AUTHORIZING RESOLUTION

A meeting of the **JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY** (the "Agency") was convened in public session at the offices of the Agency at 800 Starbuck Avenue, in the City of Watertown, Jefferson County, New York on October 1, 2015 at 8:30 a.m., local time.

The meeting was called to order by the Chairperson and, upon being called, the following members of the Agency were:

PRESENT: David Converse, Kent Burto, Michelle Pfaff, W. Edward Walldroff, Donald DiMonda, Scott Gray, and John Jennings

ABSENT: None

FOLLOWING PERSONS WERE ALSO PRESENT: Donald Alexander, David Zembiec, Lyle Eaton, Peggy Sampson, Marshall Weir, Jay Matteson, W. James Heary, Esq., and Ted Booker from the Watertown Daily Times

The following resolution was offered by Ms. Pfaff, seconded by Mr. Burto, to wit;

Resolution No.: 10.01.2015.02

RESOLUTION OF THE JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY TAKING OFFICIAL ACTION TOWARD THE LEASE-LEASEBACK TRANSACTION WITH AVIAGEN NORTH AMERICA, INC., HAVING AN ADDRESS OF 920 EXPLORER BOULEVARD NW, HUNTSVILLE, ALABAMA, FOR THE PURPOSE OF RENOVATING AN EXISTING BUILDING CONVERTING IT FROM A BROILER HATCHERY TO A BREEDER HATCHERY. THE TOTAL COST OF THE PROJECT WILL BE APPROXIMATELY $1,800,000.00. IN ADDITION, THE COMPANY WILL BE PURCHASING $3,200,000.00 NEW MACHINERY AND EQUIPMENT WHICH IS NOT A PART OF THE PROJECT AS THE EQUIPMENT BEING PURHCASED IS EXEMPT FROM NYS SALES TAX.

WHEREAS, Jefferson County Industrial Development Agency (the "Agency') is authorized and empowered by the provisions of Chapter 1030 of Laws of 1969 of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "**Enabling Act**") and Chapter 77 of the 1974 Laws of New York, as amended, constituting Section 902 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "**Act**") to promote, develop, encourage and assist in the acquiring, constructing, renovating, improving, maintaining, equipping and furnishing of commercial facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct, reconstruct and install one or more "projects" (as defined in the Act) or to cause said projects to be acquired, constructed, reconstructed and installed, and to convey said projects or to lease said projects with the obligation to purchase; and

WHEREAS, pursuant to an application, including a cost benefits analysis (the "**Application**"), submitted to the Agency by **AVIAGEN NORTH AMERICA, INC.** (the "**Company**"), wherein the Agency has been requested to consider undertaking a project (the "**Project**"), consisting of the following:

(A) (1) The acquisition of an interest in certain property for renovations to an existing building to be located at 20768 County Route 200, in the Town of Watertown, County of Jefferson, New York (Tax Map Parcel No. 73.20-1-2.9) (the "**Land**"), as more particularly described in the PILOT Agreement, and

(2) The construction on the Land of renovations to an existing building converting it from a broiler hatchery to a breeder hatchery (the "**Project**") (the Land and the Building being collectively referred to as the "**Project Facility**"); and

(B) The granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including exemption from certain sales taxes, mortgage recording taxes and real property taxes (collectively, the "Financial Assistance"); and

(C) The lease or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency; and

WHEREAS, the Chief Executive Officer of the Agency has (A) caused notice of a public hearing of the Agency to hear all persons interested in the Project and the financial assistance being contemplated by the Agency with respect to the Project (the "**Public Hearing**") to be mailed on September 15, 2015 to the chief executive officer of the County, City and School District in which the Project is to be located, (B) caused notice of the Public

Hearing to be published on September 16, 2015 in the Watertown Daily Times, a newspaper of general circulation available to residents of the County of Jefferson, (C) conducted the Public Hearing on September 29, 2015 at 10:00 o'clock a.m., local time at the offices of the Town of Watertown Municipal Offices, located at 22867 County Route 67, Watertown, New York, (D) prepared a report of the Public Hearing which fairly summarized the views presented at said Public Hearing and distributed same to the members of the Agency; and

