

INTRODUCED: February 26, 2024

AN ORDINANCE No. 2024-064

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a Commonwealth's Development Opportunity Fund Performance Agreement between the City of Richmond, PPD Development, LP, the Virginia Economic Development Partnership Authority, and the Economic Development Authority of the City of Richmond for the purpose of providing PPD Development, LP with incentives to establish a bioanalytics laboratory facility at 737 North 5th Street in the city of Richmond.

Patron – Mayor Stoney and Ms. Robertson

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: MAR 25 2024 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute a Commonwealth's Development Opportunity Fund Performance Agreement between the City of Richmond, PPD Development, LP, the Virginia Economic Development Partnership Authority, and the Economic Development Authority of the City of Richmond for the purpose of providing PPD Development, LP with incentives to establish a bioanalytics laboratory facility at 737 North 5th Street in the city of Richmond. The

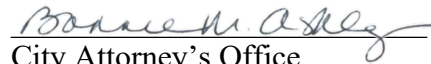
AYES: 8 NOES: 0 ABSTAIN: _____

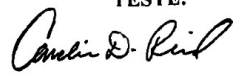
ADOPTED: MAR 25 2024 REJECTED: _____ STRICKEN: _____

Commonwealth's Development Opportunity Fund Performance Agreement shall be approved as to form by the City Attorney and shall be substantially in the form of the document attached to this ordinance.

§ 2. This ordinance shall be in force and effect upon adoption.

APPROVED AS TO FORM:


City Attorney's Office

A TRUE COPY:
TESTE:

City Clerk



City of Richmond

900 East Broad Street
2nd Floor of City Hall
Richmond, VA 23219
www.rva.gov

Master

File Number: Admin-2024-0089

File ID: Admin-2024-0089

Type: Request for Ordinance or Resolution

Status: Regular Agenda

Version: 1

Reference:

In Control: City Clerk Waiting Room

Department:

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File Created: 01/30/2024

Subject:

Final Action:

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Internal Notes:

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Agenda Date: 02/26/2024

Indexes:

Agenda Number:

Patron(s):

Enactment Date:

Attachments: PPD COF Agm AATF_ORD, PPD Development COF Performance Agreement Richmond

Enactment Number:

Contact:

Introduction Date:

Drafter: Katie.McConnell@rva.gov

Effective Date:

Related Files:

Approval History

Version	Seq #	Action Date	Approver	Action	Due Date
1	1	1/30/2024	Leonard Sledge	Approve	2/1/2024
1	2	1/30/2024	Sharon Ebert - FYI	Notified - FYI	
1	3	2/1/2024	Sheila White	Approve	2/1/2024
1	4	2/7/2024	Jeff Gray	Approve	2/5/2024
1	5	2/7/2024	Lincoln Saunders	Delegated	
Notes: Delegated: Out Of Office					
1	6	2/7/2024	Sabrina Joy-Hogg	Approve	2/9/2024
1	7	2/7/2024	Cordell Hayes - FYI	Notified - FYI	
1	8	2/7/2024	Mayor Stoney	Approve	2/21/2024
1	9	2/23/2024	Mayor Stoney	Approve	2/16/2024

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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Text of Legislative File Admin-2024-0089

City of Richmond

Intracity Correspondence

O&R REQUEST

DATE: January 28, 2024 **EDITION:** 1

TO: The Honorable Members of City Council

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer

THROUGH: Sheila White, Director of Finance

FROM: Leonard L. Sledge, Director, Department of Economic Development

RE: Approval of the Commonwealth's Development Opportunity Fund (COF) Performance Agreement between the City of Richmond, the Virginia Economic Development Partnership Authority, the Economic Development Authority of the City of Richmond, and PPD Development L.P, a wholly-owned subsidiary of Thermo Fisher Scientific.

ORD. OR RES. No.

PURPOSE: To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to execute a COF Performance Agreement between the City of Richmond, PPD Development, L.P., the Virginia Economic Development Partnership Authority, and the Economic Development Authority of the City of Richmond for the purpose of providing PPD Development L.P. with incentives to establish a bioanalytics laboratory facility at 737 N 5th Street in the city of Richmond.

