

PRECISION SWISS PRODUCTS, INC.

and

BRUNSWICK COUNTY, NORTH CAROLINA

INCENTIVE AGREEMENT

Dated as of September 19, 2022

INCENTIVE AGREEMENT

THIS INCENTIVE AGREEMENT is dated as of September 19, 2022 (as supplemented or amended, the "Agreement"), and is between **PRECISION SWISS PRODUCTS, INC.**, a California based Company authorized to do business in North Carolina, (the "Company"), and **BRUNSWICK COUNTY, NORTH CAROLINA**, a public body politic and a political subdivision of the State of North Carolina (the "County").

RECITALS:

The purpose of this Agreement is to describe certain incentives to be provided by the County to the Company in connection with the Company's location of a manufacturing facility in the County.

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**

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

"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 are required by law to be closed.

"Closing Date" means the date on which this Agreement is first executed and delivered by the parties.

"Direct Investment" means the original tax value of all land, building improvements and equipment placed by the Company on the ad valorem tax rolls of the County.

"Event of Default" means any party's breaching or failing to perform or observe any term, condition or covenant of this Agreement on its part to be observed or performed for a period of 45 business days after written notice specifying such failure and requesting that it be remedied shall have been given to the defaulting party by the non-defaulting party, unless the non-defaulting party shall agree in writing to an extension of such time prior to its expiration.

"Facility" means the manufacturing facility intended to be utilized by the Company, as more particularly described in Exhibit A.

The number of "Full Time Equivalent Employees" means the number arrived at by dividing the total annual payroll hours paid by 2080, which shall be computed on the sixty (60) months immediately after the date of Beneficial Occupancy, and a certification of employment shall be provided by the Company to the County no later than the fifteenth day after termination of the twelve (12) month period immediately following the date of Beneficial Occupancy.

"Incentive Payment" has the meaning ascribed to it by the terms of Article III herein.

"Occupancy Date" means the date on which the Company assumes Beneficial Occupancy of the Facility.

"Performance Commitment(s)" has the meaning ascribed to it by the terms of Article II herein.

"Property" means the approximate 50,000 square feet leased at International Commerce Center, 3811 International Blvd, Suite 300, Leland, NC 28451, as described in Exhibit A.

"State" means the State of North Carolina.

1.02 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; and,
- (c) the headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

ARTICLE II

COMPANY'S COMMITMENTS

In return for the Incentive Payment set forth herein, which is a competitive necessity for the Company to choose to locate its Facility in Brunswick County, the Company commits to certain Performance Commitments related to jobs created. 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 these Performance Commitments.

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

- (a) The Company will up fit a Facility located on property owned by International Commerce Center 1, LLC. in Brunswick County to be used by the Company as its manufacturing facility.

The parties estimate that the taxable value of Facility, once completed, will be a minimum of nine million two hundred fifty thousand dollars (\$9,250,000), including the value of machinery and equipment.

- (b) The Company will create in the Facility at least one hundred twenty-five (125) Full Time Equivalent Employees with such number of Full Time Equivalent Employees being hired by the end of the sixty (60) month period following the date of Beneficial Occupancy.

ARTICLE III

THREE-YEAR INCENTIVE PAYMENTS; RECAPTURE OF INCENTIVE PAYMENTS

3.01 Beginning on January 31, 2023, and continuing on each subsequent January 31 through 2025, the County will pay to the Company the Incentive Grant shown in the following table:

Year 1	\$100,000
Year 2	\$100,000
Year 3	<u>\$ 70,000</u>
Total Incentives	\$270,000

3.02 If the Company is not current on all taxes, fees, assessments or other amounts owed to the County by the Company, then payment of any Incentive Grant will be withheld until all amounts due to the County are paid currently.

3.03 Upon the occurrence of either of the following:

- (a) For any year beginning January 1, 2023, and continuing through December 31, 2027, the property taxes paid by the Company to the County are less than the amount of taxes that would have been paid if the Company had retained on the

County's tax records its initial Direct Investment as set forth in Article II (allowing; however, for reductions in taxable value due to revaluation or depreciation); or

- (b) At any time prior to December 31, 2027, the Company ceases all (or substantially all) manufacturing activities at the Facility or removes from the Site all (or substantially all) of the equipment reference in Article II;

Then the Company must pay to the County an amount equal to all Incentive Grants at any time previously paid to the Company.

The Company will pay the amounts provided for in this Section to the County within 30 business days after receipt of a notice from the County stating the amount due. The County's computation of the amount due shall be conclusive between the parties in the absence of manifest effort.

