

BUNCOMBE COUNTY, NORTH CAROLINA

and

GENERAL ELECTRIC COMPANY AND UNISON ENGINE COMPONENTS, INC.

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INCENTIVE AGREEMENT  
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Dated as of MAY<sup>29<sup>th</sup></sup>, 2018  
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## INCENTIVE AGREEMENT

THIS INCENTIVE AGREEMENT is dated as of MAY 29<sup>th</sup> 2018 ( hereinafter sometimes "Agreement"), and is between **General Electric Company**, operating through its GE Aviation business unit (including its subsidiary Unison Engine Components, Inc., (collectively hereinafter referred to as "Company"), and **BUNCOMBE COUNTY, NORTH CAROLINA**, a public body politic and corporate and a political subdivision of the State of North Carolina (hereinafter sometimes "County").

### RECITALS:

- A. County and Company intend to enter into this Economic Development Agreement for the purpose of helping to renovate, expand and equip an existing manufacturing facility located off Sweeten Creek Road in Asheville, North Carolina, containing 8.55 acres and shown on the records of the Buncombe County Tax Collector as parcel ID #: 9657-32-5653 and as more particularly described in deed recorded in Book 1126, Page 331 Buncombe County Registry, reference to which is hereby made for purposes of description, ("Facility").
- B. The purpose of this Agreement is to document the agreement between County and the Company whereby County will provide certain incentives to Company to renovate, expand and equip the existing 102,000 sq. ft. manufacturing facility. In return, GE agrees to invest at least \$104,864,100 to acquire and install new manufacturing equipment related to the new product line (Ceramic Matrix Composite Parts), and to employ at least 131 new full-time jobs, on before December 31, 2021, as well as to retain the current 424 full-time persons it currently has employed in Buncombe County. The average annual wage of the new full time jobs will be approximately \$49,000 by Dec. 31, 2021.
- C. Pursuant to the authority of the Local Development Act of 1925, North Carolina General Statutes §158-7.1 et seq. ("Act"), the County has agreed, after having conducted a public hearing and having made all findings and determinations required by law, to provide certain incentives to GE as more particularly described in this Agreement to induce GE to invest such sums as set forth above, to locate equipment at the Facility, and to facilitate the creation of jobs at the Facility.
- D. It is anticipated that GE's investments in new manufacturing equipment and its operations at the the Facility will generate significant ad valorem property tax revenues to the County. That additional revenue constitutes a material part of the financial basis for the County's entering into this Agreement.
- E. GE acknowledges that but for the County's providing the economic development grants and other incentives in this Agreement, it would not have agreed to locate its expanded business in the County, to make the associated investments in the County, or to enter into this Agreement.

**NOW, THEREFORE**, for and in consideration of the mutual promises and covenants contained in this Agreement, the parties hereby agree as follows:

## ARTICLE I

### DEFINITIONS; RULES OF CONSTRUCTION

1.1 Definitions. For all purposes of this Agreement, unless the context requires otherwise, the following terms shall have the following meanings:

“Abandonment of Operations” means that for a period in excess of eight consecutive (8) weeks the Company’s level of Full Time Equivalent Employees or Direct Investment goes below twenty percent (20%) of the guaranteed minimum levels of Performance Commitments for either Full Time Equivalent Employees or Direct Investment.

“Beneficial Occupancy” means the date on which the Company occupies the Facility for its intended purpose, evidenced by the obtaining of a Certificate of Occupancy for the Facility.

“Business Day” means any day that is not a Saturday or a Sunday, or a day on which banks in the State of North Carolina are required by law to be closed.

“Change in Use” means any reduction in or diversion of use of the Facility which would not provide the guaranteed Performance Commitments of Direct Investment or the Jobs Minimum, as set forth in Article II and Exhibit A, but is less than an Abandonment of Operations.

“Closing Date” means \_\_\_\_\_.

“Direct Investment” means the increase in tax value attributable to Qualifying Expenditures for equipping of the Facility and personal property located in the Facility after the effective date of the Agreement as determined by the Buncombe County Tax Department, regardless of the funding sources for or ownership of said property.

“Grant” means a grant the County makes pursuant to Article III.

“Incentive” means the various incentive payments from all sources referred to in this Agreement to the Company.

“Performance Commitments” means the levels of Full-Time Employees to be hired by the Company at wage levels agreed to by the Company and/or the levels of Direct Investment to be made by the Company in relation to Company’s operations in the Facility.

