

COMPENSATION AGREEMENT

This COMPENSATION AGREEMENT (the “*Agreement*”), is made and entered into by and between the CITY OF HILLIARD, OHIO (the “*City*”), a municipal corporation organized and existing under the constitution and the laws of the State of Ohio, the HILLIARD CITY SCHOOL DISTRICT (the “*School District*”), a public school district organized and existing under the laws of the State of Ohio, and Amazon Data Services, Inc. (the “*Company*”), a Delaware corporation.

WITNESSETH:

WHEREAS, the Community Reinvestment Area Statutes authorize the City, with the consent of its legislative authority, to grant real property tax exemptions on eligible new investments in the City; and

WHEREAS, City Council by Resolution No. 08-R-14 adopted May 12, 2008, designated a certain area as a Community Reinvestment Area pursuant to Ohio Revised Code (“R.C.”) Chapter 3735; and

WHEREAS, the Director of Development of the State of Ohio determined that the aforementioned area designated in said Resolution No. 08-R-14 contained the characteristics set forth in R.C. Chapter 3735 in certification number 049-35476-06; and

WHEREAS, City Council provided notice to the School Board concerning a proposed CRA Agreement and provided the School Board with a substantially final draft of the CRA Agreement; and

WHEREAS, the School Board adopted Resolution No. _____ on _____ that approved the CRA Agreement, including the exemption from real property taxes of one hundred percent (100%) of the assessed value of the Project for a period of fifteen (15) years, and approved and authorized the execution by the School District of this Agreement; and

WHEREAS, City Council by Resolution No. 19-R-__ adopted _____, approved the CRA Agreement and this Agreement and authorized the execution of both this Agreement and the CRA Agreement; and

NOW, THEREFORE, in consideration of the premises and covenants contained herein, and to compensate the School District for tax revenues not received because of the tax exemption of the Project granted pursuant to the CRA Agreement, the City, the School District, and the Company agree as follows:

Section 1. Definitions. Unless otherwise defined in this Agreement, capitalized words and terms used in this Agreement shall have the meaning set forth in this Section 1.

“Agreement” means this Compensation Agreement.

“Annual Payment” means, for the first year that payments are due under this Agreement, an amount equal to Two Hundred Fifty Thousand Dollars (\$250,000), for the second year that payments are due under this Agreement, an amount equal to Four Hundred Thousand Dollars (\$400,000), and for the third year and any subsequent year an amount equal to Four Hundred Thousand Dollars (\$400,000) plus One Dollar and Fifty Cents (\$1.50) per square foot of any Building at the Project Site that benefits from an Exemption.

“City” means the City of Hilliard, Ohio.

“City Council” means the Council of the City of Hilliard, Ohio.

“Community Reinvestment Area” means the area designated by the Director of Development of the State of Ohio as Alton Scioto Darby Community Reinvestment Area.

“CRA Agreement” means the Community Reinvestment Area Agreement by and among the City and the Company as acknowledged and approved by the School District, to which this Agreement is attached.

“Community Reinvestment Area Statutes” means R.C. Chapter 3735.

“Company” means Amazon Data Services, Inc.

“Project” means the Project as defined and described in the CRA Agreement.

“School Board” means the Board of Education of the School District.

“School District” means the Hilliard City School District.

Capitalized terms not defined in this Section or elsewhere in this Agreement shall have the meaning set forth in the CRA Agreement.

Section 2. Reserved.

Section 3. Compensation. (a) Subject to the provision of this Section, within thirty (30) days of the Company’s receipt from the School District of an invoice of the amount of the Annual Payment then due, the Company shall pay to the School District one-half of the Annual Payment then due, and within one hundred eighty (180) days of the Company’s receipt from the School District of an invoice of the amount of the Annual Payment then due, the Company shall pay to the School District the other half of the Annual Payment then due. The School District shall prepare and deliver its invoice of the amount of the Annual Payment then due between January 1 and January 31 of each tax payment year for which real property tax is exempted under the CRA Agreement; provided, however, that any late delivery of an invoice shall not excuse the Company from making the Annual Payment, so long as the delivery is provided in the calendar year the Annual Payment is due.

(b) If the Company disputes the School District’s calculation of the amount of the

Annual Payment, the Company shall provide written notice to the School District of the dispute prior to the date the Annual Payment is due, which notice shall provide the Company's determination and supporting calculations of the amount of Annual Payment then due.

(c) If the Company disputes the School District's determination of any Annual Payment, the Company can elect to include with its notice of that dispute to the School District either (i) the amount of Annual Payment as calculated by the School District, or (ii) the amount of the Annual Payment as calculated by the Company.

(d) If the Company makes the election described in (c)(i) above and the amount of the Annual Payment finally determined is less than the amount calculated by the School District, within thirty (30) days of the final determination of the amount of the Annual Payment the School District shall remit to the Company the difference between the amount paid by the Company and the amount of the Annual Payment finally determined, plus interest on that difference during the period commencing on the date of the Company's payment to the School District and ending on the date of the School District's payment of the difference at an annual rate equal to the average daily yield for that period for the State Treasury Asset Reserve of Ohio created pursuant to R.C. Section 135.45. Interest will be calculated based upon a 365/366 day year based on the actual days elapsed and interest shall not compound.