WHEREAS, pursuant to Article 8 of the Environmental Conservation Law, Chapter 43-B of the Consolidated Laws of New York, as amended (the **"SEQRA Act"**) and the regulations (the "**Regulations**") adopted pursuant thereto by the Department of Environmental Conservation of the State of New York (collectively with the SEQR Act, "**SEQRA**"), the Project as described in the Application submitted by the Company is a Type II Project and therefore it does not require a SEQR determination by the Agency; and

WHEREAS, in order to consummate the Project and the granting of the Financial Assistance described in the notice of the Public Hearing, the Agency proposes to enter into the following documents with the Company (hereinafter collectively referred to as the "**Agency Documents**"):

(A) A lease to the Agency (and a memorandum thereof) (the "**Underlying Lease**") by and between the Company, as landlord, and the Agency, as tenant pursuant to which the Company will lease to the Agency the Project Facility;

(B) A lease agreement (and a memorandum thereof) (the "**Lease Agreement**") by and between the Agency and the Company, pursuant to which, among other things, the Company agrees to undertake the Project as agent of the Agency and the Company further agrees to lease the Project Facility from the Agency and to pay all legal fees and expenses incurred by the Agency with respect to the Project;

(C) A payment in lieu of tax agreement (the "**Payment in Lieu of Tax Agreement**" or the "**PILOT**") by and between the Agency and the Company, pursuant to which the Company will agree to make certain payments in lieu of taxes with respect to the Project Facility; and

(D) Various certificates relating to the Project (the "**Closing Documents**"); and

WHEREAS, the Agency has given due consideration to the Application and to the representations by the Company that the granting by the Agency of the Financial Assistance with respect to the Project will be in an inducement to the Company to undertake the Project in Jefferson County, New York; and

WHEREAS, the Company, the Agency, and the respective Taxing Jurisdictions have all agreed on a certain Payment in Lieu of Taxes Agreement and Distribution Schedule to

the Taxing Jurisdictions of such payments in lieu of taxes in substantially the form and affect and appears at **Exhibit "A"** to this Resolution; and

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY AS FOLLOWS:

Section 1 The Agency hereby finds and determines that:

(A) By virtue of the Act, the Agency has been vested with all powers necessary and convenient to carry out and effectuate the purposes and provisions of the Act and to exercise all powers granted to it under the Act; and

(B) The Project constitutes a "project", as such term is defined in the Act; and

(C) The acquisition of the Project Facility and the lease of the Project Facility to the Company will promote and maintain the job opportunities, general prosperity and economic welfare of the citizens of Jefferson County, New York and the State of New York and improve their standard of living; and

(D) It is desirable and in the public interest for the Agency grant to the Company the relief provided by the Payment In Lieu of Taxes Agreement, and to enter into the Agency Documents upon the satisfaction of all conditions thereto.

(E) The Project according to the SEQR rules and regulations is a Type II Project and therefore does not require a SEQR determination by the Agency.

Section 2 In consequence of the foregoing, the Agency hereby determines that the granting of the financial assistance by the Agency with respect to the Project, through the granting of various tax exemptions described herein, and set forth on the exhibits attached hereto, will promote the job opportunities, health, general prosperity and economic welfare of the inhabitants of Jefferson County, New York and the State of New York, and improve their standard of living, and thereby serve the public purposes of the Act.