“Personal Property” means all personal property owned or leased by GE or an Affiliate and located in the Facility, including all (a) machinery and equipment, (b) furniture, furnishings, and fixtures, (c) property that is capitalized for federal or state income tax purposes, and (d) additions to or replacements of, any of the foregoing. “Personal Property” also means all tools, dyes, molds and other machinery or equipment of customers of GE or an Affiliate located in the Facility.

“Qualifying Expenditures” means all expenditures GE or an Affiliate makes for equipping of the Facility and Personal Property located in the Facility and which are subject to Tax in the County. “Qualifying Expenditures” also include all expenditures made by GE’s customers, suppliers, or partners on tools, dyes, molds and other machinery or equipment located in the Facility that are subject to Tax in the County. Expenditures must be reported to the Tax Department by GE’s customers, suppliers, or partners in order to qualify.

"State" means the State of North Carolina.

1.2 Rules of Construction. Unless the context otherwise indicates:

- (a) Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine and neuter genders as well;
- (b) All references to Articles, Sections or Exhibits are references to Articles, Sections and Exhibits of this Agreement;
- (c) All references to officers are references to County officers; and
- (d) The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meanings, construction or effect.

## ARTICLE II

### COMPANY'S COMMITMENTS

2.1 In return for the Incentives set forth herein, which are a competitive necessity for Company to increase its efficiencies and operations for its customers, the Company commits to certain Performance Commitments related to jobs created and incrementally increased taxes in the County. The parties acknowledge and agree that the consideration for the County to enter into this Agreement is the expectation that the Company will meet or exceed the Performance Commitments.

Specifically, the Company agrees to meet or exceed the following Performance Commitments:

- (a) The Company will create and maintain in the Facility for a ten (10) year period, from and after December 31, 2018 and expiring therefore on December 31, 2028 (the "Jobs Retention Period"), positions for at least 131 new full-time persons who will be employed in the Facility, and Company will retain the current 424 full-time persons it has employed in Buncombe County. The total number of full-time persons employed in the Facility and its other Buncombe County facilities on or before December 31, 2021 must be at least 555 ("Jobs Minimum"). The new full-time persons will be employed by December 31 of the year indicated as follows:

New full-time jobs creation schedule:

Year 2018 - 14

Year 2019 - 2

Year 2020 - 49

Year 2021 -66

Total jobs – 131

- (b) The Company agrees that for the length of the Jobs Retention Period, it will maintain the new full-time jobs in Buncombe County for these 131 positions as follows: 26 new jobs at an average annual salary of \$92,000; and 105 new jobs paying \$38,356 excluding benefits.
- (c) Company shall make Direct Investments attributable to Qualifying Expenditures equal to at least One Hundred Four Million Eight Hundred Sixty-Four Thousand One Hundred and No/100 Dollars (\$104,864,100.00) in accordance with the investment schedule listed below in subparagraph (d), and the taxable property or the replacements of same resulting from these Direct Investments shall remain in the County subject to ad valorem tax assessments until December 31, 2028.
- (d) All such Direct Investments, to be considered a basis for incentives covered hereunder shall be made by December 31<sup>st</sup> of the year indicated and in the minimum amounts shown on the following schedule:

Year 2018 - \$20,366,280  
Year 2019 - \$23,228,040  
Year 2020 - \$26,726,040  
Year 2021 - \$34,543,740

Total: \$104,864,100

Any investment that exceeds the scheduled amount shall be credited to the following year's scheduled investment.

2.2 Confirmations. Confirmations of Company's attainment of Performance Commitments shall be as follows: (1) the amount of Direct Investment shall be the amount of the new and additional tax value as determined by the Buncombe County Tax Department attributable to Direct Investment for the Facility in the County as shown on its Business Real and Personal Property Tax Listings for each year that new investments are made; and (2) the creation and retention of positions for full-time persons attributable to the Facility shall be as evidenced by one or more Quarterly Tax and Wage Reports (Form NCU 101) filed with the N.C. Employment Security Commission during each calendar year ("Jobs Minimum"). The County may, subject to the agreement of the Company, have access to other reasonable documentation to verify the attainment of these Performance Commitments.

