November 9, 2023
9:00 AM
Douglas County Economic Development Authority
8512 Bowden Street

I. Call to Order
II. Roll Call
III. Reading and approval of the minutes from the previous meeting
IV. Budget Report
V. New Business

- Consider for adoption a Resolution approving the execution and delivery of a proposed Tax Incentives Agreement with Zoetis Inc. for the acquisition, construction and equipping of an animal vaccine manufacturing, distribution, and research and development facility located in the City of Douglasville, Georgia, conditioned on the City's approval of such Tax Incentives Agreement.

- Consider for adoption a Resolution approving the execution and delivery of a proposed Tax Incentives Agreement with Zoetis Inc. for the acquisition, construction and equipping of an animal vaccine manufacturing, distribution, and research and development facility located in the City of Douglasville, Georgia.

VI. Other Business
VII. Project Updates
VIII. Set Date of Next Meeting—December 14, 2023
IX. Adjournment

DEVELOPMENT AUTHORITY OF THE CITY OF DOUGLASVILLE, GEORGIA
MINUTES OF THE SPECIAL CALLED MEETING
September 27, 2023—9AM

Douglas County Economic Development Authority
8512 Bowden Street

Call to Order: Chair Choo called the meeting to order at 9:01 am.

Roll Call: Conducted by Chelsea Jackson

Members Present: Chairman Leslie Choo, Phil Sisk, Don Watts (9:03am), Sheraton Jones, Toby Foster, Cathy Smith-Curry

Staff Present: Chelsea Jackson

Others Present: John Gornall, Arnall Golden Gregory, LLP, Authority Attorney
Wilhelm Ziegler, Arnall Golden Gregory, LLP, Authority Attorney
Joe Fowler, Hartley, Rowe, Fowler, P.C.
Miranda Jordan, City of Douglasville Staff Attorney (9:09am)
William Smith, Economic Development Manager

Adoption of Minutes

Mr. Foster made a motion to approve the minutes from the meeting; Mr. Sisk seconded the motion. All members present voted in favor of the motion. The motion was approved.

Budget Report

No report.

New Business

• Consider and adopt a Bond Resolution authorizing the issuance of the Development Authority of the City of Douglasville, Georgia's Taxable Revenue Bonds (DC Blox Inc. Project), Series 2023-A, Series 2023-B and Series 2023-C in a Maximum Principal Amount of $1,176,000,000 to pay or reimburse the costs of acquiring a Capital Project to be leased by the Authority to DC Blox Inc. for use as a colocation data center project; and authorizing the execution and delivery of certain bond documents, including but not limited to, the bonds, lease agreements, bond purchase loan agreements, security documents, option agreements and tax incentives agreement (the "Bond Resolution").

Ms. Smith-Curry made a motion to adopt the Bond Resolution; Mr. Foster seconded the motion. All members present voted in favor of the motion. The motion was approved.

Other Business

None.

Project Updates

None.

Set Date of Next Meeting

The next meeting is set for Thursday, October 12, 2023 unless cancelled, and will be held at the Douglas County Economic Development Authority Office.

Adjournment

Mr. Sisk made a motion to adjourn the meeting; Mr. Foster seconded the motion. All members present voted in favor of the motion. The meeting was adjourned at 9:26am.

Leslie Choo, Chairman Development Authority of the City of Douglasville, Georgia	Chelsea Jackson, Secretary/Treasurer Development Authority of the City of Douglasville, Georgia

11/03/2023

REVENUE AND EXPENDITURE REPORT FOR CITY OF DOUGLASVILLE
Balance As Of 11/30/2023

GL Number	Description	23-24 Amended Budget	YTD Balance 11/30/2023	Available Balance 11/30/2023	% Bdgt Used
Fund: 314 CITY OF DOUGLASVILLE DEV. AUTHORITY					
Account Category: Revenues					
314-7511-38.99005	MISC REVENUE	0.00	0.00	0.00	0.00
314-7511-39.33004	DDA BOND ISSUANCE FEES	0.00	0.00	0.00	0.00
314-7511-39.33300	PROC GLT LIAB/OTHER BOND PROC	0.00	0.00	0.00	0.00
314-7511-39.33304	DOUGLASVILLE DEVELOPEMENT AUTH	0.00	0.00	0.00	0.00
Total Dept 7511		0.00	0.00	0.00	0.00
Revenues		0.00	0.00	0.00	0.00
Account Category: Expenditures					
314-7511-52.11230	LEGAL	45,000.00	0.00	45,000.00	0.00
314-7511-52.11290	OTH PROFESSIONAL SERVICES	105,000.00	50,000.00	55,000.00	47.62
314-7511-52.33100	OTH PUR SVCS/GEN LIAB-INSURANCE	4,375.00	0.00	4,375.00	0.00
314-7511-52.33700	OTH PUR SVCS-EDU/TRAINING	1,000.00	0.00	1,000.00	0.00
314-7511-61.15010	TRANSFER TO FUND 100	12,000.00	4,000.00	8,000.00	33.33
Total Dept 7511		167,375.00	54,000.00	113,375.00	32.26
Expenditures		167,375.00	54,000.00	113,375.00	32.26
Fund 314 - CITY OF DOUGLASVILLE DEV. AUTHORITY:					
TOTAL REVENUES		0.00	0.00	0.00	
TOTAL EXPENDITURES		167,375.00	54,000.00	113,375.00	
NET OF REVENUES & EXPENDITURES:		(167,375.00)	(54,000.00)	(113,375.00)	

____________, 2023

Via Email Only:
[________________]
Zoetis LLC
10 Sylvan Way
Parsippany, New Jersey 07054

Re: Proposed Taxable Revenue Bond Transaction with Zoetis Inc.

Dear [________________]:

The Development Authority of the City of Douglasville, Georgia ("Authority") is informed that Zoetis LLC, a Delaware limited liability company (the "Company"), proposes the acquisition, construction and equipping of an animal vaccine manufacturing, distribution, and research and development facility in the City of Douglasville, Georgia (the "City") located at 7705 Staples Drive, Lithia Springs, Georgia 31022 (the "Project"). The Project may include the land, improvements, fixtures and equipment which serves the Project.

We understand that the Project will be operated by the Company and will increase employment opportunities in the area served by the Authority and that the Project may require taxable revenue bond funding of up to $650,000,000. It is our understanding that the availability of the taxable revenue bond transaction contemplated hereby for the Project is an important factor under consideration by the Company in determining the feasibility of the Project. As a result of our discussions with your officers and agents, we have determined that the Authority's willingness to issue one or more of its taxable revenue bonds to assist the Company with the financing of the Project will develop and promote for the public good and general welfare trade, commerce, industry and employment opportunities and will increase employment opportunities within the City, all for the promotion of the general welfare of the area served by the Authority and the State of Georgia, and it is, therefore, the conclusion of the Authority that in assisting with the financing of the Project the Authority will be acting in furtherance of the public purposes for which it was created.

In order to induce the Company to locate and to operate the Project in the City and in order to carry out the public purposes for which the Authority was created, we hereby make the following proposals:

1. The Authority will issue its taxable revenue bond in a total principal amount not to exceed $650,000,000 (the "Bond") for the purpose of paying or reimbursing the costs of the Project. The Bond shall constitute only the limited obligation of the Authority to pay principal and interest thereon from payments to be received under a lease agreement with the Company and any other revenue sources arranged for by the Company and specifically pledged for that purpose. The Bond shall not be backed by the credit of the Authority or by any credit of the State of Georgia, its political subdivisions including the City, or any taxes or governmental funds. Nothing herein should be understood as an endorsement or evaluation of the credit quality of the Company, the Project or the Bond. The term "Closing" as used herein means the event at which the Bond is issued, all related documents are entered into, and the other transactions applicable to the Closing are consummated.

2. The terms of the Bond (maturity schedule, interest rates, denominations, redemption provisions, security, etc.) must be satisfactory to the Company and the Authority and will be determined by a bond purchase contract or similar instrument to be entered into between the Authority and a purchaser satisfactory to the Company.

3. (a) Simultaneously with the transfer of the Project to the Authority and delivery of the Bond for the Project, the Project will be leased by the Authority to the Company, and the terms and provisions of such lease agreement (the "Company Agreement") shall be substantially in the form generally utilized in connection with such financial undertakings, as agreed upon by the Authority and the Company.

(b) The Company Agreement will be dated contemporaneously with the Bond and the term of the Company Agreement will be not less than the principal maturity date of the Bond. The Company Agreement shall be in the form of a net lease agreement from the Authority to the Company.

