



TAX ABATEMENT AGREEMENT

This Agreement is made between THE CITY OF PORTAGE, a Michigan Municipal Corporation, of 7900 South Westnedge Avenue, Portage, Michigan 49002, hereinafter referred to as "CITY", and Pharmacia & Upjohn Company, LLC, a Delaware Corporation, of 7171 Portage Road, Portage, Michigan 49001, hereinafter referred to as "APPLICANT."

THE PARTIES AGREE AS FOLLOWS:

1. The CITY has established an industrial development district #91 in which the APPLICANT proposes to locate a facility in the City of Portage, County of Kalamazoo, State of Michigan and which is described as follows:

See Exhibit "A"

2. The APPLICANT has filed an application (which is incorporated herein by reference) with the CITY requesting two Industrial facilities exemption certificates, (hereinafter "Certificate"), for real property and building improvements located at 7171 Portage Road, Portage, Michigan, within Industrial Development District #91.

3. The APPLICANT has represented that the application relates to a new or replacement facility within the meaning of Public Act 198 of 1974, MCLA 207.551, et seq., being (1) Building #41 Warehouse and (2) Building #41 AOV Work Center.

4. The term of the certificate granted by the CITY shall be twelve (12) years for real property (building)]. This agreement shall remain in force as to each certificate granted for the term of said certificate.

5. The APPLICANT has represented to the CITY that granting of the certificate will enable the facility to be completed, which will have the reasonable likelihood to create employment, retain employment, and prevent a loss of employment within the CITY.

6. The APPLICANT agrees to maintain at least 52 existing employees and hire at least 15 new employees during the term of the certificate. Failure to hire and maintain these positions shall be considered a material breach of this Agreement unless APPLICANT can show by clear and convincing evidence that the breach was caused by unfavorable economic business conditions, loss of business, or some other reason beyond the control of APPLICANT.

7. The APPLICANT agrees to maintain the facility for the entire period of the Certificate within the CITY and not to move or relocate the facility, business, or any portion of either outside the industrial development district without first obtaining the permission of the CITY. If APPLICANT relocates the facility, business, or any portion of either outside of the industrial development district during the period in which the industrial facilities exemption certificate is in effect, the APPLICANT is liable to the CITY for an amount equal to the difference between the industrial facilities tax to be paid by the owner or lessee of that facility for that facility for the tax years remaining under the industrial facilities exemption certificate that is in effect and the general ad valorem property tax that the Applicant would have paid if the Applicant did not have an industrial facilities exemption certificate in effect for those years. [The payment provided in this section shall be distributed in the same manner as the industrial facilities tax is distributed.

8. The APPLICANT agrees that during the term of the certificate, all CITY taxes shall be timely paid. Further, APPLICANT agrees that by accepting the benefits of the tax abatement, it waives appeal of real property tax assessments concerning property which is the subject of the certificate. Appeal of the real property taxes which is the subject of the certificate during the term of the certificate shall result in revocation of the certificate and/or termination of the district and APPLICANT shall repay to the CITY and all taxing authorities the amount of taxes that were abated by reason of the certificate.

9. The APPLICANT further agrees that during the term of the certificate, the APPLICANT shall be in full compliance with all applicable CITY codes.

10. The APPLICANT further agrees that during the term of the certificate, the APPLICANT shall not discriminate against any person on the basis of race, creed, color, sex, religious orientation, or other criteria not reasonably related to the job and will comply with the City of Portage Non-Discrimination Ordinance and state and federal statutes pertaining to civil rights and non-discrimination.

11. The APPLICANT further agrees to submit an annual project performance report to the CITY, addressed to City Council, provided under oath, setting forth the progress in attaining and maintaining the requirements of this Agreement and the provisions of the certificate application. Such reports shall be furnished in duplicate on or before July 1 of each year and shall contain, at minimum, the following:

- (a) The number of new jobs promised in the certificate and the actual number of new jobs created.
- (b) The number of employees at the time of the application and the current number of employees.
- (c) The average and actual annual salary of new jobs created.
- (d) If projection for creation or retention of jobs was not reached, give explanation. If the projection for average and actual salary of new jobs create was not reached, give explanation.
- (e) The estimated project cost given in the application and the actual project cost.
- (f) If actual project costs differ substantially from projected cost, give explanation.

12. The APPLICANT agrees that if employment has not been retained or reached as represented, the construction and/or expansion project has not been completed or expenditures made as described in the Application, or if APPLICANT fails to fulfill any other provision of this Agreement as well as the provisions of Act 198 of 1974, the CITY shall have the right to reduce the term or revoke the certificate and APPLICANT shall repay to the CITY and all taxing authorities the amount of taxes that were abated by

reason of the certificate plus all accrued interest, penalties and administrative fees applicable to said tax exemptions in the amount as would be collected if the same were considered delinquent. Any payments due under this paragraph may be collected by either court proceedings or by adding to the next taxes due against the APPLICANT'S property on the next tax roll of the CITY.

13. After the certificate is issued, the CITY agrees to maintain the same in full force and effect during the term of the certificate, subject to any regulations and requirements of state law, and subject to any breach of the provisions of this agreement by APPLICANT.

14. The parties agree that the CITY, in approving the tax abatement, has relied on the actions, representations and promises (including the Application) of the APPLICANT. Default of any of the provisions of this Agreement may be enforced in law or equity. The parties agree that exclusive jurisdiction to resolve any disputes on this contract shall be Kalamazoo County, Michigan.