2.3 Direct Investment and Jobs Minimum.

- (a) The Company will make the Direct Investment on or before the schedule dates set forth above. If the Company does not make the Direct Investment on or before the scheduled investment dates, the amount of the Grants will be adjusted as provided in **Article IV**.
- (b) On or before the schedule dates set forth above, at least 131 new full-time persons who will be employed in the Facility, and Company will retain the current 424 full-time

persons it has currently employed in Buncombe County. (“Jobs Minimum”). If the Jobs Minimum is not achieved on or before the schedule dates set forth above, the amount of the Grants will be adjusted as provided in **Article IV**.

- (c) Except as set forth in **Article IV** below, the Company’s failure to meet the commitments in this **Article II** will not (i) constitute a breach of this Agreement or result in any obligation to refund any Grant or (ii) relieve the County of its obligation to make any Grant Payment pursuant to this Agreement. The County’s sole and exclusive remedies for the Company’s breach of any provision in, or failure to meet any commitment in this **Article II** are those provided in **Article IV**.

### **ARTICLE III**

#### **GRANTS**

To induce Company to make the Direct Investment associated with the Facility, to locate its renovated and expanded business at the Facility and to achieve this Jobs Minimum, the County commits to pay to Company grants in the future (“Future Incentive Payments”). These Future Incentive Payments shall be in the total cumulative amount of Six Hundred Eighty Five Thousand and No/100 (\$685,000) to be paid over a period of three (3) years. The County intends to apportion the Future Incentive Payments equally (\$342,500) attributable to Direct Investments related to the Facility, and the balance (\$342,500) is attributable to the creation and retention of the Jobs Minimum for 555 jobs.

Company shall make a request for each Grant Payment described in this **Article III** on or before March 15 of the year following the tax year for which the Taxes on such increased assessed value are paid. This written request shall consist of a letter from the Company to the County setting forth the increase in the value of the Eligible Property due to reappraisal and newly reported property and the Taxes paid, confirmation that Company has notified the Buncombe County Tax Assessor’s Office of the location of any business personal property of third parties at any Existing Building or the Facility of Company in Buncombe County, that the Taxes of any other person or entity with respect to any Eligible Property, for the applicable year have been paid in full, and the creation and retention of positions for full-time persons attributable to the Facility has occurred as evidenced by one or more Quarterly Tax and Wage Reports. The County shall review each application promptly and shall give the Company written notice of any deficiency in the application within 15 days after the County receives the application. The County will have 45 days following the receipt of an application that complies with the requirements of this **Article III** to make the required Grant Payment. If any Grant Payment is denied in full or in part, the County shall provide a written explanation for such denial or partial payment. If the Company or such other person or entity subsequently cures the deficiency and submits an application that complies with the requirements of this agreement, the County will promptly make the previously withheld Grant Payment.

The Future Incentive Payments will be paid in three (3) annual installments no later than by the dates shown below and upon the terms and conditions of this agreement:

April 30, 2019 - \$228,333.34

April 30, 2020 - \$228,333.33

April 30, 2021 - \$228,333.33

Each Future Incentive Payment shall be paid to Company, provided that Company is current on all taxes, and fees if applicable, owed to the County for the previous calendar year. It is anticipated that the first calendar year in which Future Incentive Payments will be paid will be 2019 and the final calendar year of such payments will be 2021.

Provided however, that if Company does not file its Business Real and Personal Property Tax Listings until on or after March 1 of a particular calendar year, then such Future Incentive Payment for that calendar year will not be payable until May 31 in the year affected.

If Company is in default on its obligation to pay Taxes to the County, or any other person or entity is in default on its obligation to pay Taxes to the County with respect to the Personal Property, the County will not be required to make a Future Incentive Payments to Company until Company and such other person or entity pays the amount of such Taxes it owes the County, unless Company is in a bona fide dispute with a governmental taxing authority as to the value of some or all of its Business Real and Personal Property.

After it receives each Subsequent Grant Payment, at the County's written request, Company will (i) confirm to the County in writing that it has applied or will apply the Subsequent Grant Payment against its Direct Investment Expenses that it has paid, for which it has been invoiced, which are due, or which it subsequently incurs and (ii) provide evidence of such payments, invoices or obligations to the County. All information Company provides to the County under this Article III will be confidential trade secrets of Company as set forth below.