REASON: The City of Richmond collaborated with the Virginia Economic Development Partnership and was awarded a Commonwealth Development Opportunity Fund (COF) grant of \$151,952 to attract life sciences company PPD Development L.P, a wholly-owned subsidiary of Thermo Fisher Scientific, to the City. City Council approval is required to authorize the Chief Administrative Officer to sign the COF Performance Agreement.

RECOMMENDATION: The City Administration recommends approval to execute the COF performance agreement.

BACKGROUND: In March 2022, Thermo Fisher Scientific announced its decision to build its

newest bioanalytical lab at 737 N 5th Street in the VA Bio+Tech Park. The company announced that it would invest \$4,700,000 and create 48 new jobs with an average wage of \$62,395.

The COF Performance Agreement between the City, Thermo Fisher Scientific's wholly-owned subsidiary PPD Development L.P., the Virginia Economic Development Partnership Authority (VEDP), and the Economic Development Authority of the City of Richmond (EDA) sets forth the terms and conditions under which the \$151,952 COF performance-based grant will be disbursed to the Company.

The City is required to make a 1:1 local match to the COF grant leveraging the City's two-year Business, Professional, and Occupational License (BPOL) Tax Exemption, and a performance-based grant of \$75,200.

Thermo Fisher's investment in the city is an economic development success for Richmond's growing life science cluster. In addition to the new research and development jobs and investment in the city, this collaborative project between the state, Richmond, and Henrico County, will bring biotech jobs to the surrounding region further strengthening our regional life science cluster.

STRATEGIC INITIATIVES AND OTHER GOVERNMENTAL: The attraction of new life science companies aligns with the initiatives laid out in the City's adopted Strategic Plan for Equitable Economic Development (SPEED).

FISCAL IMPACT: The project is projected to generate an estimated \$356,900 in gross revenue over the first five years (not including BPOL tax revenue). There is no impact on the General Fund Budget.

DESIRED EFFECTIVE DATE: Upon Adoption.

REQUESTED INTRODUCTION DATE: February 26, 2024

CITY COUNCIL PUBLIC HEARING DATE: March 25, 2024

REQUESTED AGENDA: Consent

RECOMMENDED COUNCIL COMMITTEE: Finance and Economic Development Standing Committee

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: The Economic Development Authority of the City of Richmond.

AFFECTED AGENCIES: Department of Economic Development, and the Department of Finance

RELATIONSHIP TO EXISTING ORD. OR RES.: N/A

ATTACHMENTS: Commonwealth's Development Opportunity Fund Performance Agreement

STAFF: Leonard L. Sledge, Director, Department of Economic Development (804) 646-7576

Katie McConnell, Deputy Director, Department of Economic Development (804) 646-3171

Sam Earl, Senior Management Analyst, Department of Economic Development (804) 646-4248

COMMONWEALTH'S DEVELOPMENT OPPORTUNITY FUND

PERFORMANCE AGREEMENT

This **PERFORMANCE AGREEMENT** (the "Agreement") made and entered as of the ____ day of _____, 2024, by and among the **CITY OF RICHMOND, VIRGINIA** (the "Locality"), a municipal corporation of the Commonwealth of Virginia (the "Commonwealth"), **PPD DEVELOPMENT, LP**, a Delaware limited partnership authorized to transact business in the Commonwealth (the "Company"), the **VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY** ("VEDP"), a political subdivision of the Commonwealth, and the **ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF RICHMOND, VIRGINIA** (the "Authority"), a political subdivision of the Commonwealth.