(c) The amounts payable under the Company Agreement will be paid directly to the holder of the Bond at such times and in such amounts as shall be timely and sufficient to pay the principal of, redemption premium (if any) and the interest on the Bond as the same become due and payable. The obligation of the Company to make all payments required under the Company Agreement shall be absolute and unconditional after the delivery of the Bond.

(d) The proceeds from the sale of the Bond may be deposited in a project fund (the "Project Fund") and disbursed pursuant to requisitions in accordance with the requirements of the Company Agreement. Moneys in the Project Fund may be invested in any obligations which represent legal investments for proceeds of Bond issued by the Authority.

(e) The Company will pay any taxes, assessments or utility charges with respect to the Project which may be lawfully levied, assessed or charged upon the Company, the Authority, the Project or the payments under the Company Agreement if such would result in a lien or charge upon the Project or the revenues of the Authority therefrom.

(f) The Company Agreement will require the Company to keep the Project insured against loss or damage or perils generally insured against by industries similar to the Company and to carry commercial general liability insurance covering personal injury, death and property damage with respect to the Project. The Company agrees to cause the Authority to be

Error! Unknown document property name.

named an additional insured by endorsement to such policies and to provide annually to the Authority a certificate of insurance evidencing the continued existence of such policies and endorsement.

(g) The Company Agreement shall provide that in the performance of the covenants contained therein on the part of the Authority, any obligations the Authority may incur for the payment of money shall not be a general debt on the Authority's part or on the part of the State of Georgia, the City, or any other political subdivision or municipality, but shall be payable solely from the specific payments received under such Company Agreement or from Bond proceeds, insurance proceeds and/or condemnation awards.

(h) The Company Agreement shall contain covenants providing for the indemnification of the Authority and the individual officers, directors, members, agents, attorneys and employees thereof for all expenses incurred by them and for any loss suffered or damage to property or any injury or death of any person occurring in connection with the Project, including environmental loss and damages.

4. The Authority will, if the Company so requests, enter into an assignment of rents and leases, or similar instrument subject to the approval of the Company. Such instruments will pledge the Company Agreement and the rentals, revenues and receipts due thereunder for the benefit of the holders of the Bond. The Authority may also convey any interest which it might hold in and to the Project by a deed to secure the Company's debt and/or security agreement, if requested by the Company. The terms of such instruments shall be agreed upon by the Authority and the Company.

5. If required by the Authority or by the financial arrangements entered into between the Company and the purchaser of the Bond, the Company will enter into a guaranty agreement under the terms of which the Company will unconditionally guarantee payment of the principal of, redemption premium (if any) and interest on the Bond.

6. The Authority will assist in the prompt preparation of the Company Agreement, the bond resolution, the Bond, the bond purchase contract or similar instrument and where requested, any security deed, security agreement, promissory note or guaranty agreement, which must be in form and content satisfactory to the Authority and the Company (all documents contemplated in this agreement and as are actually entered into at Closing are, collectively, the "Closing Documents"). Following the consideration and adoption of a final bond resolution, the Authority will proceed with the validation of the Bond in the Superior Court of Douglas County.

7. Upon delivery of the Bond, the provisions of this proposal and the agreement resulting from its acceptance by the Company shall have no further effect and, in the event of any inconsistency between the terms of this proposal and (as the case may be) the terms of the Company Agreement, the Bond, security deed, promissory note or guaranty agreement or any other security documents or any other of the Closing Documents, such Company Agreement, security deed, promissory note, guaranty agreement or other security documents or any other of the Closing Documents shall control.

8. If for any reason the Bond is not delivered on or before December 31, 2023, unless such date is extended by the Authority and the Company, the Authority, upon thirty (30) days written notice to the Company, shall have the right to terminate this agreement, and thereafter neither party shall have any rights against the other and no third parties shall have any rights against either party except:

(a) The Authority will transfer to the Company any portion of the Project acquired or paid for by or on behalf of the Company, to the extent of the Authority's ownership therein, if any;

(b) The Company will pay the amounts described in Paragraph 9 hereof as provided therein;

(c) The Company will assume and be responsible for any contracts entered into by the Authority (if any) at the request or direction of the Company in connection with the Project; and

(d) The Company shall remain responsible for its obligations to indemnify as set forth in Paragraph 10.

9. (a) If the Bond is issued, the Company will pay the legal fees and expenses of Counsel for the Authority, local Authority Counsel, Company Counsel and Bond Counsel related to the Project and the issuance of the Bond as follows: (i) a flat fee of $325,000 to Arnall Golden Gregory LLP as Counsel to the Authority, plus expenses, (ii) a flat fee of $30,000, plus expenses in connection with the Bond Validation and the issuance of the Bond to Hartley, Rowe & Fowler, P.C. as local Authority Counsel, and (iii) legal fees to Seyfarth Shaw LLP, which will serve as Counsel to the Company and Bond Counsel.

Further, if the Bond is issued, the Company will pay to the Authority a debt issuance fee calculated based on the Authority's "Standard Debt Issuance Fee Formula" of 1/4th of 1% of the principal amount of the total amount of the Bond up to $100M, plus 1/8th of 1% of the principal amount of the total amount of the Bond between $100M and $200M, plus 1/16th of 1% of the principal amount of the total amount of the Bond in excess of $200M. The debt issuance fee for the total amount of the Bond of $650,000,000 is [(1/4th of 1% of $100,000,000 = $250,000) + (1/8th of 1% of $100,000,000 = $125,000) + (1/16th of 1% of $450,000,000 = $281,250)] = <u>$656,250</u>.

The parties agree that Arnall Golden Gregory LLP shall serve as Counsel to the Authority, Hartley, Rowe & Fowler, P.C. shall serve as local Authority Counsel, and Seyfarth Shaw LLP shall serve as Company Counsel and Bond Counsel. The Company shall also pay an annual administrative fee to the Authority of $5,000 beginning the first year after the year in which the Bond is issued. The fees of Counsel to the Authority and local Authority Counsel are payable at the time of Closing.

(b) If the Bond is not issued, the Company will pay instead the hourly rates of Arnall Golden Gregory LLP and Hartley, Rowe & Fowler, P.C. for the Work and Additional

Services (both as defined below). The Company will not be responsible for paying the Authority debt issuance fee if the Bond is not issued.

(c) "Work" to be rendered by Arnall Golden Gregory LLP as Counsel to the Authority in connection with the bond transaction contemplated by this agreement is described and limited to:

1. Preparation of an Inducement Resolution for the Bond transaction;
2. Preparation of the Inducement Agreement for the Bond transaction;
3. Preparation or review of a Bond Resolution for the Bond transaction;
4. Preparation of up to two City Resolutions approving the Project's inclusion in the City's Tax Plan and the execution and delivery of the Tax Incentives Agreement;
5. Preparation or review of the bond documents for the Bond transaction, including a:
    a. Company Agreement (Lease);
    b. Tax Incentives Agreement;
    c. Deed to Secure Debt or other Security Document; and
    d. Bond Purchase Loan Agreement;
6. Preparation or review of the Bonds;
7. Preparation or review of the relevant Validation pleadings, order and final judgement;
8. In cooperation with Hartley, Rowe and Fowler, P.C. file the validation documents and attend, if requested, the bond validation hearing;
9. Preparation or review of the Closing Documents, including the opinion of Authority counsel; and
10. Assist Bond Counsel with closing the Bond Transaction (Items Numbers 1 through 10 collectively, the "Work").

Authority Counsel's flat fee is for the Work and only the Work. Any services performed by Authority Counsel outside of the scope of Work ("Additional Services"), including, but not limited to a challenge to the validation of the Bond or project financing other than the Bond, will be billed at Authority Counsel's normal hourly rates and shall be borne by the Company.

10. To the extent permitted by law, the Company shall, and agrees to, indemnify and save the Authority and their respective officials, directors, officers, members, agents, attorneys, and employees (individually an "Indemnified Person", and collectively, the "Indemnified Persons") harmless against and from all claims by or on behalf or any third party to the extent arising from or relating to (i) the acquisition, construction, installation or the operation of the Project, (ii) any act or negligence of the Company or of any of its agents, contractors, servants, or employees, (iii) any act or negligence of any subtenant of the Company or of any agents, contractors, servants, or employees, of any subtenant of the Company, (iv) any violation or alleged violation of any federal or State laws by the Company, (v) any violation or alleged violation of any law, rule, regulation or order, including any environmental law, rule regulation or order, (vi) any claim or liability arising out of the Authority's ownership of the Project or its participation therein or any related transactions, including any environmental claims, or (vii) any legal proceeding relating to the non-taxability or taxability of the Project or the interest of the Company and the Authority in the Project. However, this indemnity is subject to the subparagraph immediately following below. The Company shall indemnify and save the Authority (and any Indemnified Persons, as appropriate) harmless from and against all actual costs and expenses incurred in or in connection with any such claim or in connection with an action or proceeding brought thereon, including reasonable attorneys' fees, and upon notice from the Authority, the Company shall defend such action or proceeding subject to the subparagraph immediately following below.