#### ARTICLE IV

##### REFUND

a) If Company does not make the Direct Investment and achieve the Jobs Minimum on or before the schedule dates set forth above, then Company will pay the County a refund in the amount set forth in this **Article IV**. The refund formulas described in this **Article IV** are weighted such that 50% is assigned to the Direct Investment and 50% is assigned to the Jobs Minimum.

b) Direct Investment. *If Company's Direct Investment is less than its investment commitment in the preceding year on or before as indicated in the schedule dates set forth above, then County will pay an amount equal to (i) 50%, multiplied by (ii) a pro rata percentage, multiplied by (iii) the Future Incentive Payments that would have been due had all commitment levels been achieved under the Agreement. The pro rata percentage will be the percentage derived by dividing cumulative investment amount by the cumulative commitment amount. The pro rata percentage cannot be less than zero.*

c) Job Creation. If Company has not achieved the Jobs Minimum on or before the schedule dates set forth above, then Company will refund to the County an amount *equal to (i) 50%, multiplied by (ii) a pro rata percentage, multiplied by (iii) the Future Incentive Payments that would have been due had all commitment levels been achieved under the Agreement. The pro rata percentage will be the percentage derived by dividing cumulative jobs created by the cumulative jobs commitment.*

d) Within 60 days after the schedule dates set forth above, the County will calculate the amount of any prorata payment(s) described above and will notify Company in writing setting out in reasonable detail the County's calculations in arriving at the refund amount. Company will pay the amount due pursuant to this Section 4 within 60 days after receiving the County's written demand.

e) If a Change in Use occurs in any year prior to the last payment to the Company, the amount of the Future Incentive Payment due in that year, and such payments to be made in later years, shall be reduced on a pro rata basis, to the percentage shortage in the Direct Investment and Jobs Creation levels, as determined by the schedule dates set forth above. If the Company has an Abandonment of Operations in the Facility, the County shall not be obligated to make any future Incentive Payments from the date of abandonment.

f) Should the Company Abandon the Operations in the Facility then the Company shall repay to the County all Grants paid up to that date within 90 days of demand from the County. In the event of repayment there shall be no additional costs, interest, fees or any additions whatsoever above and beyond the original amount of the Incentive Payment(s).

g) Should the Company fail to maintain the cumulative jobs minimum through the end of the Jobs Retention Period, the Company shall refund grant incentive payments based on the example provided in Exhibit A.

## ARTICLE V

### TERMINATION OF AGREEMENT

The Company shall have the option of terminating this Agreement in the event the County fails to make Future Incentive Payments, as provided for in Article III of this Agreement.

The County shall have the option of terminating this Agreement upon an Abandonment of Operations by the Company, which option shall be executed by giving thirty (30) days written notice to the Company.

In any event, the above terms notwithstanding, this Agreement shall terminate ten (10) years after Company has met its commitments as provided herein.

## ARTICLE VI

### ADJUSTMENTS OF PERFORMANCE TARGETS



The parties to this Agreement agree that if the Company determines in the future that it can significantly exceed the Performance Commitments of Direct Investment or Jobs Minimum, but will need less than the Performance Commitments of the other measure, all parties will negotiate in good faith to amend the agreed upon Performance Commitments and formulations for reductions set forth herein.

## ARTICLE VII

### TEMPORARY REDUCTIONS IN PERFORMANCE COMMITMENTS

Notwithstanding anything herein to the contrary, if the Company shall be prevented or delayed from fulfilling, or continuing to fulfill, either or both of the Performance Commitments as set forth in herein, by reason of a:

- (a) government moratorium;
- (b) delay in obtaining any governmental or quasi-governmental approvals, permits or certificates, despite reasonable efforts by the Company to obtain same;
- (c) enemy or hostile governmental or terrorist action;
- (d) act of God, including but not limited to hurricane, tornado, snowstorm, windstorm, earthquake or flood, fire or other extreme weather conditions or other casualty;
- (e) strike, lockout or a labor dispute involving entities other than the Company which causes the Company an inability to obtain labor or materials;
- (f) delay in funding from any state or local government incentive to or for the benefit of the Company; or;
- (g) any other event, other than normal business exigencies, which is beyond the reasonable control of the Company;

then the Performance Commitments and the Future Incentive Payments for the year(s) in which such event occurred shall be equitably reduced to reflect the effect of such event.

The parties shall negotiate in good faith to make an equitable reduction in the Performance Commitments for an affected year(s). However, if the parties cannot in good faith reach an agreement as to such adjustment, all parties agree to submit this issue to mediation to be conducted in accordance with local rules of the General Court of Justice of Buncombe County, North Carolina.

