed July 11, 2023)</p> <p>Full Production: New 4 MG (expandable to 8 MG) membrane bioreactor water reclamation facility and 24-inch effluent discharge main (Completed January 1, 2025)</p>
(v)	<p>Natural gas infrastructure, to include construction of a new 8-inch high pressure gas line to Mega Site.</p>	<p>Start-up & Testing: Construction of new 8-inch high-pressure line gas to the Bryan County Mega Site at Highway 280 (Completed November 15, 2023)</p> <p>Full Production: (Completed January 1, 2025)</p>
(vi)	<p>Rail extension to Bryan County Mega Site (not to exceed 12,700 Linear Feet).</p>	<p>November 15, 2023</p>
(vii)	<p>Telecommunications infrastructure, to include moving telecommunications line that bisects the site and providing continued service during that construction period; installing fiber across the frontage road and to the building once construction is complete.</p>	<p>Timeline for Telecommunications work during the construction period is dependent on construction timeline and needs but will be completed within a reasonable timeframe.</p> <p>Final fiber construction can be completed within six (6) weeks once building construction is complete.</p>

The Company agrees to work in good faith with the Public Parties to provide accurate and up to date site plan information in order to support the development of the cost estimates for the Public Parties.

2. Utilities.

Utility letters from each service provider to the Project will be provided to the Company by no later than May 10, 2022. Each utility letter will contain, at a minimum, the following information:

- (i) identification of the Project Land and current location of utility infrastructure in relation to the site, with a map attached.
 - (ii) proposed route if services are not located on the Project Land boundary and proposed funding of construction to extend to the Project Land boundary.
 - (iii) technical specifications of utility service to be provided.
 - (iv) a statement of willingness and capability to serve the Project and the total available capacity of the utility service provided (indicate line sizes where applicable).
 - (v) the costs of reservation of any future capacity.
 - (vi) with respect to wastewater utilities, any applicable pre-treatment standards.
 - (vii) the process for obtaining the utility service and any applicable approvals that need to be obtained in connection therewith.
 - (viii) willingness of the provider to extend the service from the Project Land boundary to building pad at the provider's expense.
 - (ix) the amount of any connection costs for which the Company will be charged (tap fees, connection fees, deposits, etc.) and whether those connection costs will be waived.
 - (x) completion date of the infrastructure at the Project Land boundary and date of service availability.
- All letters should be addressed to: H. Robert Boehringer, Managing Director, KPMG, 1601 Market Street, 29th floor, Philadelphia, PA 19103.

3. Description of Additional Incentives for the Project.

In addition to the Project Land improved as described herein, the following economic inducements described in summary form below, and attached hereto as exhibit 1.3, will be provided to the Company and the Affiliate Suppliers for the Project by the State, the JDA, and other related parties:

- (a) Cash Grants. A \$50,000,000 Project Development Grant, which may be used for project costs, including but not limited to, site preparation, building construction, and/or machinery and equipment. Project Development Grants are available following the completion of an application to the Department of Community Affairs and the signing of the EDA.
- (b) Payroll Withholding Credits/Rebates. The Mega Project Tax Credit, valued at \$5,250 per year per eligible job. The Mega Project Tax Credit requires the Company to complete an application to the Department of Revenue stating its intent to claim the credit for the Project. The credit is available for use against payroll withholding.
- (c) Sales and Use Tax Exemptions for Construction. The Competitive Project of Regional Significance designation entitles the company to a sales and use tax exemption on construction materials. The exemption is valid for projects that begin construction by June 30, 2023, and extends for the entire duration of construction.
- (d) Job Tax Credits. The Mega Project Tax Credit, valued at \$5,250 per year per eligible job. The Mega Project Tax Credit requires the Company to complete an application to the Department of Revenue stating its intent to claim the credit for the Project. The credit is available for use against payroll withholding.
- (e) Sales and Use Tax Exemptions for Machinery and Equipment and On-Going Purchases. Qualified Machinery used in the Manufacturing Process (8% of total machinery and equipment costs); Primary Material Handling Equipment (8% of qualified expenditures); Pollution Control Equipment (8% of qualified expenditures); Qualified Computer Hardware & Software Used in Manufacturing Process (8% of qualified expenditures); Clean Room Equipment (8% of qualified expenditures); Energy Used in the Manufacturing Process (7% of qualified expenditures); Repair & Replacement Parts to Industrial Machinery (8% of qualified expenditures); Raw Materials for Manufactured Product (8% of qualified expenditures); Packaging for Manufactured Product (8% of qualified expenditures).
- (f) Ad Valorem Property Tax Reduction. In order to provide an ad valorem property tax abatement to the Company, the JDA will issue its industrial revenue bonds and enter into a 25-year lease with the Company. In order to provide a reduction in ad valorem taxes, real and personal property subject to the