Nothing contained in this Section 10 shall require the Company to indemnify, defend or hold harmless any Indemnified Person as to any acts or omissions of willful or malicious misconduct on the part of such Indemnified Person. The indemnity of the Indemnified Persons contained in this Section 10 shall survive termination of this agreement.

The Indemnified Persons shall each be entitled to enforce their rights to indemnification under this Section by any legal means.

11. The issuance of the Bond is conditioned upon the City's approval of the Project for participation in the City's Revised 2020 Tax Plan (the "Tax Plan"), the approval by the City, the Authority and the Company of the proposed tax incentives agreement (the "Tax Incentives Agreement" or "TIA"), and the Authority's approval of a final bond resolution incorporating such terms or conditions as the Authority, in its sole discretion, deems appropriate, and the review and approval by the Authority's legal counsel. All bond documents, as well as all questions relating to the validity and priority thereof, shall be determined by and shall be satisfactory to the Authority and Bond Counsel. The Authority may terminate this agreement prior to the issuance of the Bond by notice in writing to the Company in the event that (i) the City does not approve of the Project for participation in the Tax Plan or the terms of the TIA, (ii) the Company shall fail or refuse to comply in a timely manner with any of the terms, provisions or conditions contained herein; (iii) the Authority determines in its sole discretion that an adverse change has occurred with respect to the Company or the Project; or (iv) any of the information, data, representations, exhibits or other materials submitted to the Authority by the Company contain any inaccuracy or misrepresentation or shall omit to set forth any information that is material to the completeness or accuracy of such information, data, representations, exhibits or other materials.

12. The attached Schedule I shows the estimated benefits, based upon the stated assumptions, to the Company for its participation in the Tax Plan. However, Schedules I does not show the effect of depreciation or appreciation.

13. The tax benefits described in Schedule I shall be subject to the following performance standards for the Company:

(a) to make a capital investment of at least $592,000,000 by the end of Year 3 and (b) to create at least 176 full time jobs by the end of Year 3, (c) for which the employees are paid a minimum average hourly wage of not less than $28.37, excluding benefits. For purpose of determining performance, only employees based at the Project shall be counted. Year 3 shall be the earlier of (1) the third calendar year following the calendar year in which the Company obtains a certificate of occupancy ("COO") for any portion of the Project or (2) 2027. Capital Investment exceeding $592,000,000 shall not be considered in determining performance. Performance will be measured as of December 31. **[NOTE: ZOETIS MAY ALREADY HAVE A COO, WHICH WOULD MEAN YEAR 3 WOULD BE 2026.]**

14. The Company may terminate this agreement in its entirety at any time in writing prior to the Closing, and direct the Authority not to issue the Bond. Notwithstanding the foregoing, such termination shall not terminate the Company's obligations that are stated in this agreement relating to the reimbursement of the Authority for expenditures incurred by the Authority and Bond and Authority Counsel fees, and shall not terminate the Company's or any such assignee's indemnification obligations that are stated in this agreement.

15. This agreement shall inure to the benefit of and be binding upon the Company and the Authority and their respective legal representatives, successors and assigns.

16. Prior to the Closing contemplated by this agreement, no rights or benefits of the Company under this agreement and the Authority's resolution authorizing this agreement may be transferred or assigned by the Company without the written approval of the Authority, given in its sole discretion.

17. Sections 8, 9 and 10 shall survive cancellation or termination of this agreement.

18. Any notice required to be given by any party pursuant to this agreement shall be in writing and shall be given, rendered or made only if either (i) delivered personally to an officer or other legal representative of the party to whom the same is directed, or (ii) sent via nationally recognized overnight courier for next business day delivery, addressed to the other party at the addresses set forth below (or to such other address as any party may designate for notices to it to the other party from time to time by written notice), and shall be effective upon actual receipt.

If to the Authority: Development Authority of the City of Douglasville, Georgia

	8512 Bowden Street Douglasville, Georgia 30134 Attn: Chairman
with a copy to:	Arnall Golden Gregory LLP 171 17th Street, NW Suite 2100 Atlanta, Georgia 30363 Attn: John L. Gornall, Jr., Esq. Andrew J. Schutt, Esq. Wilhelm Ziegler, Esq.
If to the Company:	Zoetis Inc. 10 Sylvan Way Parsippany, New Jersey 07054 Attn:
with a copy to:	Seyfarth Shaw LLP 1075 Peachtree Street, NE Suite 2500 Atlanta, Georgia 30309 Attn: Kevin Brown, Esq. Jeff Chesnut, Esq.

[Remainder of page intentionally left blank]

If the foregoing proposal is satisfactory to you, the Company may so indicate by having the following acceptance executed by a duly authorized officer of the Company and returning a copy to the Authority. This proposal and acceptance will then constitute an agreement in principle with respect to the matters herein contained.

Yours very truly,

DEVELOPMENT AUTHORITY OF THE CITY OF DOUGLASVILLE, GEORGIA

By: ______________________________

Leslie Choo, Chairman

[SEAL]

Attest:

____

Name: ______________________

Title: _______________________

ACCEPTANCE OF PROPOSAL

The terms and conditions contained in the foregoing proposal by the Development Authority of the City of Douglasville, Georgia are hereby accepted, on ________________, 2023.

Zoetis LLC

By: ___________________________

Print Name: ____________________

Its: ____________________________

SCHEDULE I
TAX BENEFITS SCHEDULE
[TO BE DISCUSSED WITH CHRIS AND BREEZY]

Tax Incentive Plan					
Year	**Investment (cumulative)**	**"Payment Equivalent to Existing Taxes" To be paid Annually**	**Estimated Annual Taxes To be Paid Based on Investment with the Incentive Included**	**Estimated Savings of the Annual Taxes Due Based on Investment and Incentive Schedule**	**Qualified Schedule for the Incentive**
Year Zero (No Incentive) 2023	$163,000,000	**Regular Property Tax based in the Fair Market Value on January 1st of the current year**			
Year One of Incentive 2024	$378,000,000	$564,234	$0.00	$2,080,017	0%
Year Two of Incentive 2025	$568,000,000	$564,234	$0.00	$6,132,067	0%
Year Three of Incentive 2026	$593,000,000	$564,234	$0.00	$9,214,323	0%
Year Four of Incentive 2027	$593,000,000	$0	$961,988	$8,657,894	10%
Year Five of Incentive 2028	$593,000,000	$0	$961,988	$8,657,894	10%
Year Six of Incentive 2029	$593,000,000	$0	$1,923,976	$7,695,906	20%
Year Seven of Incentive 2030	$593,000,000	$0	$3,847,953	$5,771,929	40%
Year Eight of Incentive 2031	$593,000,000	$0	$4,809,941	$4,809,941	50%
Year Nine of Incentive 2032	$593,000,000	$0	$5,771,929	$3,847,953	60%
Year Ten of Incentive 2033	$593,000,000	$0	$5,771,929	$3,847,953	60%
TOTAL SAVINGS = $60,715,877					

The percentages are applied to the property taxes otherwise payable based upon the standard valuation and procedures of Douglas County and the State of Georgia. This estimate of ad valorem property tax savings does not take account of depreciation or appreciation.

TAX INCENTIVES AGREEMENT

THIS TAX INCENTIVES AGREEMENT (this "Agreement") is entered into as of _____________, 2023 (the "**Effective Date**") by and among the DEVELOPMENT AUTHORITY OF THE CITY OF DOUGLASVILLE, GEORGIA (the "Authority"), a development authority and public body corporate and politic duly created and activated under the Development Authorities Law, O.C.G.A. Section 36-62-1, et. seq., as amended (the "Act"), ZOETIS LLC, a Delaware limited liability company (the "Company"), and the CITY OF DOUGLASVILLE, GEORGIA (the "City") (Company, the City and the Authority each a "Party" and collectively referred to as the "Parties"). The DOUGLAS COUNTY BOARD OF ASSESSORS (the "Board") and the TAX COMMISSIONER OF DOUGLAS COUNTY, GEORGIA (the "Tax Commissioner") are acknowledging receipt of this Agreement.