## ARTICLE VIII

### ASSIGNMENT; ESTOPPEL.

a) Company shall have the right to assign this Agreement, and any rights, privileges, or claims under this Agreement, without the consent of the County. If the assignee agrees in writing to assume Company's obligations under this Agreement, then Company will be relieved of its obligations under this Agreement. Company will give the County written notice of any such assignment and assumption.

b) Company may, without the consent of the County, pledge, mortgage, grant a security interest in, and collaterally assign this Agreement, and any rights, privileges or claims under this Agreement, to any Person, including a collateral agent acting on behalf of lenders providing financing for the Facility (collectively, "Financing Parties"). The County will cooperate with Company, its Affiliates, any assignee of this Agreement, and any Financing Parties from time to time, including by entering into a consent to assignment or other agreements in connection with any collateral assignment on such terms as may be customary under the circumstances and shall be reasonably required by such Financing Parties.

## ARTICLE IX

### CONTINUING CONTRACT

The parties hereto understand that this Agreement is and shall be construed as a continuing contract pursuant to N.C.G.S. §153A-13.

## ARTICLE X

### MISCELLANEOUS

10.1 Governing Law. The parties intend that this Agreement shall be governed by the law of the State of North Carolina as follows:

#### Mediation

- Any claim, dispute, or other matter in question arising out of or related to this Agreement shall be subject to voluntary non-binding mediation as a condition precedent to the institution of legal or equitable proceedings by either party. If the parties are unable to agree upon a certified mediator to hear their dispute, the Buncombe County Resident Superior Court Judge shall name a mediator to hear the matter.
- The parties shall equally share the mediator's fee. The mediation shall be held in Asheville at a location designated by the mediator selected to hear the matter.

#### Legal Proceedings

- Claims, disputes and/or other matters in question between the parties that are not resolved by mediation shall be heard in the North Carolina Company General Courts of

Justice in Asheville, Buncombe County, North Carolina, which said Court shall have jurisdiction to hear any dispute between the parties arising out of this agreement. The Parties hereby agree that this paragraph establishes exclusive and sole jurisdiction for any legal proceeding in Buncombe County, North Carolina.

10.2 Notices. Any notice permitted or required under this Agreement from one party to the other must be in writing and will be effective (a) on the date it was actually delivered to the addressee if delivered personally, or sent by a nationally recognized courier (such as FedEx or United Parcel Service) or sent by facsimile, or (b) three days after having been deposited in the United States mail, if sent by certified mail, return receipt request, in each case to the respective addresses of GE and the County listed below, or those other addresses of which either party gives the other party written notice:

If to Company to:  
GE Aviation  
1 Neumann Way  
Cincinnati, Ohio 45215  
Attn: VP Supply Chain  
CC: General Counsel - Supply Chain

With a copy to:  
GE Aviation (Unison Engine Components, Inc.)  
Attn: Plant Manager  
Sweeten Creek Road  
Asheville, North Carolina

If to the County to:  
Mandy Stone  
Buncombe County Manager  
200 College Street, Suite 300  
Asheville, North Carolina 28801

With a copy to:  
Michael C. Frue  
Senior County Staff Attorney  
200 College Street, Suite 400  
Asheville, North Carolina 28801

10.3 Non-Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right shall not be a Business Day, such payment shall be made or act performed or right exercised on or before the next preceding Business Day.

10.4 Severability. Each provision in this Agreement is severable. If any provision of this Agreement will be determined to be invalid or unenforceable by a court of competent jurisdiction, then: (a) such determination will not invalidate or render unenforceable any other provision of this Agreement; (b) such provision will be construed as closely as possible to the parties' original intent in order to render such provision valid or enforceable, as applicable; and (c) the remaining terms of this Agreement, together with such reconstructed provision, will constitute the parties' entire agreement.

10.5 Entire Agreement; Amendments. This Agreement, including Exhibits A and B attached, which are incorporated herein and made a part hereof, constitutes the entire contract between the parties, and this Agreement shall not be changed except in writing signed by all the parties.

10.6 Binding Effect. Subject to the specific provisions of this Agreement, this Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

10.7 Time. Time is of the essence in this Agreement and each and all of its provisions.

10.8 Liability of Officers and Agents. No officer, agent or employee of the County or the Company shall be subject to any personal liability or accountability by reason of the execution of this Agreement or any other documents related to the transactions contemplated hereby. Such officers, agents, or employees shall be deemed to execute such documents in their official capacities only, and not in their individual capacities. This Section shall not relieve any such officer, agent or employee from the performance of any official duty provided by law.