WITNESSETH:

WHEREAS, the Locality has been awarded a grant of and expects to receive up to \$151,952 (the "COF Grant") from the Commonwealth's Development Opportunity Fund (the "Fund") through VEDP for the purpose of inducing the Company to establish, equip, improve, and operate a bioanalytics laboratory facility in the Locality (the "Facility"), thereby making a significant Capital Investment, and creating and Maintaining a significant number of New Jobs, as such capitalized terms are hereinafter defined;

WHEREAS, the Locality is willing to provide the funds to the Authority with the expectation that the Authority will provide the funds to or for the use of the Company, provided that the Company meets certain criteria relating to Capital Investment and New Jobs;

WHEREAS, the Locality, the Authority, the Company, and VEDP desire to set forth their understanding and agreement as to the payout of the COF Grant, the use of the COF Grant proceeds, and the obligations of the Company regarding Capital Investment and New Jobs;

WHEREAS, the establishment, equipping, improvement, and operation of the Facility is anticipated to entail a capital expenditure by or on behalf of the Company of approximately \$4,700,000, of which approximately \$3,200,000 will be invested in machinery and tools, approximately \$500,000 will be invested in furniture, fixtures and business personal property, and approximately \$1,000,000 will be invested in the renovation and up-fit of the buildings for the Facility;

WHEREAS, the establishment, equipping, improvement, and operation of the Facility is further anticipated to entail the creation and Maintenance of 506 New Jobs at the Central Virginia Facilities, including at least 48 new jobs at the Facility , as hereinafter defined; and

WHEREAS, the stimulation of the additional tax revenue and economic activity to be generated by the Capital Investment and New Jobs constitutes a valid public purpose for the expenditure of public funds and is the animating purpose for the COF Grant:

NOW, THEREFORE, in consideration of the foregoing, the mutual benefits, promises and undertakings of the parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows.

Section 1. Definitions.

For the purposes of this Agreement, the following terms shall have the following definitions:

“Baseline Jobs” means the 1,329 full-time jobs at the Central Virginia Facilities as of April 1, 2021.

“Capital Investment” means a capital expenditure by or on behalf of the Company in taxable real property, taxable tangible personal property, or both, at the Facility. The purchase or lease of machinery and tools or furniture, fixtures, and business personal property, including under an operating lease, and expected building renovation, improvement, and up-fit by or on behalf of the Company or the lessor of the Facility will qualify as Capital Investment. The Capital Investment must be in addition to the capital improvements at the Facility as of April 1, 2021.

“Capital Investment Target” means that the Company has made or caused to be made and retained Capital Investments of at least \$4,700,000.

“Central Virginia Facilities” means the facilities owned or operated by the Company in the Locality or in the County, including the Company’s existing facilities in the County, the Facility, and a new bioanalytics laboratory to be established by the Company in the County.

“County” means the County of Henrico, Virginia.

“County Performance Agreement” means the Performance Agreement dated as of February 1, 2022, among the County, the Company, VEDP, and the Economic Development Authority of Henrico County, Virginia.

“Fund” means the Commonwealth’s Development Opportunity Fund.

“Maintain” means that the New Jobs will continue without interruption from the date of creation through the date that the achievement of the New Jobs Target is being tested, including the Performance Date. Positions for the New Jobs will be treated as Maintained during periods in which such positions are not filled due to (i) temporary reductions in the Company’s employment levels (so long as there is active recruitment for open positions), (ii) strikes, and (iii) other temporary work stoppages.

“New Job” means new permanent full-time employment of an indefinite duration at the Central Virginia Facilities for which the standard fringe benefits are provided by the Company for the employee, and for which the Company pays an average annual wage of at least \$62,395. Average annual wage means the average annual salary of full-time positions at the Central

Virginia Facilities determined by dividing total payroll (of a type included in W-2 compensation) provided to full-time positions at the Central Virginia Facilities by the number of full-time positions at the Central Virginia Facilities. Each New Job must require a minimum of either (i) 35 hours of an employee's time per week for the entire normal year of the Company's operations, which "normal year" must consist of at least 48 weeks, or (ii) 1,680 hours per year. Seasonal or temporary positions, positions created when a job function is shifted from an existing location in the Commonwealth (except transfers between Central Virginia Facilities), and positions with construction contractors, vendors, suppliers and similar multiplier or spin-off jobs shall not qualify as New Jobs. The New Jobs must be in addition to the Baseline Jobs.