(e) If the Company makes the election described in (c)(ii) above and the amount of the Annual Payment finally determined is greater than the amount paid by the Company, within thirty (30) days after the final determination of the amount of the Annual Payment the Company shall pay to the School District an amount equal to the difference between the amount of the Annual Payment finally determined and the amount paid by the Company, plus interest on that difference during the period commencing on the date of the Company payment to the School District and ending on the date of the Company's payment of the difference at an annual rate equal to the average daily yield for that period for the State Treasury Asset Reserve of Ohio created pursuant to R.C. Section 135.45. Interest will be calculated based upon a 365/366 day year based on the actual days elapsed and interest shall not compound.

(f) If the Company makes the election described in (c)(i) above and the amount of the Annual Payment finally determined is greater than the School District's calculation of the Annual Payment, within thirty (30) days of the final determination of the Annual Payment the Company shall pay to the School District an amount equal to the amount of the Annual Payment finally determined minus the amount previously paid by the Company.

(g) If the Company makes the election described in (c)(ii) above and the amount of the Annual Payment finally determined is less than the amount paid by the Company, within thirty (30) days after the final determination of the amount of the Annual Payment the School District shall remit to the Company the difference between the amount paid by the Company and the amount of the Annual Payment finally determined.

(h) Any amount not paid by the Company or the School District within thirty (30) days required by (d), (e), (f) or (g) above, shall thereafter include interest at a rate equal to 10% per annum for the period commencing on the first day after such payment was due until such payment is made.

(i) In the event of any dispute, the Company and the School District shall work diligently to agree on the amount of the Annual Payment then due. If the Company and the School District cannot agree on the amount of the Annual Payment then due within 30 days after the Company has given notice of any dispute to the School District, the Company and the School District may choose to pursue any available dispute resolution mechanism, including utilization of one or more expert consultants and including arbitration in a manner similar to the procedure set forth in R.C. Section 1332.08.

Section 5. Obligation to Make Payments. The obligation of the Company to make the Annual Payments to the School District pursuant to this Agreement is made for the benefit of the School District. If the Company fails to make the Annual Payments to the School District in accordance with this Agreement, the School District agrees that the City shall not be liable for any Annual Payments that the Company is required to remit to the School District pursuant to this Agreement and further, in the event of the Company's failure to remit any Annual Payments to the School District, the City shall have no obligation to make payments to the School District in connection with the Project pursuant to R.C. Section 5709.82. The School District waives any payments from the City pursuant to R.C. Section 5709.82 and agrees that the Annual Payments are the only compensation to which it is entitled as a result of City Council approving the CRA Agreement.

Section 6. Default and Remedies. The Parties agree that if the Company (a) fails to substantially comply with Section 3 of this Agreement, and (b) does not cure such failure within sixty (60) days, that will constitute a Material Breach of the CRA Agreement, and, subject to all of the terms of the CRA Agreement, the City may (i) terminate the CRA Agreement in full; (ii) terminate the Exemption with respect to the Project as a whole; (iii) terminate the Exemption with respect to a specific Building that is part of the Project; or (iv) modify the term and/or percentage of any Exemption.

Section 7. Notice and Opportunity to Cure Default. Neither the City nor the School District shall act upon a default until after giving the Company written notice of the default and sixty (60) days within which to cure the default.

Section 8. Assignments. The Company may transfer or assign this Agreement without the consent of the City or the School District to any entity to which the CRA Agreement is assigned pursuant to the terms of the CRA Agreement.

Section 9. Amendment. This Agreement may be amended or modified by the parties only in writing, signed by all parties to the Agreement.

Section 10. Notices. All payments, certificates, reports and notices which are required to or may be given pursuant to the provisions of this Agreement shall be sent by regular mail, postage prepaid, and shall be deemed given or delivered when so mailed to the following addresses:

If to the City:	City of Hilliard, Ohio 3800 Municipal Way Hilliard, Ohio 43026 Attention: Law Director
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If to the School District: Hilliard City School District
2140 Atlas Street
Columbus, Ohio 43228
Attention: Treasurer

If to the Company, to:

With copies to:

Section 11. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any party to this Agreement may execute this Agreement by signing any such counterpart.

Section 12. Extent of Covenants; Binding Effect; No Personal Liability. All covenants, stipulations, obligations and agreements of the parties contained in this Agreement shall be effective to the extent authorized and permitted by applicable law. No covenant, stipulation, obligation, or agreement shall be deemed a covenant, stipulation, obligation, or agreement of any present or future member, officer, agent, or employee of any of the parties in their individual capacity.

Section 13. Termination. Unless terminated earlier pursuant to its terms, this Agreement shall be in full force and effect until December 31 of the last tax year for which Exemptions can be claimed pursuant to the CRA Agreement, after which this Agreement and the obligations of all parties hereto shall terminate.