3.04 The provisions of Sections 3.02 and 3.03 survive the termination of the Agreement as provided in Article VII.

ARTICLE IV

INDEMNIFICATION

The Company hereby agrees to indemnify, protect and save the County and its officers, directors and employees harmless from all liability, obligations, losses, claims, damages, actions, suits, proceedings, costs and expenses, including reasonable attorneys' fees, arising out of, connected with, or resulting directly or indirectly from the Facility or the transactions contemplated by or relating to this Agreement, including without limitation, the possession, condition, construction or use thereof, insofar as such matters relate to events subject to the control of the Company and not the County. The indemnification arising under this Article shall survive the Agreement's termination.

ARTICLE V

DISCLAIMER OF WARRANTIES

The Company acknowledges that the County has not designed the Facility, that the County has not supplied any plans or specifications with respect thereto and that the County: (a) is not manufacturer of, not dealer in, any of the component parts of the Facility or similar facilities, (b) has not made any recommendation, given any advice nor taken any other action with respect to (i) the choice of any supplier, vendor or designer of, or any other contractor with respect to, the Facility or any component part thereof or any property or rights relating thereto, or (ii) any action taken or to be taken with respect to the Facility or any component part thereof or

any property rights relating thereto at any stage of the construction thereof, (c) has not at any time had physical possession of the Facility or any component part thereof, and (d) has not made any warranty or other representation, express or implied, that the Facility or any component part thereof or any property or rights relating there to (i) will not result in or cause injury or damage to persons or property, (ii) has been or will be properly designed, or will accomplish the results which the Company intends therefore, or (iii) is safe in any manner or respect.

The County does not make any express or implied warranty or representation of any kind whatsoever with respect to the Facility or any component part thereof, including but not limited to any warranty or representation with respect to the merchantability or the fitness or suitability thereof for any particular purpose, and further including the design or condition thereof; the safety, workmanship, quality or capacity thereof; compliance thereof with the requirements of any law, rule, specification or contract pertaining thereto; any latent defect; the Facility's ability to perform any function; or any other characteristic of the Facility; it being agreed that the Company is to bear all risks relating to the Facility, the completion thereof or the transactions contemplated hereby and the Company hereby waives the benefits of any all implied warranties and representations of the County.

The provisions of this Article V shall survive the Agreement's termination.

ARTICLE VI

TERMINATION OF AGREEMENT

Upon the occurrence of either of the following events, this Agreement shall be terminated:

- (a) Abandonment by the Company of manufacturing operations in the Facility; or
- (b) Payment by the County of all Incentive Grants.

In the event of the Termination of this Agreement as set forth above, this Agreement shall be deemed to be null and void, and the parties to this Agreement shall have no other obligations from one to the other thereafter, except as to those matters contained in the Agreement which by the terms herein, survive the termination of this Agreement. An abandonment by the Company of manufacturing operations in the Facility does not relive the Company of its obligations under Article III.

ARTICLE VII

TEMPORARY REDUCTIONS IN BENCHMARK MINIMUMS

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 Benchmark Minimums as set forth herein by reason of any of the following:

- (a) Government moratorium;
- (b) Delay in obtaining any government or quasi-governmental approvals, permits or certificates, despite reasonable efforts by the Company to obtain same;
- (c) Enemy or hostile government 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 cause the Company an inability to obtain labor or materials, or
- (f) Any other event, other than normal business exigencies, which is beyond the reasonable control of the Company;

Then the Benchmark Minimums 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 Benchmark Minimums 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 binding arbitration on an expedited basis.

ARTICLE VIII

ASSIGNMENTS

No party shall sell or assign any interest in or obligation under this Agreement without the prior express written consent of all the parties. Provided, however, that this Agreement may be assigned by the Company to a wholly owned subsidiary of the Company, without the consent of all other parties, provided that the Company will guarantee the performance by the Subsidiary of the obligations due under this Agreement.