"New Jobs Target" means the Company's obligation under Section 2(a) of this Agreement to create and Maintain at least 506 New Jobs as of the Performance Date over the Baseline Jobs. As subsets of the New Jobs Target, the Company has an obligation under Section 2(a) to create and Maintain at least 48 New Jobs at the Central Virginia Facilities located in the Locality (the "Richmond Minimum New Jobs"); to create and Maintain at least 400 New Jobs at the Central Virginia Facilities located in the County (the "Henrico Minimum New Jobs"); and to create and Maintain at least 58 New Jobs at the Central Virginia Facilities, which are in addition to the Richmond Minimum New Jobs and the Henrico Minimum New Jobs (the "Other New Jobs"). The obligation to create and Maintain at least 48 Richmond Minimum New Jobs is the "Richmond Minimum New Jobs Target"; the obligation to create and Maintain at least 400 Henrico Minimum New Jobs is the "Henrico Minimum New Jobs Target"; and the obligation to create and Maintain at least 58 Other New Jobs in addition to 48 Richmond Minimum New Jobs and 400 Henrico Minimum New Jobs is the "Other New Jobs Target." The New Jobs Target is the same as the New Jobs Target set forth in the County Performance Agreement and does not represent a duplicate obligation of the Company.

"Performance Date" means December 31, 2024. If the Locality, in consultation with VEDP, deems that good faith and reasonable efforts have been made and are being made by the Company to achieve the Targets, on or before the Performance Date the Locality may request an extension of the Performance Date by up to 15 months. Any extension of the Performance Date shall require the prior approval of the Company and the Board of Directors of VEDP (the "Board"). If the Performance Date is extended, the Locality shall send written notice of the extension to the Authority, the Company and VEDP and the date to which the Performance Date has been extended shall be the "Performance Date" for the purposes of this Agreement.

"Performance Report" means a report to be filed by the Company in accordance with Section 5. The "Final Performance Report" is to be filed within 90 days after the Performance Date.

"Targets" means the Capital Investment Target and the New Jobs Target, including the Richmond Minimum New Jobs Target, the Henrico Minimum New Jobs Target, and the Other New Jobs Target, all to be achieved as of the Performance Date.

"Virginia Code" means the Code of Virginia of 1950, as amended.

Section 2. Targets; Statutory Criteria.

(a) *Targets:* The Company will establish, equip, improve, and operate the Facility, and achieve the Targets.

(b) *Encouragement to Offer New Jobs to Residents of the Commonwealth:* The Locality, the Authority, and VEDP hereby strongly encourage the Company to ensure that at least 30% of the New Jobs are offered to “Residents” of the Commonwealth, as defined in Virginia Code Section 58.1-302. In pertinent part, that definition includes natural persons domiciled in Virginia or natural persons who, for an aggregate of more than 183 days of the year, maintained a place of abode within the Commonwealth, whether domiciled in the Commonwealth or not.

(c) *Prevailing Wage; Unemployment and Poverty Rates:* The average annual wage of the New Jobs of at least \$62,395 was less than the prevailing average annual wage in the Locality of \$70,263 at the time of the grant award, but was more than 85% of that wage (\$59,724). The Locality is a high-unemployment locality, with an unemployment rate for 2020, which was the unemployment rate at the time of the grant award, of 8.8% as compared to the 2020 statewide unemployment rate of 6.2%. The Locality is a high-poverty locality, with a poverty rate for 2020, which was the poverty rate at the time of the grant award, of 17.9% as compared to the 2020 statewide poverty rate of 9.2%.

(d) *Disclosure of Political Contributions:* The Company acknowledges that the name of the Company will be shared by VEDP with the Governor of Virginia, and any campaign committee or political action committee associated with the Governor. The Company acknowledges that within 18 months of the date of this Agreement, the Governor, his campaign committee, and his political action committee will submit to the Virginia Conflict of Interest and Ethics Advisory Council a report listing any contribution, gift, or other item with a value greater than \$100 provided by the Company to the Governor, his campaign committee, or his political action committee, respectively, during the period from the date of the Company’s application for the COF Grant through the one-year period immediately after the date of this Agreement.