BACKGROUND

The Company proposes the acquisition, construction and equipping of an animal vaccine manufacturing, distribution, and research and development facility in the City located at 7705 Staples Drive, Lithia Springs, Georgia 31022 (the "Project"). The Project shall include the land, improvements, real fixtures, equipment and associated personal property which serve the Project.

The Company represented to the Authority that the Project would create approximately $650,000,000 of capital investment and 176 additional new full-time jobs, (excluding any position or employee that is transferred to the Project from any existing or closed facility of the Company or any affiliate within the State of Georgia) with a minimum average hourly wage of not less than $28.37 excluding benefits. The Project may require taxable revenue bond funding of up to $650,000,000 (the "Bond"). The Company represented that the availability of the taxable revenue bond transaction contemplated hereby for the Project was an important factor under consideration by the Company in determining the feasibility of locating operations at, and making capital investments in, the Project.

As a result of the Authority's discussions with the Company's officers and agents, the Authority determined that the Authority's willingness to issue the Bond to assist the Company with the financing of the Project would develop and promote for the public good and general welfare trade, commerce, industry and employment opportunities and will increase employment opportunities within the City, all for the promotion of the general welfare of the area served by the Authority and the State of Georgia. It was the conclusion of the Authority, that in assisting with the financing of the Project, the Authority would be acting in furtherance of the public purposes for which it was created.

After carefully studying and investigating the nature of the Project, the Authority confirmed, found and determined that the Project would constitute a "project" as defined in O.C.G.A. § 36-62-2(6)(N); the Project would develop and promote trade, commerce, industry and employment opportunities in the City for the public good and the general welfare, would increase employment in the City, and would promote the general welfare of the State of Georgia (the "State"); that the Project, and the issuance of the Bond to acquire, construct and equip the Project, would be in the public interest of the inhabitants of the City and of the State; that the Project and the use thereof will further the public purposes of the Act for which the Authority was created; and that the Project and the Bond will be economically feasible.

In order to induce the Company to acquire and construct the Project in the City and to facilitate that acquisition and construction of the Project and the achievement of certain performance goals, the Authority by Resolution dated September 14, 2023, authorized the execution and delivery of an inducement agreement with the Company (the "Inducement Agreement"), under the terms of which the Authority indicated its willingness to issue its taxable revenue bond in a total principal amount not to exceed $650,000,000 for the purpose of paying or reimbursing the costs of the Project.

By Resolution dated November 9, 2023, the Authority recommended that the City consider authorizing the participation of the Company in the City's Revised 2020 Tax Plan (the "City's Tax Plan") for the Project and the approval of this Agreement, and the Authority approved and authorized the execution and delivery of this Agreement, conditioned upon the City's approval of the Company's participation in the City's Tax Plan and this Agreement.

The City by Resolution dated ______________________, 2023, RES-2023-___ authorized the participation of the Company in the City's Tax Plan for the Project and approved and authorized the execution and delivery of this Agreement (the "City's Company Tax Plan Participation Resolution").

NOW THEREFORE, in consideration of the premises, the Parties hereto agree, and the Board and Tax Commissioner hereby acknowledge and agree as follows:

1. The Project and Bond Financing. The Authority was informed by the Company that it proposes to acquire, construct, equip and operate the Project in the City. The Authority understands that the Project will require taxable revenue bond financing of up to $650,000,000. The Company estimates that it will invest at least $592,000,000 in the aggregate in capital in the Project and will increase employment within the City by a total of 176 net new full-time jobs with a minimum average hourly wage of $28.37 excluding benefits. The Authority acknowledges that the aforesaid projected capital investment amount and projected employment opportunities and average hourly wages constitute good faith, reasonable expectations upon which the Authority and the City are relying for the purposes of this Agreement. The Authority acknowledges that the economic burden of *ad valorem* taxation is a significant factor in determining the economic feasibility and location of the Project and that the availability of the Bond Financing (as defined below) and the *ad valorem* tax consequences resulting from the acquisition and leasing of the Project by the Authority to the Company are major considerations for the Company in its determination of the feasibility of the acquisition and construction of the Project in the City. In order to induce and facilitate the acquisition and construction of the Project and the achievement of the Performance Goals (defined in Section 8) within the City, the City has, by the City's Company Tax Plan Participation Resolution authorized the participation of the Company in the City's Tax Plan. In accordance with City's Tax Plan, (i) the Authority will make available to the Company conduit, draw down taxable revenue bond financing in a principal amount not to exceed $650,000,000 (the "Bond Financing"), which amount covers the Company's aggregate capital investment in the Project, and (ii) the Authority has established the methodology to determine the payments in lieu of taxation (the "PILOTs") for the Project as set forth in this Agreement to be utilized by the Board.

In consideration of the Bond Financing, the Company will pay a debt issuance fee to the Authority, which shall be calculated based on the Bond amount and the Authority's "Standard Debt

Issuance Fee Formula" of 1/4th of 1% of the principal amount of the total aggregate amount of the Bonds up to $100M, plus 1/8th of 1% of the principal amount of the total aggregate amount of the Bonds between $100M and $200M, plus 1/16th of 1% of the principal amount of the total aggregate amount of the Bonds in excess of $200M.

A. Aggregate Debt Issuance Fee:

The debt issuance fee for the total amount of the Bond of $650,000,000 is [(1/4th of 1% of $100,000,000 = $250,000) + (1/8th of 1% of $100,000,000 = $125,000) + (1/16th of 1% of $450,000,000 = $281,250)] = <u>$656,2500</u>.

B. Annual Administrative Fee:

The Company shall also pay an annual administrative fee to the Authority of $5,000 beginning the first year after the year in which the Bond is issued as further described in <u>Section 5.B</u> below.

C. Legal Fees:

If the Bond is issued, the Company will pay the legal fees and expenses of Counsel for the Authority, local Authority Counsel, Company Counsel and Bond Counsel related to the Project and the issuance of the Bond as follows: (i) a flat fee of $325,000 to Arnall Golden Gregory LLP as Counsel to the Authority, plus expenses, (ii) a flat fee of $30,000, plus expenses in connection with the Bond Validation and the issuance of the Bond to Hartley, Rowe & Fowler, P.C. as local Authority Counsel, and (iii) legal fees to Seyfarth Shaw LLP, which will serve as Counsel to the Company and Bond Counsel. The fees of Counsel to the Authority and local Authority Counsel are payable at the time of closing of the Bond.

If the Bond is not issued, the Company will pay instead the hourly rates of Arnall Golden Gregory LLP and Hartley, Rowe & Fowler, P.C. for the Work and Additional Services (both as defined below). The Company will not be responsible for paying the Authority debt issuance fee if the Bond is not issued.

D. Authority Counsel's "Work":

"Work" to be rendered by Arnall Golden Gregory LLP as Counsel to the Authority in connection with the bond transaction contemplated by this agreement is described and limited to:

1. Preparation of an Inducement Resolution for the Bond transaction;

2. Preparation of the Inducement Agreement for the Bond transaction;

3. Preparation or review of a Bond Resolution for the Bond transaction;

4. Preparation of up to two City Resolutions approving the Project's inclusion in the City's Tax Plan and the execution and delivery of the Tax Incentives Agreement;

5. Preparation or review of the bond documents for the Bond transaction, including a:

    a. Company Agreement (Lease);

    b. Tax Incentives Agreement;

    c. Deed to Secure Debt or other Security Document; and

    d. Bond Purchase Loan Agreement;

6. Preparation or review of the Bond;

7. Preparation or review of the relevant Validation pleadings, order and final judgement;

8. In cooperation with Hartley, Rowe and Fowler, P.C. file the validation documents and attend, if requested, the bond validation hearing;

9. Preparation or review of the Closing Documents, including the opinion of Authority counsel; and

10. Assist Bond Counsel with closing the Bond Transaction (Items Numbers 1 through 10 collectively, the "Work").

Authority Counsel's flat fee is for the Work and only the Work. Any services performed by Authority Counsel outside of the scope of Work ("Additional Services"), including, but not limited to a challenge to the validation of the Bond or project financing other than the Bond, will be billed at Authority Counsel's normal hourly rates and shall be borne by the Company.

2. Title to the Project. Under the proposed transaction:

A. The Authority will hold title to the Project, and the Authority and the Company will enter into a Lease, under the terms of which the Authority will lease the Project to the Company. The Project will include, but will not be limited to, the land as described on Exhibit A (the "Land"), and **[the improvements, real fixtures and equipment as described in the project summary on Exhibit B (the "Project Summary")]**. "Real Fixtures" means personal property that has been installed or attached to land or a building or group of buildings and is intended to remain permanently in its place, and which removal would cause significant damage to such property or the real property to which it is attached.

