

**CITY OF ROCHESTER HILLS
INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
DEVELOPMENT AGREEMENT**

Whereas, the City of Rochester Hills (the “City”), a Michigan municipal corporation, is a local governmental unit as defined in Public Act 198 of 1974, as amended (MCL 207.551 et seq); and

Whereas, Public Act 198, as amended, authorizes a local governmental unit to consider and act upon an application for an Industrial Facilities Exemption Certificate (“IFEC”); and

Whereas, the subject property, known as 1744 Rochester Industrial Drive, Rochester Hills, Michigan (the “Facility”), and identified as parcel no. 15-21-276-014, is located within an established Industrial Development District within the City; and

Whereas, all conditions precedent as required by Public Act 198, as amended, have been met; and

Whereas, the City Council finds and determines that granting the IFEC, considered together with the aggregate amount of IFECs previously granted and currently in force, shall not have the effect of substantially impeding the operation of the City or impairing the financial soundness of a taxing unit that levies an ad valorem property tax within the City; and

Whereas, the Rochester Hills City Council, after notice and public hearing as required by Public Act 198, as amended, has approved the request from Auburn Pharmaceutical Company (the “Company”) for an IFEC; and

Whereas, the City’s approval of the Company’s application for an IFEC is in consideration of and in reliance on, and is materially induced by, the Company’s projected jobs creation and investment in the Facility, and is intended to promote economic growth and stability in the community; and

Whereas, Public Act 198, as amended, requires the local governmental unit and the party to whom the IFEC is issued to enter into a written agreement to be filed with the Michigan Department of Treasury, and the City and the Company intend to herein set forth their agreement and understanding of the terms and conditions of the City’s approval of the IFEC.

Therefore, the City and the Company agree:

1. The Company’s application for an IFEC is approved for a term of 12 years effective on December 31, 2020 and expiring on December 30, 2032, for eligible new industrial real property, subject to approval by the State Tax Commission and the terms and conditions of this Agreement.
2. The Company represents at least 100 new jobs will be created at the Facility within 24 months of completion of the Facility, or June 30, 2023, whichever is earlier. For

purposes of this Agreement, a “new” job means either a new employee added onto the Company’s payroll, an employee transferred to the Facility from outside of Rochester Hills, or a combination of both, who is employed for at least 35 hours each week. The Company represents it will make a capital investment of approximately \$7,901,106 (\$9,086,272 if all budgeted contingency costs are fully incurred) in new industrial real property at the Facility by June 30, 2023. This investment shall include the cost of constructing a 65,000 square foot facility and acquiring personal property. The investment does not include the cost of the land. The Company understands and acknowledges that the City’s approval of the IFEC is made in consideration of and in reliance on, and is materially induced by, the accuracy and anticipated fulfillment of the Company’s representations concerning job creation and capital investment in the Facility.

3. By January 31 of each year the IFEC is in force, beginning in 2022, the Company shall submit a written report to the City Assessor and Department of Planning & Economic Development stating:
 - A. Its current number of employees and number of new jobs created and retained at the Facility since approval of the IFEC. If the current number of employees is less than the number represented and projected by the Company, an explanation of the reason(s) for the shortfall shall be provided; and
 - B. The Company’s estimated and projected investment in the Facility and the actual cumulative capital investment made to date and relative to the commitment in Paragraph no. 2, above.
4. Except as provided herein, in order to retain the benefits of the tax abatement resulting from the IFEC, the Company must remain in operation at the Facility while the IFEC is in effect and achieve its projected jobs creation and investment in the Facility. The Company shall, within 10 business days, notify the City in writing if the Company closes or substantially ceases operations in its Facility, or if as a result of terminations or layoffs the number of full-time equivalent employees at the Facility becomes less than sixty-five (65). Failure to do so shall constitute a material breach of this Agreement.
5. Under the following circumstances, the City may resolve to shorten, terminate or revoke the IFEC and/or require the Company to repay all or a portion of the abated property taxes if the City Council determines it is in the public interest to do so:
 - A. If the Company, while the IFEC is in force, either relocates substantially all of its operations outside of the City, closes or substantially ceases operations at its Facility for more than ninety (90) days, or if as a result of terminations or layoffs the number of full-time equivalent employees at the Facility becomes less than sixty-five (65), unless: (i) the closure, substantial cessation of operations or layoffs are due to an act of nature (including but not limited to a tornado, flood, storm or earthquake) that destroys or substantially damages the Facility, eminent domain, labor dispute, criminal act, long-term power or energy shortage, act of terrorism or war, fire, pandemic or other public health emergency or other

catastrophic event,; (ii) the Company no longer operates at the Facility but another employer employs at least sixty-five (65) full-time equivalent employees at the Facility within twelve (12) months of the date the Company no longer operates at the Facility, or (iii) permission is requested from and granted by the City Council, in its sole discretion;