(e) *Support for Virginia’s and Locality’s Economic Development Efforts:* Recognizing that it is in the best interest of all parties for the Commonwealth and the Locality to achieve sustained economic growth, the parties will periodically engage with one another to advise on economic development strategies and initiatives for the Commonwealth and the Locality, such as promoting the attributes of the Commonwealth and the Locality as places to do business, or highlighting important industry trends and/or business development opportunities that the Commonwealth or the Locality may wish to pursue. Such engagement would include the Company’s participation in occasional business retention and expansion visits from VEDP personnel, as deemed appropriate based on the project parameters and nature of the incentives provided to the Company.

Section 3. Disbursement of COF Grant.

(a) *General Provisions:* The disbursement of the COF Grant proceeds to the Company will serve as an inducement to the Company to achieve the Targets.

The COF Grant is to be allocated as:

- 10% (\$15,195) for the Capital Investment Target,
- 80% (\$121,562) for the Richmond Minimum New Jobs Target, and
- 10% (\$15,195) for the Other New Jobs Target.

The statutory minimum requirements for a COF Grant in the Locality require that the Company (1) make or cause to be made and retained a Capital Investment of at least \$1,500,000 and (2) create and Maintain at least 15 New Jobs at the Central Virginia Facilities located in the Locality (the “Statutory Minimum Requirements”).

The COF Grant proceeds shall be retained in the Fund until needed for disbursement or the COF Grant is withdrawn in accordance with the terms of this Agreement.

(b) *Disbursement of the COF Grant:* Within 90 days after the Performance Date, the Company will deliver the Final Performance Report. Through this report, the Company will provide notice and evidence satisfactory to the Locality, the Authority and VEDP of the amount of Capital Investments made or caused to be made and retained, and the number of Richmond Minimum New Jobs and Other New Jobs created and Maintained by the Company as of the Performance Date. The Final Performance Report will be subject to verification by the Locality and VEDP.

Upon such verification, the amount of the COF Grant proceeds to be disbursed to the Company, if any, shall be determined as follows:

- (i) *If Statutory Minimum Requirements Not Met:* If, as of the Performance Date, the Company has not achieved both of the Statutory Minimum Requirements, the Company will not receive any of the proceeds of the COF Grant.
- (ii) *If Targets Met:* If, as of the Performance Date, the Company has achieved the Capital Investment Target, the Richmond Minimum New Jobs Target and the Other New Jobs Target, the Company will receive all \$151,952 of the proceeds of the COF Grant.
- (iii) *If Statutory Minimum Requirements Met, but Targets Not Met:* If, as of the Performance Date, the Company has achieved both of the Statutory Minimum Requirements, but has not achieved the full Capital Investment Target, the full Richmond Minimum New Jobs Target, and the full Other New Jobs Target, the Company will qualify for a reduced disbursement of the COF Grant, reflecting a proportional amount of the Target or Targets for which there is a shortfall. For example, if as of the Performance Date, only \$4,230,000 of the Capital Investment has been retained (reflecting achievement of 90% of the Capital Investment Target), has fully achieved the 48 Richmond New Jobs Target, but only 29 Other New Jobs have been created and Maintained (reflecting achievement of 50% of the Other New Jobs Target), the Company will receive \$13,675.50 (reflecting 90%

of the \$15,195 of the COF Grant allocated to the Capital Investment Target), *plus* \$121,562 (reflecting 100% of the \$121,562 of the COF Grant allocated to the Richmond Minimum New Jobs Target, *plus* \$7,597.50 (reflecting 50% of the \$15,195 of the COF Grant allocated to the Other New Jobs Target), for a total of \$142,835. These amounts reflect the percentages of the shortfall from the Capital Investment Target, the Richmond Minimum New Jobs Target and the Other New Jobs Target, each such shortfall multiplied by the portion of the COF Grant proceeds available to the Company allocated to that Target.

Within 30 days after verification of the Final Performance Report, if any amount of COF Grant proceeds are available for disbursement to the Company, as determined in accordance with the foregoing calculations, VEDP will disburse that amount to the Locality. Within 30 days after receipt of such amount, “receipt” meaning both acceptance of the COF Grant proceeds by the City Council of the City of Richmond, Virginia (“Council”) and the appropriation by Council of such COF Grant proceeds to the Authority, the Locality will disburse such COF Grant proceeds to the Authority. Within 30 days after receipt of such amount, the Authority will disburse such COF Grant proceeds to the Company.