B. The Company's rental payments under the Lease will be in amounts sufficient, and will be payable at such times, as will permit the Authority to pay the principal of and interest on the Bond as and when the same becomes due and payable.

3. Payments in Lieu of Taxation (the "PILOTs"). All Parties to this Agreement recognize and agree that the Authority is not subject to *ad valorem* property taxation on its interest in the Project. The Parties agree that the interest of the Company in the Project ("the Company's Interest") is a usufruct in real property and a bailment for hire for personal property, and that the Company's Interest is not subject to *ad valorem* property taxation. The Company agrees that in consideration of the Bond and Lease structure and other benefits, the Company will pay PILOTs based upon the valuation of the Company's Interest as set out in the Tax Incentive Schedule 1 attached hereto. The Company shall pay normal *ad valorem* property taxes with respect to property the Company owns which is not titled to the Authority, if any.

4. Reversion to Normal Taxation. If the Lease is terminated or expires, the Company's Interest will be taxable according to normal *ad valorem* property taxation rules that are applicable to privately-owned property beginning with January 1 of the calendar year following the calendar year in which the Lease is terminated or expires.

5. Company Reports.

A. On or before April 1st of each year during the term of the Lease, commencing on April 1 of Year 1, the Company will complete and submit an annual report (the "Annual Report") signed by an authorized person of the Company. As part of the Annual Report, the Company will submit the following information to the Authority, the Board, the City, and the Tax Commissioner (collectively, the "Recipients") for the Project:

(i) a copy of the City's Company Tax Plan Authorizing Resolution adopted by the Mayor and the Council of the City as contemplated in this Agreement;

(ii) a copy of the Georgia Department of Revenue Form PT-50R filed by Company with the Georgia Department of Revenue;

(iii) a copy of the Georgia Department of Revenue Form PT-50P filed by Company with the Georgia Department of Revenue;

(iv) copies of all deeds for real estate and/or bills of sale for real fixtures and personal property which are part of the Project as provided in the Bond documents and in this Agreement, which were conveyed by the Company to the Authority for the land, improvements, real fixtures and equipment which became part of the Project for the applicable Lease year;

(v) a copy of this Agreement;

(vi) a consolidated list of all property which has become a part of the Project as of January 1 of all prior tax years;

(vii) a consolidated list showing the tax year in which such property became a part of the Project;

(viii) a consolidated list showing the original cost of such property which is a part of the Project;

(ix) the tax years during which such property shall not be subject to taxation or shall be subject to PILOT Payments so long as it is subject to the Lease;

(x) the tax year for which such property shall become subject to ad valorem property taxation in the normal course;

(xi) for each year during the Performance Period,

(a) the calculation of the Company Adjusted Reduced Amount and Company Repayment Amount, if any, and any Failure to Timely

Deliver an Annual Report Payment payable to the Tax Commissioner for such calendar year as provided in Section 9 of this Agreement;

(b) as of December 31 of each calendar year, the amount of the outstanding principal balance of the Bond for the Project;

(c) for the prior calendar year, the approximate normal *ad valorem* taxes which would have been otherwise due on the Project (but for the Bond, the Lease and this Agreement);

(d) the approximate *ad valorem* property tax savings to Company; and

(e) the Repayment Amount payments, if any, and any Failure to Timely Deliver an Annual Report Payment, if any, previously paid to the Tax Commissioner under this Agreement for the Project.

B. The Company shall pay an annual administrative fee of $5,000 to the Authority on or before April 1 of each calendar year beginning the first calendar year after the calendar year in which the Bond was issued (the "Annual Administrative Fee").

C. The forms of reports for the information required by this Agreement are attached as Schedule 5 Form of Annual Report. Upon receipt by the Authority of the Annual Report and the Annual Administration Fee, the Authority will complete an analysis within forty-five (45) days of receipt and send an official report to the Board, the Tax Commissioner, the City and the Company (collectively the "Analysis Recipients"). If any of the above request additional information from the Company, it shall notify the Company as provided in Section 17 below.

D. Should the Company fail to timely deliver the relevant Annual Report as provided above, then the Board will give Notice to the Company of such non-compliance. The Company shall have forty-five (45) days from receipt of such Notice within which to file the Annual Report. After forty-five (45) days from receipt of such Notice, if the Company fails to file the Annual Report or if the Company has not filed the Annual Report within any additional time provided by the Board, the value of the Company's Interest in the Lease for the Project shall be determined upon the standard valuation, ignoring that the Company's interest is a usufruct or bailment for hire, for the calendar year in which the relevant report was not timely delivered or the failure to report was not timely cured. The standard value shall be determined as if the Lease did not exist and the Company's interest was not a usufruct and bailment for hire, that is, the standard value shall be taxed at normal tax rates using normal procedures. The Company agrees to pay to the Tax Commissioner prior to the end of the relevant calendar year in which it received a notice and thereafter failed to timely deliver an Annual Report, a "Failure to Timely Deliver an Annual Report Payment", in lieu of the PILOT based upon the valuation of the Company's interest, ignoring that it is a usufruct and bailment for hire under the Tax Incentive Schedule 1, to the Tax Commissioner in the amount determined based on standard valuation without reduction for that calendar year. If the Company subsequently delivers the Annual Report for all missed years and pays all Failure to Timely Deliver an Annual Report Payments due, then the Company may participate in the City's Tax Plan for the following calendar year on the applicable terms and conditions of this Agreement.

E. If any of the Recipients disagrees with an Annual Report, they will so notify the Company in writing within forty-five (45) days following receipt of such Annual Report and the notice will set forth any corrections or additions which they determine to be proper. If the Company and the Recipients are unable to agree on the contents of such Annual Report during the next forty-five (45) days, the Company may bring suit for declaratory judgment within forty-five (45) days following the expiration of such forty-five (45) day period, or if the Recipients, and the Company collectively elect to do so, the dispute may be resolved by arbitration. Notwithstanding the foregoing, the procedure set forth above is not intended to replace the property evaluation and appeals process set forth in the laws and Constitution of the State.

F. The Company will pay by check to the Tax Commissioner on or before the date set for the payment of *ad valorem* property taxes in the County generally, (a) the respective PILOTs due based on Schedule 1 for the relevant Lease Year. The Company will also pay to the Tax Commissioner on or before the date set for the payment of ad valorem property taxes in the County generally the Repayment Amount (as defined in Section 9), if any, for the relevant Lease Year and any Failure to Timely Deliver an Annual Report Payment. Any relevant PILOTs based upon Schedule 1, Repayment Amount and Failure to Timely Deliver an Annual Report Payment collected by the Tax Commissioner pursuant to this Agreement and this subsection shall then be paid to the various taxing authorities in proportion to their respective millage rates for such year. In the event that ad valorem taxes are levied, then the Company will receive a credit against its obligation to make PILOT Payments to the extent of such ad valorem taxes paid.

6. Omitted.

7. Performance Period. The "Performance Period" shall be as defined in Section 8 below.

8. Performance Goals. In consideration for the Authority's assistance, to be eligible for participation in the City's Tax Plan for the Project, the Company must meet the following performance goals (collectively, "Performance Goals") for the Project.

A. Performance Goals:

The performance goals for Year 3 (the "Year 3 Performance Goals") are: (a) to make a capital investment of at least $463,000,000 (the "Year 3 Investment Goal" or the "Year 3 Committed Investment") by the end of Year 3 and (b) to create at least 128 full time jobs by the end of Year 3 (the "Year 3 Jobs Goal" or the "Year 3 Committed Jobs"), (c) for which such employees are paid a minimum average hourly wage of not less than $28.37, excluding benefits by the end of Year 3 (the "Year 3 Wage Goal" or the "Year 3 Committed Average Wage").

The performance goals for Year 4 (the "Year 4 Performance Goals") are:

(a) to make a cumulative capital investment of at least $514,000,000 (the "Year 4 Investment Goal" or the "Year 4 Committed Investment," by the end of Year 4 and (b) to create at least a cumulative 158 full time jobs (the "Year 4 Jobs Goal" or the "Year 4 Committed Jobs") (c) for which such employees are paid a minimum average hourly wage of not less than $28.37, excluding benefits by the end of Year 4 (the "Year 4 Wage Goal" or the "Year 4 Committed Average Wage").