10.9 Representations and Warranties.

a) Company represents and warrants to the County that as of the Effective Date: (i) it is a corporation registered to do business in the State of North Carolina; (ii) it has the power and authority to own its properties and assets and to carry on its business as now being conducted and has the power and authority to execute and perform this Agreement; (iii) this Agreement (A) is the legal, valid and binding agreement of Company, enforceable against Company in accordance with its terms, (B) does not violate any order of any court or other agency of government binding on Company or the charter documents of Company, and (C) does not conflict with, result in a breach of, or constitute an event of default under any material indenture, agreement or other instrument to which Company is a party; and (iv) Company has not received written notice of any action or proceeding that challenges the validity of this Agreement or Company's right and power to enter into and perform this Agreement.

b) The County represents and warrants to GE that: (i) the County is a political subdivision and body politic of the State of North Carolina with power and authority to enter into and perform this Agreement; (ii) the County has taken all action necessary to authorize the execution, delivery and performance of this Agreement; (iii) this Agreement is a legal, valid, and binding obligation of the County, enforceable against the County in accordance with its terms; and (iv) the County has not received written notice of any action or proceeding that challenges the validity of this Agreement or the County's right and power to enter into and perform this Agreement.

10.10 Defaults and Remedies.

a) If Company fails to pay any amount due to the County pursuant to **Section 4** or **Section 7**, and such amount continues to be unpaid for a period of 60 or more days after the County gives GE written notice of default as provided by paragraph 10.2, then the County's sole and exclusive remedies will be to recover from GE the amounts due under those sections, and either terminate this Agreement.

b) If any warranty or representation of a party to this Agreement shall have been false or inaccurate in any material respect when made and is not remedied within 30 days following the defaulting party's receiving written notice from the non-defaulting party (or in the case where it is capable of being remedied, but is incapable of being remedied within a period of 30 days, such further period as is reasonable in the circumstances), then the non-defaulting party will have such rights and remedies as may be available in law.

c) If the County defaults in the performance of its obligations under this Agreement, and such default continue for a period of 30 or more days after Company gives the County written notice of such default, then Company will have such rights and remedies as are available in law.

10.11 Confidentiality. The County will keep confidential, and will not disclose or publish any of Company's trade secrets as defined in Section 132-1.2(1) of the North Carolina General Statutes, all records evidencing such trade secrets marked as "confidential trade secrets", and will keep all such records segregated in the County's files. If the County receives a request, subpoena or court order to disclose any information or records GE or its representatives have provided or will provide in the future relating to this Agreement or the project described in this Agreement, the County will give GE prompt written notice of the request, subpoena or court order and will discuss any proposed disclosure of such information or records with GE (and, to the extent possible, give GE the opportunity to contest any disclosure of information or records GE believes should not be disclosed) before making any such disclosure.


10.12 Counterparts. This Agreement may be executed in several counterparts, including separate counterparts. Each shall be an original, but all of them together constitute the same instrument.

[SIGNATURE PAGES FOLLOW]

SIGNATURE PAGE 1 OF 2 TO INCENTIVE AGREEMENT BETWEEN  
GE  
and BUNCOMBE COUNTY, NORTH CAROLINA

IN WITNESS WHEREOF, the parties have caused this Incentive Agreement to be executed in their corporate names by their duly authorized officers, all as of the date first above written.

Genera Electric Company,

By:   
Printed Name: Michael Meguiar  
Title: Site Leader

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SIGNATURE PAGE 2 OF 2 TO INCENTIVE AGREEMENT BETWEEN  
GE  
and BUNCOMBE COUNTY, NORTH CAROLINA

[SEAL]

BUNCOMBE COUNTY, NORTH CAROLINA

ATTEST:

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Kathy Hughes, Clerk to the Board

Approved as to form:

\_\_\_\_\_  
Michael C. Frue  
Senior County Staff Attorney

This instrument has been preaudited  
in the manner required by The Local  
Government Budget and Fiscal Control Act

\_\_\_\_\_  
Name: Tim Flora  
Finance Officer, Buncombe County  
North Carolina

Exhibits

A - Schedule for reduction of Future Incentive Payments

**EXHIBIT A**

**SCHEDULE FOR REDUCTION OF FUTURE INCENTIVE PAYMENTS**

In the event Company fails to meet both its Direct Investment and Jobs Minimum in the preceding year in which the County has agreed to make Future Incentive Payments but the Company, or its successor in interest, fails to meet 85% of the Performance Commitments set forth below for the Jobs Minimum and Direct Investment, the County's payments for that year to the Company shall be reduced by a pro rata amount of that year's payment. The pro rata amount shall be computed as the average of (a) the percentage by which the Company has failed to meet the Performance Commitments for the Jobs Minimum and (b) the percentage by which the Company has failed to meet the Direct Investment. The examples below demonstrate the application of this payment reduction provision.