15. If the various sections and provisions of this Agreement shall be deemed to be declared by any court of competent jurisdiction to be unconstitutional or invalid, the same shall not affect the validity of the Agreement as a whole or any section or provision hereof other than the section or provision so declared to be unconstitutional or invalid.

16. The benefits herein shall accrue to and the obligations hereof shall bind the successors, assignees, and transferees of the APPLICANT.

17. The APPLICANT further agrees that should ownership of the business and/or facility for which the Public Act 198 exemption certificate is issued be changed in the future, thereby requiring a hearing in front of the City of Portage Council under state law, that the transferee or new owner shall abide by all the terms and conditions of this Agreement, and that APPLICANT will communicate all terms and conditions of this Agreement to the transferee or new owner and assist the City in obtaining the signature of the authorized agent of the transferee or new owner on this Agreement or an identically worded Agreement.

By signatures of representatives of both the APPLICANT and the CITY below, it is understood that both the APPLICANT's investment in the project and the CITY's investment through the granting of a certificate is to encourage economic growth. It is also acknowledged that certain economic conditions can, at times, prohibit the maintenance of the APPLICANT's targeted status. It is understood that if such conditions exist at the time of the designated APPLICANT reports, the governing body of the CITY will carefully evaluate the APPLICANT's situation, and will inform the APPLICANT if any action is considered in order to give the APPLICANT an opportunity for correction.

Dated: 25 July, 2016

Robert J. Betzig

By: Robert J. Betzig

Its: Pfizer Kalamazoo Site Leader

STATE OF MICHIGAN)
)SS
COUNTY OF KALAMAZOO)

On this 25th day of July, 2016 before me personally came the above named Robert J. Betzig as Kalamazoo Site leader and on behalf of Pfizer, who acknowledges that he has read the foregoing Tax Abatement Agreement by him subscribed and knows the contents thereof, and that he has the authority of said corporation to execute this Agreement, and acknowledges that he executed the same as his free act and deed.

Kim K. Olson
KIM K. OLSON, Notary Public
Kalamazoo County, Michigan
My Commission Expires: 18 October 2016

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

Barbara Janicke
Barbara Janicke
Cheryl Fender
Cheryl Fender

CITY OF PORTAGE, a Michigan Municipal Corporation

By: Peter J. Strazdas
PETER J. STRAZDAS
Its: Mayor
By: James R. Hudson
JAMES R. HUDSON
Its: Clerk

STATE OF MICHIGAN)
)SS
COUNTY OF KALAMAZOO)

On this 6th day of September, 2016 before me personally came the above named Peter J. Strazdas and James R. Hudson, to me personally known, who being duly sworn, did and each for himself say that they are respectively the Mayor and Clerk of the municipal corporation named in and who executed the within instrument and that said instrument was signed on behalf of said corporation by authority of its City Council; and said Peter J. Strazdas and James R. Hudson acknowledge said instrument to be the free act and deed of said municipal corporation.

Adam Herring
ADAM HERRINGA, Notary Public
Kalamazoo County, Michigan
State of Michigan, County of Kalamazoo
My Commission Expires July 9, 2018
Acting in the County of Kalamazoo

Prepared by:
Randall L. Brown
Portage City Attorney
1662 East Centre Avenue
Portage, Michigan 49002

Approved as to Form:
Date: 8/10/2016
By: rs
City Attorney

EXHIBIT A

A parcel of land situated in the Northwest quarter of Section 13 and the Northeast quarter of Section 14, Town 3 South, Range 11 West, City of Portage, Kalamazoo County, Michigan being more particularly described as follows:

Commencing at the North quarter corner of Section 14, T3S, R11W; thence N 89°52'06" E 50.00 feet along the North line of of the Northeast quarter of said Section 14 to the East right-of-way line of Portage Road to the Place of Beginning; thence N 00°26'-56" W 126.62 feet along said East right-of-way line to the South right-of-way line of Romence Road; thence S 86°07'31" E 201.42 feet along said South right-of-way line of Romence Road; thence Southeasterly 145.03 feet along said South right-of-way line along the arc of a curve to the right having a radius of 1050.00 feet, a central angle of 7°54'50" and a chord of S 82°10'06" E 144.91 feet; thence S 78°12'42" E 447.04 feet along said South right-of-way line to said North line of the Northeast quarter of Section 14; thence N 89°52'06" E 1820.14 feet along said North line to the Northeast corner of said Section 14; thence N 88°49'29" E 1239.24 feet along the North line of the Northwest quarter of Section 13, T3S, R11W to the Westerly Railroad right-of-way line; thence S 00°16'14" E 500.00 feet along said Westerly Railroad right-of-way line; thence S 89°51'56" W 1220.32 feet; thence S 00°23'44" W 235.12 feet; thence S 89°51'56" W 322.74 feet; thence S 00°08'04" E 969.95 feet; thence S 89°51'56" W 1856.72 feet; thence S 00°03'29" E 650.00 feet; thence N 89°51'56" E 358.72 feet; thence S 00°08'04" E 339.54 feet to the South line of said Northeast quarter of Section 14; thence S 89°51'39" W 767.01 feet along said South line to said East right-of-way line of Portage Road; thence N 00°47'10" W 2672.31 feet along said East right-of-way line to the Place of Beginning, containing 120.66 acres of land. The parcel being subject to easements, conditions and restrictions of record.