The performance goals for Year 5 and the Years thereafter are: (a) to make a cumulative capital investment of at least $592,000,000 by the end of Year 5 and all Years thereafter (the "Final Investment Goal" or the "Final Committed Investment,") and (b) to create at least a cumulative

176 full time jobs for Year 5 and all Years thereafter (the "Final Committed Jobs Goal" or the "Final Committed Jobs") (c) for which such employees are paid a minimum average hourly wage of not less than $28.37, excluding benefits by the end of Year 5 and all Years thereafter (the "Final Wage Goal" or the "Final Committed Average Wage"). The Investment Goals, the Jobs Goals and the Wage Goals shall hereinafter sometimes collectively be referred to as the "Performance Standards". For purpose of determining performance, only employees based at the Project shall be counted, however employees are not required to be residents of the City. Year 3 shall be 2026. Capital Investment exceeding $592,000,000 shall not be considered in determining performance. Performance will be measured as of December 31.

The performance period for the Project shall commence on January 1 of Year 3 of the Project and end on December 31 of Year 10 (the "Performance Period")

Rules for satisfying the Investment Goals are set out in Schedule 2.

Rules for satisfying the Jobs Goals are set out in Schedule 3.

Rules for satisfying the Wage Goals are set out in Schedule 4.

B. If the Performance Goals are not met as set forth above and defined in Schedules 2 to 4, the provisions of this Agreement regarding Repayment Amount payments in Section 9 below will apply.

9. Reduced Amount, Adjusted Reduced Amount and Repayment Amounts. The "Reduced Amount" for purposes of this Agreement is the difference between the normal *ad valorem* property taxes which would have been paid but for the Bond and Lease and the PILOT amount the Company has agreed to pay applying Schedule 1. In the event the Company fails to meet the Performance Goal or Goals for any tax year during the Performance Period, the Reduced Amount for that tax year for the Project will be determined as follows:

A. Threshold. The Company will be deemed to have complied with the Performance Goals if the results of the threshold calculation conducted in accordance with the formula on Schedule 9 (the "Average Actual Performance") are equal or greater than eighty Percent (80%) (the "Compliance Threshold") during the applicable Performance Period. The threshold calculation formula is based upon Committed Jobs at the Committed Average Wage and the Committed Investment (each not to exceed 100%) as of the end of each tax year of the Performance Period.

B. Adjusted Reduced Amount and Repayment Amount. Should the Company's Average Actual Performance be less than eighty percent (80%) of the Performance Goals for a particular calendar year in the Performance Period, the Adjusted Reduced Amount for such calendar year will be determined by multiplying the Reduced Amount by the Actual Performance Percentage for the Project (the "Adjusted Reduced Amount"). The resulting number will be deemed the Company's Adjusted Reduced Amount for the preceding tax year. The Company will pay to the Tax Commissioner a repayment equal to the difference between the Reduced Amount and the Adjusted Reduced Amount (the "Repayment Amount") for the preceding tax year. See illustrations in Schedule 9: Company Repayment Amount Calculation. The Company Repayment Amount will be payable only in the event Company does not meet the Compliance Threshold for the preceding calendar year.

C. Project Actual Performance Percentage. The "Actual Performance Percentage" is determined by (1) dividing the actual capital investment in the Project at the end of the relevant calendar year during the Performance Period by that Year's Committed Investment, the result from which is expressed as a percentage, but not to exceed 100% (the "Investment Percentage"), (2) dividing the actual full-time jobs created at the end of the relevant calendar year during the Performance Period by that Year's Committed Jobs, the result from which is expressed as a percentage (the "Jobs Percentage"), but not to exceed 100%, and (3) dividing the average wage/hour paid (excluding benefits) during the relevant calendar year during the Performance Period by $28.37, the result from which is expressed as a percentage (the "Wage Percentage"), but not to exceed 100%, then adding the Investment Percentage, the Jobs Percentage and the Wage Percentage, and then dividing the sum of the three percentages by 3.

D. Investment. The Annual Report shall contain a statement as to the Company's total cumulative capital investment of cost in the Project as of December 31 of the immediately preceding calendar year (each, an "Annual Report Year") for the relevant Annual Report Year, using the methodology prescribed herein.

E. Jobs. The Annual Report shall contain a statement as to the full-time jobs as of December 31 for the Annual Reporting Year using the methodology provided above, and shall include such supporting extracts from the Company's employment records (consistent with the privacy rights of its employees) or the Company's monthly employment reports to the Georgia Department of Labor, as the Authority shall reasonably request.

F. Wages. The Annual Report shall contain a statement as to the average wages/hour paid (excluding benefits) for the Annual Report Year using the methodology provided herein, and shall include such supporting extracts from the Company's employment records (consistent with the privacy rights of its employees) or the Company's monthly reports to the Georgia Department of Labor, as the Authority shall reasonably request.

G. Inspection Rights. The Authority and its agents shall be permitted to inspect investment, employment and average wage records of the Company, specifically related to the Project to verify such information during normal business hours and upon reasonable advance notice of not less than five (5) business days. The Company may reasonably redact such records to protect the confidentiality of the Company and its employees or its customers.

H. Repayments. If an Annual Report shows that, for the immediately preceding Annual Report Year, a Repayment Amount is due, then the Company, in its Annual Report, shall calculate the amount of the Repayment Amount for such year, and shall pay the same to the Tax Commissioner. If the relevant Actual Performance Percentage is 80% or more, no Repayment Amount will be due for the Project.

I. Failure to Timely Make Required Payments. If the Company fails to pay any Repayment Amount or upon any Failure to Timely Deliver an Annual Report Payment when due, interest shall be paid by the Company thereon at the rate of 7% per annum (or such lesser rate as may be allowed by law) until paid. If there has been a failure which is not cured within thirty (30) days following a written notice from the Authority that it be cured, the Authority shall be entitled to enforce its rights under this Section 9.I and the Company shall indemnify the Authority for all costs of enforcement, including any court costs and reasonable and actual attorneys' fees and court costs. The Company shall be liable for the payment of any such interest, fees and costs. Notwithstanding the foregoing, the Company shall be responsible for reasonable costs actually incurred by the Authority in connection with any noncompliance by the Company with this Agreement, including, without limitation, Annual Report errors, omissions and discrepancies, and the Authority shall provide the Company itemized invoices documenting any costs so incurred. Such costs may include, but are not limited to, reasonable fees and disbursements of attorneys actually incurred by the Authority.

J. Limit of Property Eligible for Benefits Hereunder. Any property which exceeds cumulative capital investment of $650,000,000 (at cost, each without depreciation) (the "Project Limitation") will not be entitled to the benefits of this Agreement and subject to normal *ad valorem* taxation. For purposes of this Agreement, all Replacements, Additions and Alterations (as defined in the Lease) will be included in determining whether the total Project capital investment has exceeded the Project Limitation for the benefits of this Agreement. Upon thirty (30) days written notice from the Authority that the Company has claimed and received tax benefits for property which exceeds the Project Limitation, the Company will pay the same with interest at the rate of 7% per annum to the Tax Commissioner to be paid to the relevant taxing authorities based on their relative milage rates for the relevant period(s).

10. Reserved.

11. Dispute Resolution. The Parties will follow the procedure set out in Section 5.E above, to resolve any disagreement in determining the applicable Adjusted Reduced Amount or Failure to Timely Deliver an Annual Report Payment. Should the Company fail to remit the applicable Repayment Amount or upon a Failure to Timely Deliver an Annual Report Payment to the Tax Commissioner in a timely manner, the Tax Commissioner will have the right, in its sole discretion, to impose any and all remedies available to the Tax Commissioner through its administrative processes or to seek any and all remedies available at law or equity.

12. Assignment. This Agreement may not be assigned by any of the Parties hereto without the prior written consent of the other Parties, except that: (i) the Company may assign its interest herein without the consent of any other Party to an Affiliate (as defined in the Lease) as provided and conditioned in the Lease, but only in connection with the assignment of the Lease to the same person and only after the Bond transaction closing, and (ii) the Authority may assign its interest herein without the consent of any other Party to any entity that succeeds to its interest

under the Lease and all related Bond documents, provided it is a governmental entity or public corporation whose property and income are not subject to taxation and which has the corporate power and authority to carry out the Authority's duties and responsibilities under this Agreement and the Lease.

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

14. Ramifications of Lease Termination. At any time that the Lease is terminated after January 1 of any year, the Company will pay the PILOTs as provided in Schedule 1 of this Agreement through the calendar year in which the Lease was terminated. For any calendar year thereafter, the Project will be taxed based upon the standard property valuation rules and procedures of Douglas County and the State of Georgia.

15. Question or Contest of the Characterization of the Company's Interest as a Usufruct and Bailment for Hire. If for any reason the characterization of the Company's Interest is questioned or contested through the institution or threatened institution of any property tax proceedings, the Authority agrees that the Company will have the right, in its sole discretion, to defend such characterization, the applicable PILOTs, and any property tax payments which would be payable for the years in question, were the Company's Interest not determined to be a usufruct and bailment for hire.