<u>Date</u>	<u>Jobs Minimum Benchmark Minimum (New Jobs)</u>	<u>Cumulative Jobs Minimum (EDA)</u>	<u>Cumulative Jobs Minimum</u>	<u>Direct Investment Benchmark Minimum Total</u>	<u>Cumulative Investment Minimum</u>
2017	0		424		
2018	14	14	438	\$20,366,280	\$20,366,280
2019	2	16	440	\$23,228,040	\$43,594,320
2020	49	65	489	\$26,726,040	\$70,320,360
2021	66	131	555	\$34,543,740	\$104,864,100
2022	0	131	555		
2023	0	131	555		
2024	0	131	555		
2025			555		
2026			555		
2027			555		
2028			555		

**Pro Rata Reduction Examples**

**Jobs Minimum:**

- If Company makes cumulative Direct Investment of the full \$43,594,320 by December 31, 2019, but has employed only 10 new full-time persons (for a cumulative total of 434 employees) at the Facilities then the County's next Future Incentive Payment will be calculated as follows:
- County will pay an amount equal to (i) 50%, multiplied by (ii) a pro rata percentage, multiplied by (iii) the sum of Future Incentive Payments that would have been due had all commitment levels been achieved under the Agreement.



- The pro rata percentage is 62.5% (10 [new employees] ÷ 16 [commitment]). This example assumes that GE's cumulative number of employees is 434 out of a cumulative committed total of 440 employees.
- Assume that Company received all previous Future Incentive Payments in full.
- The amount County owes for Future Incentive Payment in April 2019 is \$71,354.17 ((50% x \$228,333.34) x 62.5%) + \$114,166.67 (50% x \$228,333.34) = \$185,520.84 .
- In this example the Company receives full incentive (\$114,166.67) for direct investment and pro rata incentive (\$71,354.17) amount for meeting 62.5% of the job investment.

**Direct Investment:**

- If Company has achieved 65 new full-time employees (for a cumulative total of 489 employees) at the Facilities by December 31, 2020, but has made Direct Investments of only \$50,000,000 (out of cumulative investment minimum of \$70,320,360) then the County's next Future Incentive Payment will be calculated as follows:
- County will pay an amount equal to (i) 50%, multiplied by (ii) a pro rata percentage, multiplied by (iii) the sum of Future Incentive Payments that would have been due had all commitment levels been achieved under the Agreement.
  - The pro rata percentage is 71.10% (\$50,000,000 [cumulative investment amount] ÷ \$70,320,360 [cumulative commitment amount] = 71.10%).
  - Assume that Company received all previous Future Incentive Payments in full.
- The amount County owes for Future Incentive Payment in April 2021 is ((50% x \$228,333.34) x 71.10%) + (50% x \$228,333.34) = \$195,342.78.
- In this example the Company receives full incentive (\$114,166.67) for jobs and pro rata incentive (\$81,176.11) amount for meeting 71.10% of the direct investment.

Refund Examples

**Jobs Minimum:**

- If Company makes aggregate Direct Investment of the full \$104,864,100 by December 31, 2021 and has employed 131 new full-time persons (for a cumulative total of 555 employees) at the Facilities, the company will have met its initial commitments.
- However, if the company does not maintain the full 555 jobs through the end of the job retention period (December 31, 2028) the refund will be calculated based on the number of jobs employed at the end the job retention period.
- For example, the Company will pay an amount equal to (i) 50%, multiplied by (ii) total incentive disbursed, divided by (iii) committed jobs, multiplied by (iv) number of jobs short of the cumulative committed mark.
  - Assume that Company received all previous Future Incentive Payments in full.
- The amount the Company owes for refund is ( 50% x \$685,000.02 [total incentive] / 131 [number of committed jobs] ) x 100 (555 [cumulative committed jobs] – 455 [number of actual jobs at the end of the job retention period] ) = \$261,450.39.