If any amount of COF Grant proceeds have not been earned by the Company, the amount not disbursed will be retained in the Fund and will be available for other economic development projects.

Any consequences for failing to achieve the Henrico Minimum New Jobs Target will be addressed in the County Performance Agreement. For the purposes of this Agreement, if the Company has achieved fewer than 25 Henrico Minimum New Jobs, in calculating the Other New Jobs, the Company may count New Jobs in the Locality over 15 as if such New Jobs were Henrico Minimum New Jobs, toward the calculation the Other New Jobs.

(c) *Use of the COF Grant Proceeds:* The Company will use the COF Grant proceeds to pay or reimburse the cost of renovation or up-fit for publicly or privately owned buildings for the Facility, as permitted by Section 2.2-115(D) of the Virginia Code.

Section 4. Break-Even Point; State and Local Incentives.

(a) *State-Level Incentives:* VEDP has estimated that the Commonwealth will reach its “break-even point” by the Performance Date. The break-even point compares new revenues realized as a result of the Capital Investment at the Facility and New Jobs at the Central Virginia Facilities with the Commonwealth’s expenditures on discretionary incentives, including but not limited to the COF Grant. With regard to the Facility, the Commonwealth expects to provide discretionary incentives in the following amounts:

<u>Category of Incentive:</u>	<u>Total Amount</u>
COF Grant	\$151,952
Enterprise Zone Real Property Investment Grant (“EZRPIG”) (Estimated)	41,985

Enterprise Zone Job Creation Grant (“EZJCG”) (Estimated)	176,000
VEDP Talent Accelerator Program (“VTAP”) (Approximate Value)	135,000

The proceeds of the COF Grant shall be used for the purposes described in Section 3(c). The proceeds of the EZRPIG and the EZJCG may be used by the Company for any lawful purpose. The VTAP represents the value to the Company of workforce development services expected to be provided by VEDP to the Company for recruitment and training.

(b) *Local-Level Incentives:* The Locality and the Authority expect to provide the following incentives, as matching grants or otherwise, for the Facility by the Performance Date:

<u>Category of Incentive:</u>	<u>Total Amount</u>
BPOL Tax Exemption (Estimated)	\$76,752
Performance-Based Cash Grant	75,200

Notwithstanding anything contained in this Agreement to the contrary, the Company and VEDP acknowledge and agree that the value of the BPOL Tax Exemption is based upon the estimated value of the availability of that incentive to the Company and is conditioned upon the application for, approval of, and utilization of such incentives by the Company. The Company and VEDP further acknowledge and agree that the Locality shall be deemed to have met its obligations related thereto and met its local match requirement in the amount corresponding thereto, regardless of whether the Company applies for, is approved for, or utilizes the incentives. The Company and VEDP further acknowledge that the Performance-Based Cash Grant has a maximum value \$75,200 and will be governed by a separate agreement between the Company, the Locality, and the Authority. Under no circumstance will the Locality be obligated to make any additional grant to the Company of the difference between the estimated value of the Local-Level Incentives and the actual amount of such incentives received by the Company or in any amount whatsoever.

The BPOL Tax Exemption will reflect cost savings to the Company. The proceeds of the Performance-Based Cash Grant may be used by the Company for any lawful purpose.

(c) *Other Incentives:* This Agreement relates solely to the COF Grant. The qualification for, and payment of all State-Level Incentives and Local-Level Incentives, except for the COF Grant, will be governed by separate arrangements between the Company and the entities offering the other incentives.

Section 5. Company Reporting.

(a) *Performance Reporting:* The Company shall provide, at the Company’s expense, in the form attached hereto as Exhibit A, detailed Performance Reports satisfactory to the Locality, the Authority and VEDP of the Company’s progress on the Targets. The Performance Reports are due by each April 1, commencing April 1, 2024, reflecting the Company’s progress toward the Targets as of the prior December 31. Further, the Company shall provide such

Performance Reports at such other times as the Locality, the Authority or VEDP may reasonably require; with such reports not being requested more than once during any six-month period.