abatement must be held in the name of the JDA. The JDA will then lease the Project to the Company subject to certain performance standards that will be finalized in the EDA. The JDA will lease the Project to the Company for the duration of the property tax abatement and will transfer the property to the Company via bill of sale and a quitclaim deed upon the expiration of the abatement and the lease agreement. Under federal tax law, the lease is considered a financing lease and the company retains all tax benefits (depreciation rights, etc.).

(g) Training Assistance. Dedicated Georgia QuickStart Training Center (with Company option to purchase for nominal consideration, subject to terms set forth in the EDA); Existing Georgia QuickStart Training Center expansion to accommodate supplier training needs; Operations costs for five (5) years.

(h) Waiver of Permits and Application Fees. The JDA will provide a Foreign Trade Zone designation fee waiver, a customs and border patrol activation fee waiver, and an annual fee waiver (for up to ten (10) years).

(i) Dedicated Project Liaisons. The State and JDA will provide dedicated personnel for the Project including hiring a consultant for air and other environmental permitting (up to a cost of \$100,000), a state government liaison (for up to three (3) years) to assist with the Project, including permitting, a local project director (for up to three (3) years), and a state workforce liaison (for up to three (3) years).

(j) Customized Recruitment. In addition to the training center and workforce incentives outlined above, the Georgia Department of Labor will provide customized recruitment services for the Project.

(k) Additional Tax Credits and Savings. The Company may be eligible to claim additional tax credits or be entitled to additional tax savings, including R&D Tax Credits (credits based on qualified expenditures); Tax exempted on Inventory for Manufacturer's Goods; and Corporate Income Tax apportioned only by In-State sales.

The above listed incentives apply to the Project, with the Project Parameters as stated above, assuming that the Company is moving forward with the OEM Facility, the Battery JV with the Battery Facility, and the Affiliate Supplier with the Affiliate Supplier Facilities. If the Company chooses to move forward with revised Project Parameters, and/or only one or two of the above listed facilities (the "Revised Project"), the Public Parties will reevaluate the above listed incentives to determine the applicability of said incentives as soon as possible, but not to exceed 10 business days. The EDA will provide for the opportunity for amendment of the EDA at such time as the Newco for the OEM Facility and the Battery JV for the Battery Facility are created and the Affiliate Suppliers are identified.

4. No State or Local Procurement Requirements. The Public Parties represent that that there are no State or local procurement codes or laws applicable to any part of the Project constructed by, or by a contractor under the direction of, the Company and its Affiliate Suppliers. Notwithstanding the foregoing, any Project work undertaken by the Public Parties shall be subject to State and local procurements codes or laws.

5. Business License Tax. There is no local or State business license tax applicable to the Company or the Affiliate Suppliers. There is a local occupational tax for a nominal fee; however, if the Company has an existing license in the State, no local tax is required.

6. No Annexation. The Project Land is not located within any municipality or town, and no consent to annexation by JDA will be initiated or provided, nor will annexation be required in connection with obtaining any utility or other services for the Project, and none of the Project Land is contiguous to any municipal limits.