The Authority will appoint the Company in the Lease as its attorney-in-fact for the purpose of contesting the proposed characterization and imposition of any property taxes with respect to the Project or the Company's Interest (including, without limitation, any proceedings regarding exemption or the valuation of property for tax purposes) or to otherwise act for and on behalf of the Authority in connection with any property tax proceedings, and the Authority will cooperate with the Company (at no expense to the Authority) in connection with any such proceedings. The Company will reimburse the costs and expenses of the Authority for such cooperation, including reasonable attorney's fees.

16. Acknowledgement and Agreement. By their signatures appearing at the end of this Agreement, all Parties acknowledge having reviewed the specific terms of this Agreement and now concur in the characterization of the Company's Interest set out above and in the attached Schedule 1, and the Board and the Tax Commissioner acknowledge the same.

17. Notices. Any request, demand, authorization, direction, notice, consent, or other document provided or permitted to be given by the Parties shall be sufficient for every purpose hereunder if in writing and either (i) delivered personally to the Party or, if such Party is not an individual, to an officer or other legal representative of the Party to whom the same is directed, or (ii) sent via nationally recognized overnight courier (with all charges prepaid) for next business day delivery to the address set forth on each signature page. Such notices shall be effective upon delivery. Any Party may, by notice given to each of the others in the manner set out above, designate any additional or different addresses to which subsequent notices, certificates, or other communications shall be sent. Each Party's address for Notice is set out below its signature.

18. Resolving Conflict or Differences Between this Agreement and the Inducement Agreement. If any provision of the Inducement Agreement conflicts with any provision of this Agreement, then the provision of this Agreement shall prevail.

19. Termination of Tax Incentives Response or Offer. The Company agrees that upon the execution of all Parties and all acknowledgement parties to this Agreement, any response to the Company's request for information, preliminary offer or tax reduction offered or communicated regarding tax incentives shall be terminated and superseded by the terms of this Agreement without any further writing; provided, however, that the Inducement Agreement, except as provided herein, shall remain in full force and effect. If any provision of the Inducement Agreement conflicts with any provision of this Agreement, then the provision of this Agreement shall prevail.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK. SIGNATURES FOLLOW ON NEXT PAGES.]

In Witness Whereof, the authorized representatives of the Parties have signed this Agreement.

DEVELOPMENT AUTHORITY OF THE
CITY OF DOUGLASVILLE, GEORGIA

By: ___________________________________
Leslie Choo, Chairman

[SEAL]

Attest:

____

Name: ________________________

Title: _________________________

Notice Address:

Development Authority of the City of
Douglasville, Georgia
8512 Bowden Street
Douglasville, GA 30134
Attention: Executive Director

[Tax Incentives Agreement - Signature Page for the Development Authority]

CITY OF DOUGLASVILLE, GEORGIA

By: ________________________________
Rochelle Robinson, Mayor

[SEAL]

Attest:

____
Vicki L. Acker, City Clerk

Notice Address:

City of Douglasville, Georgia
6695 Church Street
Douglasville, GA 30134
Attention: Mayor

[Tax Incentives Agreement - Signature Page for the City of Douglasville]

ZOETIS LLC,
a Delaware limited liability company

By:______________________________________

Name: ____________________________________

Title: _____________________________________

Notice Address:

10 Sylvan Way
Parsippany, New Jersey 07054
Attn: ____________________

[Tax Incentives Agreement - Signature Page for DC Blox Inc.]

The Douglas County Board of Assessors does not have the authority to approve or disapprove properties for the City's Tax Plan. The Chairman of the Douglas County Board of Assessor's signature acknowledges receipt of a copy of this Agreement.

BOARD:

DOUGLAS COUNTY BOARD OF ASSESSORS,
GEORGIA

By: ____________________________________
Name: __________________________________
Title: Chair

<u>Notice Address</u>:

8700 Hospital Drive
Douglas County Courthouse
Douglasville, Georgia 30134
Attention: Chair

[Tax Incentives Agreement – Signature Page for the Board]

The Tax Commissioner of Douglas County does not have the authority to approve or disapprove properties for the City's Tax Plan. The Tax Commissioner's signature acknowledges receipt of a copy of this Agreement.

TAX COMMISSIONER:

TAX COMMISSIONER OF DOUGLAS COUNTY

____

Name: Greg Baker

Notice Address:

6200 Fairburn Road
Douglas County Government Annex
Douglasville, Georgia 30134
Attention: Tax Commissioner

[Tax Incentives Agreement – Signature Page for the Tax Commissioner]

EXHIBIT A

DESCRIPTION OF LAND

[to be inserted]

EXHIBIT B

PROJECT SUMMARY

[to be inserted]

[Equipment means machinery located on the Land which is utilized in animal vaccine production and distribution and equipment located on the Land which is used in research and development.]

SCHEDULE 1

TAX INCENTIVE SCHEDULE

Tax Incentive Plan				
Year	**Committed Investment (cumulative)**	**"Payment Equivalent to 2023 Taxes" To be paid Annually**	**Annual PILOTS to be made Based on Property Taxes Otherwise Due Multiplied by the Percentages in the Qualified Schedule Beginning with Year 3**	**Qualified Schedule for the Incentive**
Year Zero (No Incentive) 2023				
Year One of Incentive 2024	$136,000,000	$567,683.55		0%
Year Two of Incentive 2025	$311,000,000	$567,683.55		0%
Year Three of Incentive 2026	$463,000,000	$567,683.55		0%
Year Four of Incentive 2027	$514,000,000	$0		10%
Year Five of Incentive 2028	$592,000,000	$0		10%
Year Six of Incentive 2029	$592,000,000	$0		20%
Year Seven of Incentive 2030	$592,000,000	$0		40%
Year Eight of Incentive 2031	$592,000,000	$0		50%
Year Nine of Incentive 2032	$592,000,000	$0		60%
Year Ten of Incentive 2033	$592,000,000	$0		60%

The percentages shown in the Qualified Schedule are applied to reduce the property taxes otherwise payable based upon the standard valuation and procedures of Douglas County and the State of Georgia. The result is the PILOTs.

In any event, the Company shall make a minimum Annual PILOT of $567,683.55 for each year.

For example, if for Year 4 the Annual PILOT determined by multiplying the property tax otherwise due by 10% is less than $567,683.55, then the PILOT for Year 3 shall be $567,683.55.

SCHEDULE 2

RULES FOR SATISFYING THE INVESTMENT GOAL

1. Only capital investments in the Project by the Company shall be counted.

2. Construction cost or total cost new, both, without regard to depreciation shall be used in calculating whether the Investment Goal is met.

SCHEDULE 3

RULES FOR SATISFYING THE JOBS GOAL

1. For purposes of this Agreement, the number of new **full-time jobs** shall be defined and determined, from time to time, as follows:

   (a) Only direct employees of Company based at the Project shall be counted.

   (b) In no event shall any temporary employee or leased employee be counted as occupying a full-time job, regardless of whether or not such person is employed by Company or any other person or entity.

   (c) Subject to (b) above, **full-time job** means the following: "a job with no predetermined end date (other than a retirement date), with a regular work week of 35 hours or more on average based at the Project, and with benefits provided to other regular employees of Company, but does not mean a job classified for federal tax purposes as an "independent contractor."

   (d) The number of full-time jobs shall be determined based on the number of full-time employees subject to Georgia income tax withholding for the taxable year, on the payroll of Company and based at the Project as of December 31 of the relevant year.

SCHEDULE 4

RULES FOR SATISFYING THE WAGE GOAL

1. For purposes of this Agreement, the **average wage/hour** shall be defined and determined, from time to time, as follows:

   (a) The average wage/hour shall be determined as of December 31 of each year for all full-time employees subject to Georgia income tax withholding.

SCHEDULE 5

FORM OF ANNUAL REPORT

[DATE]

Development Authority of the City of Douglasville, Georgia
City of Douglasville, Georgia
The Douglas County Board of Assessors
Tax Commissioner of Douglas County, Georgia

Re: Annual Report required under the Joint Tax Incentives Agreement, dated as of ___________, 20__ (the "TIA"), among Zoetis Inc. ("Company"), the Development Authority of the City of Douglasville, Georgia, the City of Douglasville, Georgia, the Douglas County Board of Assessors, and the Tax Commissioner of Douglas County, Georgia (terms used but not defined herein have the meaning assigned to such terms in the TIA)

To the Addressees:

This letter shall serve as the Company 20___ Annual Report, as required of Company under the TIA.