- B. If the Company, no later than June 30, 2023 and for as long as the IFEC is in force, does not create and retain at least fifty percent (50%) of the number of new jobs at the Facility specified in paragraph no. 2, above;
- C. If the Company, by June 30, 2021, has not made the capital investment at the Facility represented in paragraph no. 2, above;
- D. If the Company materially breaches this Agreement and fails to promptly and diligently correct such breach after being notified of the breach by the City;
- E. If the Company becomes insolvent or bankrupt while the IFEC is in force and such insolvency or bankruptcy continues of a period of at least ninety (90) days.

Then, and in such event, the City Council may, at its option and in its sole discretion, in accordance with the procedures and based on findings made under Public Act 198, as amended, reduce the term of or revoke the IFEC, and/or the City Council may require a portion of the ad valorem taxes abated through the date of revocation to be repaid together with any interest, penalties and costs authorized under property tax laws or Public Act 198, as amended, such portion to (i) if payment is requested due to events occurring during the first three (3) years of the term of the IFEC, then the amount of savings realized during the term of the IFEC, or (ii) if payment is requested due to events occurring after the first three (3) years of the term of the IFEC, then an amount equal to the result of the amount of savings realized during the term of the IFEC times a fraction, the numerator of which is the whole number of years remaining in the term of the IFEC and the denominator of which is twelve (12). Prior to reducing the term of or revoking the IFEC, and/or requiring repayment of abated taxes, the City shall serve the Company with written notice of its intent to do so and afford the Company the opportunity for a hearing before the City Council. The taxes to be repaid shall constitute a lien on the subject property, which taxes and lien shall be collected and enforced in the same manner as delinquent property taxes under property tax laws. The City waives and forgives any liability the Company may have in the future pursuant to MCL 207.571(2).

- 6. The terms and conditions of this Agreement herein shall bind and inure to the benefit of the heirs, designees, legatees, grantees, assigns and successors of the parties, including to permit a company which operates at the Facility to obtain the benefits under this Agreement and the IFEC to the extent that it qualifies for such benefits under Public Act 198. Michigan law shall govern this Agreement and any disputes arising hereunder. Venue for dispute resolution shall be in a state court of competent jurisdiction in Oakland County, Michigan.

7. The terms and conditions of this Agreement are intended to be consistent with and supplementary to Public Act 198, as amended. In the event a provision in this Agreement is determined to be inconsistent with Public Act 198, as amended, then Public Act 198 shall prevail. In the event a provision in this Agreement is determined to be unlawful or unenforceable, it shall be construed to be severed and not affect the enforceability of any other provisions herein.
8. No payment of any kind in excess of the fee allowed by Public Act 198, as amended, has been made, charged or promised in exchange for favorable consideration of the IFEC application.
9. This Agreement shall not be effective until approved by the City Council of the City of Rochester Hills and signed by the Mayor and Clerk and authorized Company representatives.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date indicated below.

AUBURN PHARMACEUTICAL COMPANY,
a Michigan corporation

CITY OF ROCHESTER HILLS,
a Michigan Municipal Corporation

By: _____

By: _____
Bryan K. Barnett, Mayor

Its: _____

By: _____
Tina Barton, Clerk

STATE OF MICHIGAN
COUNTY OF OAKLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 2020, by _____, the _____, of Auburn Pharmaceutical Company, a Michigan corporation, on behalf of the corporation.

, Notary Public
My Commission Expires: _____

STATE OF MICHIGAN
COUNTY OF OAKLAND

The foregoing instrument was acknowledged before me this ____ day of _____, 2020 by Bryan K. Barnett, Mayor, and Tina Barton, Clerk, of the City of Rochester Hills, a Michigan municipal corporation, on behalf of the City.

, Notary Public
My Commission Expires: _____