Section 3 In consequence of the foregoing, and subject to the satisfactions of any conditions as imposed herein or as may be required by the Act, the Agency hereby determines to:

(A) Proceed with the Project;

(B) Acquire the Project Facility;

(C) Accept an Underlying Lease of the Project on terms to be determined by the Agency;

(D) Lease the Project Facility to the Company pursuant to a Lease Agreement on terms to be determined by the Agency;

(E) Enter into the Payment in Lieu of Tax Agreement in the form and substance as attached hereto; and

(F) Execute and deliver the other Agency Documents upon terms and conditions satisfactory to the Chief Executive Officer; and

(G) Execute and deliver the Closing Documents upon terms and conditions satisfactory to the Chief Executive Officer; and

(H) Grant the Financial Assistance with respect to the Project.

Section 4 The Agency is hereby authorized to acquire a leasehold interest in the Project Facility pursuant to an Underlying Lease and to do all things necessary or appropriate for the accomplishment thereof, and all acts heretofore taken by the Agency with respect to such acquisition are hereby approved, ratified and confirmed.

Section 5 The Agency is hereby authorized to lease the Project Facility back to the Company pursuant to the Lease Agreement and to do all things necessary or appropriate to renovate, construct and equip the Project pursuant to the terms of the Lease Agreement.

Section 6 (A) The Chief Executive Officer of the Agency is hereby authorized, on behalf of the Agency, to execute and deliver the Agency Documents and, where appropriate, the Secretary (or Assistant Secretary) of the Agency is hereby authorized to affix the seal of the Agency thereto and to attest the same, all in substantially the forms thereof presented to this meeting, with such changes, variations, omissions and insertions thereto as the Chief Executive Officer shall approve, the execution thereof by the Chief Executive Officer to constitute conclusive evidence of such approval.

(B) The Chief Executive Officer of the Agency is hereby further authorized, on behalf of the Agency, to designate any additional Authorized Representatives of the Agency (as defined in and pursuant to the Lease Agreement).

Section 7 The officers, employees and agents of the Agency are hereby authorized and directed for and in the name and on behalf of the Agency to do all acts and things required or provided for by the provisions of the Agency Documents, and to execute and deliver all such additional certificates, instruments and documents, to pay all such fees, charges and expenses and to do all such further acts and things as may be necessary or, in the opinion of the officer, employee or agent acting, desirable and proper to effect the purposes of the foregoing Resolution and to cause compliance by the Agency with all of the terms, covenants and provisions of the Agency Documents binding upon the Agency.

Section 8 This Resolution shall take effect immediately.

The question of the adoption of the foregoing Resolution was duly put to a vote on roll call, which resulted as follows:

Kent D. Burto	VOTING	YEA
David J. Converse	VOTING	YEA
Donald DiMonda	VOTING	YEA
Scott Gray	VOTING	YEA
John Jennings	VOTING	YEA
Michelle Pfaff	VOTING	YEA
W. Edward Walldroff	VOTING	YEA

The foregoing Resolution was thereupon declared and duly adopted.

STATE OF NEW YORK)
) ss.:
COUNTY OF JEFFERSON)

I, the undersigned, **Donald C. Alexander**, Chief Executive Officer of the Jefferson County Industrial Development Agency, DO HEREBY CERTIFY:

That I have compared the annexed extract of the minutes of the special meeting of the Jefferson County Industrial Development Agency (the "Agency"), including the resolution contained therein, held on the 1st day of October, 2015, with the original thereof on file in my office, and that the same is a true and correct copy of the proceedings of the Agency and of such resolutions set forth therein and of the whole of said original insofar as the same related to the subject matters therein referred to.

I FURTHER CERTIFY that public notice of the time and place of said meeting was duly given to the public and the news media in accordance with the Open Meetings Law, constituting Chapter 511 of the Laws of the 1976 of the State of New York, that all members of said Agency had due notice of said meeting and that the meeting was in all respects duly held.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Agency this 16th day of October, 2015.