ARTICLE IX

LIMITED OBLIGATION OF COUNTY

NO PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED OR INTERPRETED AS CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION. NO PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED OR INTERPRETED AS DELEGATING GOVERNMENTAL POWERS NOR AS A DONATION OR LENDING OF THE CREDIT OF THE COUNTY WITHIN THE MEANING OF THE STATE CONSTITUTION. THIS AGREEMENT SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE COUNTY'S SOLE DISCRETION FOR ANY FISCAL YEAR IN WHICH THIS AGREEMENT SHALL BE IN EFFECT. NO PROVISION OF THIS AGREEMENT SHALL BE CONSTRUED TO PLEDGE OR TO CREATE A LIEN ON ANY CLASS OR SOURCE OF THE COUNTY'S MONEYS, NOR SHALL ANY PROVISION OF THE AGREEMENT RESTRICT TO ANY EXTENT PROHIBITED BY LAW, ANY ACTION OR RIGHT OR ACTION ON THE PART OF ANY FUTURE COUNTY GOVERNING BODY. TO THE EXTENT OF ANY CONFLICT BETWEEN THIS ARTICLE AND ANY OTHER PROVISION OF THIS AGREEMENT, THE ARTICLE SHALL TAKE PRIORITY.

ARTICLE X

MISCELLANEOUS

10.01 Governing Law. The parties intend that this Agreement shall be governed by the laws of the State of North Carolina.

10.02 Notices.

(a) Any communication required or permitted by this Agreement must be in writing except as expressly provided otherwise in this Agreement

(b) Any communication shall be sufficiently given and deemed given when delivered by hand or five days after being mailed by first-class mail, postage prepaid, and addressed as follows:

(1) If to the Company, to:

Precision Swiss Products, Inc.
Stephen M. Dillon, COO/CFO
3811 International Blvd, Suite 300
Leland, NC 28451

(2) If to the County, to:

Brunswick County
Steve Stone, County Manager
PO Box 249
Bolivia, NC 28422

(c) Either Party may designate additional or different addresses for communications by written notice given under this Section to the other Party.

10.03 Non-Business Days. If the date for performance of any act or the exercising of any right shall not be a Business Day, such act will be performed or right exercised on or before the next preceding Business Day.

10.04 Severability. If any provision of this Agreement shall be determined to be unenforceable, that shall not affect any other provision of this Agreement.

10.05. Entire Agreement; Amendments. This Agreement, including Exhibits A and B attached, which is 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.

10.06. 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.

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

10.08. 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.

10.09. 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.

Remainder of this page left blank intentionally. Signature page follows.

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

PRECISION SWISS PRODUCTS, INC.

ATTEST:

By:

Stephen M. Dillion
COO/CFO

[SEAL]

**BRUNSWICK COUNTY
NORTH CAROLINA**

ATTEST:

By:

Randy Thompson, Chairman
Brunswick County Board of Commissioners

Daralyn Spivey
Clerk

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

Aaron Smith
Director of Fiscal Operations
Brunswick County, North Carolina

*Signature page to Incentive Agreement by and between Precision Swiss Products, Inc. and
Brunswick County, North Carolina.*

Exhibits

- A - Facility Description
- B – Schedule For Repayment of Incentive Payments

EXHIBIT A

FACILITY DESCRIPTION

The Facility will consist of a manufacturing facility, manufacturing precision metal and plastic parts for the medical device, aerospace, and semiconductor industries, along with offices, other non-manufacturing space and parking. This facility will be located in Brunswick County at 3811 International Blvd, Suite 300, Leland, NC 28451 (the "Site").

The Facility will be used for the manufacturing of precision metal and plastic parts for the medical device, aerospace, and semiconductor industries.

The Direct Investment in the Facility will be no less than the Benchmark Minimum of Direct Investment and employment in this Facility will be at least at the Benchmark Minimums of Full Time Equivalent Employees, both of which are set forth in Article II of this Agreement.

EXHIBIT B

SCHEDULE FOR REPAYMENT OF INCENTIVE PAYMENTS

The County has agreed to make three (3) annual incentive grant payments, but in which the Company fails to meet the Benchmark Minimums for Full-Time Equivalent Employees and/or Direct Investment within five years (5), the Company shall repay a pro rata amount of the total grant payment to the County.

The amount of the payment will be calculated as follows:

First. Determine the number of Full-Time Equivalent Employees at year five (5). Express that number as a percentage of 125 (the Benchmark Minimum for Full-Time Equivalent Employees), but not greater than 100%.

Second. Determine the Company's Direct Investment at year five (5). Express that number as a percentage of \$8,433,000 (the Benchmark Minimum for Direct Investment) but not greater than 100%.

Third. Compute a weighted average of the percentages derived in the first and second steps, weighting the first percentage at 10% and the second percentage at 90%.

Fourth. Multiply the percentage computed in the third step by the amount of the total payment set forth in Article III to produce the actual repayment.