Accordingly, please find included with this Annual Report the following information:

(i) a copy of the Company City's Tax Plan Authorizing Resolution passed as contemplated in the TIA;

(ii) a copy of Georgia Department of Revenue Pro Forma Forma PT-50R, if applicable, filed by Company with the Georgia Department of Revenue;

(iii) a copy of the Georgia Department of Revenue Pro Forma Form PT-50P, if applicable, filed by Company with the Georgia Department of Revenue;

(iv) copies of all bills of sale for real fixtures related to the Project as provided in the Bond documents and in the TIA which were conveyed by Company to the Authority for land, improvements, and real fixtures which became part of the Project for the applicable Lease year;

(v) a copy of the TIA;

(vi) a consolidated list of all property which has become a part of the Project as of January 1 of all prior tax years;

(vii) a consolidated list showing the tax year in which such property became a part of the Project;

(viii) a consolidated list showing the original cost of such property which is a part of the Project;

(ix) the tax years during which such property shall not be subject to taxation or shall be subject to reduced taxation so long as it is subject to the Lease;

(x) the tax year for which such property shall become subject to *ad valorem* property taxation in the normal course;

(xi) for each year during the Performance Period,

(a) the calculation of the Adjusted Reduced Amount and Repayment Amount, if any, and any Failure to Timely Deliver an Annual Report Payment payable to the Tax Commissioner for such calendar year as provided in Section 9 of the TIA;

(b) as of December 31 of each calendar year, the amount of the outstanding principal balance of the Bond for the Project;

(c) for the prior calendar year, the approximate normal *ad valorem* taxes which would have been otherwise due on the Project (but for the Bond, the Lease and the TIA);

(d) the approximate *ad valorem* property tax savings to Company; and

(e) the Repayment Amount payments, if any, previously paid to the Tax Commissioner under the TIA for the Project.

Company Performance

1. Capital Investment Report

As of December 31, 20__, Company has made capital investment in the Project of $_______.

The Investment Goal for 20__ was $_____________ in the Project. Therefore, the Company Actual Performance Percentage for capital investment is _____ %.

2. Full-Time Jobs Report

As of December 31, 20__, the total number of full-time jobs based at the Project was ______. We have enclosed _________, as evidence of such job creation.

The Jobs Goal for December 31, 20__ was ____ new full-time jobs based on the Project. The Actual Performance Percentage for full-time jobs is ___%.

3. Averages Wage/Hour Report

For calendar year 20__, the average wage/hour was $__________. We have enclosed ___________, as evidence of such average wage/hour.

The Wage Goal for calendar year 20__ was $28.37/hour (excluding benefits). The Actual Performance Percentage for average wage/hour is ________ %.

The Company Actual Performance Percentage for 20__ is ___ % ((____% + ____%+___%) ÷ 3) for the Project.

3. Repayments of Incentive

No Repayment Amount is due because the Company Actual Performance Percentage for the relevant year is 80% or more.

OR

The Repayment Amount for the relevant year is $______ calculated as follows: ____.

The Failure to Timely Deliver an Annual Report Payment for 20___ is calculated as follows: ____.

Payment for the Company annual administration fee of $5,000 is included with this Annual Report, along with payment for any Repayment Amount (if applicable) and any Failure to Timely Deliver an Annual Report Payment.

Please do not hesitate to let us know if you require any additional information.

ZOETIS LLC

By:___________________________________

Print Name:____________________________

Title:_________________________________

Address:______________________________

E-mail:_______________________________

Phone:_______________________________

Enclosures

SCHEDULE 9

ILLUSTRATIVE REPAYMENT AMOUNT CALCULATION FOR 2026 (YEAR 3)

Example A — Repayment of Incentives Required

The Company committed to create 128 new full-time jobs the average compensation which must be an average of at least $28.37 per hour (excluding benefits) and make a new capital investment of at least $463,000,000 on or before December 31 of Year 3. At the end of the Year 3, the Project has actually created 100 new full-time jobs, the average compensation for which averaged $24.00 per hour and made a capital investment of $350,000,000.

- Value of Incentive: Actual Property Tax Savings (assumed at $1M for Property Tax Savings for Year 3 for these examples)
- Year 3 Commitment: $463,000,000 in new capital investment, 128 new full-time jobs, and $28.37 average wage
- Actual new capital investment delivered: $350,000,000 [75.59% of Investment Goal]
- Actual jobs delivered: 100 [78.12% of Jobs Goal]
- Actual wages delivered: $24.00 [84.60% of Wage Goal]
- (75.59% + 78.12% + 84.60%) = 238.31 ÷ 3 = **79.44% [Average Actual Performance Percentage]**
- The Average Actual Performance does not equal or exceed 80%
- Repayment Percentage: 20.56% (100% - 79.44%)
- Assume $1,000,000 value of Property Tax Savings for Year 3
- $205,600 ($1,000,000 x 20.56%) Repayment of Incentive Required
- For purposes of determining performance, no performance percentage for any performance standard may exceed 100%

Example B — No Repayment of Incentives Required

The Company committed to create 128 new full-time jobs the average compensation which must be an average of at least $28.37 per hour (excluding benefits) and make a new capital investment of at least $463,000,000 on or before December 31 of Year 3. At the end of the Year 3, the Project has actually created 100 new full-time jobs, the average compensation for which averaged $24.00 per hour and made a capital investment of $400,000,000.

- Value of Incentive: Actual Property Tax Savings (assumed at $1M for Property Tax Savings for Year 3 for these examples)

- Commitment: $463,000,000 in new capital investment, 128 new full-time jobs, and $28.37 average wage, and

- Actual new investment delivered: $400,000,000 [86.39% of Investment Goal]

- Actual jobs delivered: 100 [78.12% of Jobs Goal]

- Actual wages delivered: $24.00 [84.60% of Wage Goal]

- (86.39% + 78.12% + 84.60%) = 249.11 ÷ 3 = **83.04% [Average Actual Performance Percentage]**

- Average Actual Performance Percentage equals or exceeds 80%

- No Repayment of Incentive Required

- For purposes of determining performance, no performance percentage may exceed 100%

ILLUSTRATIVE REPAYMENT AMOUNT CALCULATION FOR 2028 (YEAR 5)

Example A — Repayment of Incentives Required

The Company committed to create 176 new full-time jobs the average compensation which must be an average of at least $28.37 per hour (excluding benefits) and make a new capital investment of at least $592,000,000 on or before December 31 of Year 5. At the end of the Year 5, the Project has actually created 130 new full-time jobs, the average compensation for which averaged $25.00 per hour and made a capital investment of $450,000,000.

- Value of Incentive: Actual Property Tax Savings (assumed at $1M for Property Tax Savings for Year 5 for these examples)
- Commitment: $592,000,000 in new capital investment, 176 new full-time jobs, and $28.37 average wage
- Actual new capital investment delivered: $450,000,000 [76.01% of Investment Goal]
- Actual jobs delivered: 130 [73.86% of Jobs Goal]
- Actual wages delivered: $25.00 [88.12% of Wage Goal]
- (76.01% + 73.867% + 88.12%) = 237.997 ÷ 3 = **79.33% [Average Actual Performance Percentage]**
- The Average Actual Performance does not equal or exceed 80%
- Repayment Percentage: 20.60% (100% - 79.40%)
- Assume $1,000,000 value of Property Tax Savings for Year 5
- $206,000 ($1,000,000 x 20.60%) Repayment of Incentive Required
- For purposes of determining performance, no performance percentage for any performance standard may exceed 100%

Example B — No Repayment of Incentives Required

The Company committed to create 176 new full-time jobs the average compensation which must be an average of at least $28.37 per hour (excluding benefits) and make a new capital investment of at least $592,000,000 on or before December 31 of Year 5. At the end of the Year 3, the Project has actually created 170 new full-time jobs, the average compensation for which averaged $25.00 per hour and made a capital investment of $500,000,000.

- Value of Incentive: Actual Property Tax Savings (assumed at $1M for Property Tax Savings for Year 3 for these examples)

- Commitment: $592,000,000 in new capital investment, 176 new full-time jobs, and $28.37 average wage, and

- Actual new investment delivered: $500,000,000 [84.46% of Investment Goal]

- Actual jobs delivered: 170 [96.59% of Jobs Goal]

- Actual wages delivered: $25.00 [88.12% of Wage Goal]

- (84.46% + 96.59% + 88.12%) = 269.17 ÷ 3 = **89.72% [Average Actual Performance Percentage]**

- Average Actual Performance Percentage equals or exceeds 80%

- No Repayment of Incentive Required

- For purposes of determining performance, no performance percentage may exceed 100%