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: [redacted]
Donald C. Alexander, CEO

EXHIBIT "A" to Authorizing Resolution

Payment in Lieu of Taxes Agreement

THIS AGREEMENT, by and between **AVIAGEN NORTH AMERICA, INC.,** a Delaware Corporation having an address of 920 Explorer Boulevard NW, Huntsville, Alabama 25806 ("**Company**"), and **JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, an Industrial Development Agency and a Public Benefit Corporation of the State of New York having an address of 800 Starbuck Avenue, Watertown, New York 13601 ("**Agency**"),

W I T N E S S E T H:

WHEREAS, the Agency was created by Chapter 369 of the Laws of 1971 of the State of New York pursuant to Title I of Article 18-A of the General Municipal Law of the State of New York (collectively, the "**Act**"); and

WHEREAS, the Agency by Resolution dated October ____, 2015, has agreed to undertake a project to renovate the Company's existing building and to convert it from a broiler hatchery to a breeder hatchery (the "**Project**") on certain land located at 20768 County Route 200, Watertown, New York (Tax Map Parcel No. 73.20-1-2.9) (the "**Land**"), in the Town of Watertown, Jefferson County, New York, as more particularly described in Schedule "A" attached hereto (the Project and the Land are hereinafter referred to as the "Project **Facility**"); and

WHEREAS, the Company is or will be the fee title owner of the Project Facility; and

WHEREAS, the Company will execute and deliver to the Agency, a certain lease agreement to the Agency (the "**Underlying Lease**") pursuant to which the Company leases to the Agency the Project Facility; and

WHEREAS, the Agency will immediately thereafter lease the Project Facility to the Company pursuant to a Lease Agreement executed and entered into of even date herewith (the "**Lease Agreement**") by and between Agency and the Company; and

WHEREAS, pursuant to the terms of the Lease Agreement (1) the Company will agree to cause the Project to be undertaken and completed, and (2) the Agency will agree to undertake and complete the Project; and

WHEREAS, pursuant to section 874(1) of the Act, and Section 412(a) of the Real Property Tax Law of the State of New York, the Agency is exempt from the payment of taxes and assessments imposed upon real property and improvements owned by it other than special ad valorem levies, special assessments and service charges against real property located in Jefferson County which are or may be imposed for special improvements or special district improvements; and

WHEREAS, the Taxing Jurisdictions, which are, collectively, the Town of Watertown ("**Town**"), Jefferson County ("**County**") and the General Brown Central School District ("**School**"), have the following taxable years: the Town and County January 1 to December 31, the School July 1 to June 30; and

WHEREAS, the Agency and the Company deem it necessary and proper to enter into this agreement making provision for payments in lieu of taxes by the Company to the Agency, for the benefit of the respective Taxing Jurisdictions within which the Project Facility is or is to be located;

NOW, THEREFORE, in consideration of the covenants herein contained, it is mutually agreed as follows:

1. (a) Commencing with the tax year beginning on the next Taxable Status Date following the date of this Agreement and for the period set forth below, or until the earlier termination of the Lease Agreement, the Company agrees to pay in lieu of all real estate, tangible personal property, inventory and/or other similar taxes and assessments (in addition to paying all special ad valorem levies, special assessments and service charges which are or may be imposed for special improvements or special district improvements) which would be levied upon the Project Facility during such tax years as if the Project Facility were owned by the Company and not by the Agency, the amounts determined according to the following formula:

PILOT = AV x ATR x PR

WHERE

PILOT	=	Amount of payment in lieu of taxes due to the Taxing Jurisdictions for the applicable tax year.
AV	=	Assessed Value of the Project Facility.
ATR	=	Actual Tax Rate for the respective Taxing Jurisdictions for the applicable year.
PR	=	Payment Ratio as set forth in Table I for the applicable tax year.