Section 14. Public Records; Confidentiality. The Company acknowledges and agrees that this Agreement is a public record subject to disclosure (after redaction for information that may be exempt from disclosure as described below) under the State's public records laws. The City and School District acknowledge and agree that the State's public records laws exempt from disclosure certain types of records, materials and information, including without limitation: tax returns and related information (R.C. Sections 718.13, 5703.21, 5711.101); records confidential under other state or federal law (R.C. Section 149.43(A)(v)); social security numbers (R.C. Section § 149.45); trade secrets and economic development project information (R.C. Sections 122.36, 1333.61 et seq); and financial information (R.C. Section 122.75). The City and School District agree to use adequate safeguards, no less than those safeguards described in Section 15, to maintain the security of all materials, communications, data, and information related to this Agreement or supplied by the Company in connection with this Agreement and to maintain confidentiality of those materials, communications, data, and information to the extent permitted by Ohio law. The Company acknowledges that portions of this Agreement and the materials, communications, data, and information related to this Agreement may constitute public records subject to disclosure under the State's public records laws and agrees that the City or School District may disclose such portions of this Agreement and the materials, communications, data, and information related to this Agreement as required by law, provided that the City and School District (a) uses its best efforts to give the Company written notice no less than five (5) business days (and in no event less than three (3) business days) prior to responding to such request to allow the Company to seek a protective order or other appropriate remedy, (b) discloses only such information as is required under the applicable law, (c) communicates in good faith with the Company in responding to any such records request,

and (d) limits disclosure, refuses to disclose, and redacts and/or omits portions of materials to the maximum extent permitted by applicable Ohio law. For example, the Company considers the addresses and other site details of its facilities as trade secrets (as permitted under R.C. Section 1333.61) and would expect such information to be redacted from this Agreement prior to disclosure (including any such information included in any exhibits hereto), except those documents that are already a matter of public record (such as the boundaries of the CRA). The City agrees that its staff, representatives, and agents will exercise the utmost discretion in oral and written communications regarding the Project and will provide information internally only to those individuals who need the information to facilitate the parties' performance under this Agreement. In particular, the City and School District hereby agree, to the extent permitted by law, to redact from any record that is sought to be disclosed, the following information: the address of any Building, any payroll information, any Investment information, any other information that meets the statutory definition of a trade secret or is otherwise exempt from the disclosure requirements of Ohio's public records law. The City and School District will have no liability to the Company, its Affiliates, and/or assigns, for indirect, special, consequential, exemplary or incidental damages, lost profits, lost sales or business expenditures, investments, business commitments, or for loss of any goodwill arising from or out of the City's providing records in response to a public records request under Ohio law.

Section 15. Information Security. The City and School District agree to use adequate physical and technical measures to maintain the security of all electronic and tangible records relating to this Agreement including at a minimum: a working network firewall to protect data accessible via the Internet; up-to-date security patches; up-to-date anti-virus software; policies restricting access to information (and physical records embodying information) to those with a need to know (subject to applicable public records and freedom of information laws); unique user identifications and credentials for each person with access to information; and, a policy requiring the use of "strong passwords" on all computer systems. The City and School District agree to promptly notify the Company in the event the City or School District experiences a security breach that could have impacted any electronic or tangible records relating to this Agreement. The City and School District acknowledge and agree that the Company must comply with its information security policies in performing its obligations under this Agreement and that to the extent the Company is required to deliver sensitive employment related information (such as social security numbers, compensation information, employee names, employee addresses, job titles, and hours worked) in connection with this Agreement, the Company may deliver such information in password protected and encrypted files.

Section 16. Limitation of Liability. Notwithstanding anything to the contrary in this Agreement, as relating to the subject matter of this Agreement and the CRA Agreement, neither the Company nor any of its Affiliates shall be liable for: (a) any indirect, reliance, exemplary, incidental, speculative, punitive, special, consequential, or similar damages that may arise in connection with this Agreement or the CRA Agreement, (b) any lost or foregone tax revenues, or (c) any damages, liabilities, fees, costs, expenses, penalties, diminishments in value, losses, or payments (including any lost or foregone tax revenues) that exceed, in the aggregate, the lesser of (i) the benefit of the Exemptions realized by the Company under the CRA Agreement and (ii) five million dollars (\$5,000,000).

Section 17. Entire Agreement. This Agreement and the CRA Agreement set forth the entire agreement and understanding between the parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements, undertakings of every kind and nature between the parties with respect to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives to be effective as of the day of _____, 2019.

By: _____

Printed: _____

Title: _____

HILLIARD CITY SCHOOL DISTRICT

By: _____

Printed: _____

Title: _____

ACKNOWLEDGED

CITY OF HILLIARD, OHIO

By: _____

Printed: _____

Title: _____

APPROVED AS TO FORM FOR THE CITY

By: _____

Printed: _____

Title: _____