7. Long Form Agreement. The Parties agree to negotiate exclusively with each other in good faith towards a final long form Economic Development Agreement to be executed by the Public Parties and the Company, which will outline in more detail the development of the Project, the economic incentives offered to the Company and the Affiliate Suppliers, and other related matters, with the Parties endeavoring to finalize terms on or around May 20, 2022. The Parties recognize that, as the EDA is being negotiated

and the Project is being developed, the layout and needs of the Project are subject to change and the Company reserves the right to request additional incentives and negotiate business items not described herein, including, but not limited to, the improvements to the Project Land and required infrastructure support for the Project, as well as the fees to be paid in connection with the issuance of the bonds.

8. Non-affiliate Suppliers. The State and the JDA recognize that Company and certain of its non-affiliate suppliers may enter into agreements to locate in the region or Georgia in order to provide parts, products, and services to support the Company and the Project (the "Non-affiliate Suppliers"). The State and JDA will negotiate in good faith with the Non-affiliate Suppliers who choose to locate in Georgia for the same types of competitive incentives provided to the Company, taking into consideration the relative capital investment and employment levels of such Non-affiliate Suppliers, which may include but are not limited to: (a) credits available from capital investments against State corporate income tax; (b) tax abatements; (c) statutory tax-based and fiscal incentives described herein; (d) apply to receive an industrial development grant through the State, the JDA or such other applicable public authorities, in the maximum amount permitted by law, based upon the Supplier's capital investment and new hires, to be utilized by such Supplier to defray costs in connection with such Supplier's facility; (e) the use of leased employees meeting the statutory definition for purposes of counting new full time jobs created; and (e) receive from the State (i) recruitment services as described herein, and (ii) other start-up training services, within the guidelines of the State (collectively, "Non-affiliate Supplier Incentives"). Such available Non-affiliate Supplier Incentives will be memorialized in separate supplier incentive agreements with such Non-affiliate Suppliers. It is expressly understood that (i) the benefits to the Non-affiliate Suppliers as set forth herein are separate and distinct from the inducements otherwise made available to the Company; and (ii) no such benefits granted to or made available to any such Non-affiliate Suppliers shall in any manner preclude, diminish or adversely impact in any manner upon the inducements and the value thereof made available to the Company or otherwise available to the Company.

9. Exhibits. The exhibits hereto will be construed to be a part of this LOI by such reference or other mention at each point at which such reference or other mention occurs, in the same manner and with the same effect as if each exhibit were set forth in full and at length every time it is referred to or otherwise mentioned.

10. Severability. If any one or more of the provisions contained herein will for any reason be held by any court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision hereof, and this LOI will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

11. Authorized Signatures. Each of the individuals executing this LOI represents that they are authorized to execute this LOI on behalf of their respective entities.

12. Counterparts. This LOI may be executed in one or more counterparts, each of which shall be deemed an original, and all such counterparts shall constitute one and the same instrument.

13. Amendments. This LOI may not be changed, amended or modified in any manner other than by an agreement in writing specifically referring to this LOI and executed by the parties hereto.

14. Governing Law. This LOI will be governed, construed under, performed and enforced in accordance with the laws of the State of Georgia.

[SIGNATURES ON FOLLOWING PAGE]

STATE OF GEORGIA

A handwritten signature in black ink, appearing to read 'Padgett Wilson', written in a cursive style.

By:

Title: Commissioner

Name: Padgett Wilson

Date: April 25, 2022

SAVANNAH HARBOR-INTERSTATE 16 CORRIDOR JOINT DEVELOPMENT AUTHORITY

By: H. E. Tolison
Title: Sec / Treasurer
Name: Hugh "Trip" Tolison
Date: 25 April, 2022

HYUNDAI MOTOR AMERICA

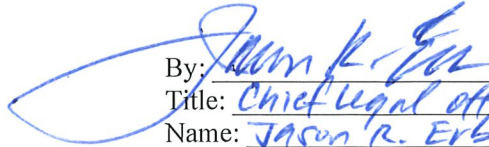
By: 
Title: Chief legal officer
Name: JASON R. ERB
Date: April 25, 2022

Exhibit 1.1 – Project Land

Exhibit 1.2 – Schedule of Completion for Earthwork

Exhibit 1.3 – Offer Letter