TABLE I

Year 1 – 5	25% of all Real Estate Taxes;
Years 6 – 10	50% of all Real Estate Taxes;
Years 11 – 15	75% of all Real Estate Taxes;
Thereafter;	100% of all Real Estate Taxes;

(b) The Company shall pay, or cause to be paid the amounts set forth in Paragraph 1(b) hereof within the grace period, without penalty, applicable to taxes, assessments, special ad valorem levies, special service charges or similar tax equivalents, as the case may be, on similar property subject to taxation by the Taxing Jurisdictions during such respective tax years, subject to any late payment penalties pursuant to §874 of the Act if not made within the grace period. Any failure on the part of the Company to timely make any payments pursuant to this Agreement within ten (10) days following written notice from the Agency shall be an event of default (**"Event of Default"**) under this Agreement and under the Lease Agreement. Upon such Event of Default, the Agency shall have any and/or all of the Remedies on Default set forth in the Lease Agreement. Further, upon such Event of Default, the Payments In Lieu of Tax due under this Agreement shall, upon thirty (30) days written notice from the Agency to the Company, immediately bear a Payment Ratio of 100% as such term is defined in the PILOT in Paragraph 1(b) of this Agreement until such Event of Default shall be cured by the Company.

(c) The assessed value of the Project Facility shall be the value as finally determined on the Assessment Roll of the Taxing Jurisdiction for the applicable year.

2. This Agreement shall terminate, unless it is terminated sooner pursuant to the Lease Agreement or any other provisions of this Agreement, on a date which will be 180 months from the initial Taxable Status Date ("**Termination Date**") at which time the parties agree that the Lease and Underlying Lease for the Project Facility shall terminate. In the event of an early termination either pursuant to this Paragraph or any other termination pursuant to this Agreement, both the Lease and the Underlying Lease shall terminate.

3. In the event that the Project Facility is transferred from the Agency to the Company, the Project Facility shall be immediately subject to taxation pursuant to Sections 302 and 520 of the New York Real Property Tax Law, as amended. However, in no event shall the Company be required to pay both a PILOT payment pursuant to the Agreement and real property taxes for a concurrent tax year or portion thereof. Therefore, should the Project Facility be conveyed to the Company and thus become taxable pursuant to New York RPTL Section 520, any payments payable under this Agreement as Payments required in Lieu of Taxes shall be reduced by the amount of any taxes which are required to be paid under RPTL Section 520 for any such concurrent tax year or portion thereof, and should such Payment-in-Lieu-of-Taxes already have been made, the Taxing Jurisdictions shall refund any such amounts owing to Company.

4. To the extent the Project Facility or any part thereof is declared to be subject to taxation or assessments by an amendment to the Act, other legislative change, or by a final judgment of a court of competent jurisdiction, the obligations of the Company hereunder shall, to such extent, be null and void.

5. Any notice required to be given under this Agreement shall be deemed to have been duly given when delivered and, if delivered by mail, postage prepaid, return receipt requested, addressed to the respective parties hereto at their respective addresses specified below or such other addresses as either party may specify in writing to the other:

If to the Agency: Jefferson County Industrial Development Agency
800 Starbuck Avenue, Suite 800
Watertown, New York 13601
Attn: Donald C. Alexander, CEO

With a copy to: James Heary, Attorney at Law, P.C.
120 Washington Street, Suite 500
Watertown, New York 13601
Attn: James Heary, Esq.

If to the Company: Aviagen North America, Inc.
920 Explorer Boulevard NW
Huntsville, Alabama 35806
Attn: Keith Lewis, VP of Finance

With a copy to: Bradley, Arant, Boult & Cummings, LLP
200 Clinton Avenue West, Suite 900
Huntsville, Alabama 35801
Attn: Hall B. Bryant, III, Esq.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

7. This Agreement shall be binding upon and inure to the benefit of the parties, their respective successors and assigns.

8. This Agreement may only be assigned by the Company in accordance with Section 8.4 of the Lease Agreement.

9. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original for all purposes and all of which shall constitute collectively a single agreement. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

[Remainder of page intentionally left blank; signature pages to follow]

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement on the date set forth before the signature of its respective representative.

Date: _____, 2015

AVIAGEN NORTH AMERICA, INC.

By:_____
Name:
Title:

Date: _____, 2015

JEFFERSON COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By:_____
Donald C. Alexander, CEO

SCHEDULE "A"
(Legal Description of Land)