(b) *Final Performance Report:* The Company shall provide, at the Company's expense, in the form attached hereto as Exhibit B, a detailed Final Performance Report satisfactory to the Locality, the Authority and VEDP of the Company's achievement of the Targets as of the Performance Date. This Performance Date Report shall be filed within 90 days after the Performance Date.

Should the Company be unable to file the Final Performance Report within the 90-day timeframe, the Company may request a 60-day delay in filing the Final Performance Report. VEDP will require a \$3,000 fee, payable to VEDP, to process the request for the filing delay. Should the Company not file the Final Performance Report within the 90-day window nor request a filing delay (including payment of the required fee), or if the Company requests a filing delay but does not file the Final Performance Report prior to the new filing deadline, VEDP will withhold any COF Grant payment that might otherwise be due and all rights of the Company under this Agreement will automatically terminate.

(c) *Virginia Corporate Income Tax Information:* With each such Performance Report or Final Performance Report, the Company shall report to VEDP the amount paid by the Company (or for a pass-through entity, by its shareholders, members or partners) in the prior calendar year in Virginia corporate (or for a pass-through entity, personal) income tax. VEDP hereby represents to the Company that it considers such information to be confidential proprietary information that is exempt from public disclosure under the Virginia Freedom of Information Act and that such information will be used by VEDP solely in calculating aggregate return on invested capital analyses for purposes of gauging the overall effectiveness of economic development incentives.

Section 6. Verification of Targets.

(a) *Verification of Capital Investment:* The Company hereby authorizes the Locality, including the Locality's Department of Finance, to release to VEDP the Company's real estate tax, business personal property tax and machinery and tools tax information. Such information shall be marked and considered confidential and proprietary and shall be used by VEDP solely for verifying satisfaction of the Capital Investment Target. If the Locality or the Locality's Department of Finance should require additional documentation or consents from the Company to access such information, the Company shall promptly provide, at the Company's expense, such additional documentation or consents as the Locality or VEDP may request. In accordance with Virginia Code Section 58.1-3122.3, VEDP is entitled to receive the Company's real estate tax, business personal property tax and machinery and tools tax information from the Locality's Department of Finance.

(b) *Verification of New Jobs and Wages:* The Company must submit a copy of its four most recent Employer's Quarterly Tax Reports (Form FC-20) for the Central Virginia Facilities with the Virginia Employment Commission with the Final Performance Report. The forms shall be marked and considered confidential and proprietary and shall be used by VEDP solely for verifying satisfaction of the New Jobs Target. In accordance with Virginia Code

Section 60.2-114, VEDP is entitled to receive the Company's employment level and wage information from the Virginia Employment Commission.

The Company agrees that it will report to the Virginia Employment Commission with respect to its employees at a facility-level, rather than at the company-level.

(c) *Additional Documentation:* In addition to the verification data described above, in the sole discretion of the Locality, the Authority or VEDP, the Locality, the Authority or VEDP, may each require such other documentation or audits as may be required to properly verify the Capital Investment or New Jobs.

Section 7. Possible Termination of this Agreement and Redeployment of COF Grant Proceeds. If the Locality, the Authority or VEDP shall determine at any time prior to the Performance Date that the Company is unable or unwilling to meet and Maintain its Targets by and through the Performance Date, and if the Locality, the Authority or VEDP shall have promptly notified the Company of such determination, this Agreement will be terminated, no further disbursements of the COF Grant proceeds will be made to the Company, and the amount not disbursed will be retained in the Fund and made available for other economic development projects. Such a determination will be based on such circumstances as a filing by or on behalf of the Company under Chapter 7 of the U.S. Bankruptcy Code, the liquidation of the Company, an abandonment of the Facility by the Company or other similar significant event that demonstrates that the Company will be unable or is unwilling to satisfy the Targets for the COF Grant. The Locality, the Authority, and VEDP each acknowledge and agree that: (i) while the Company is entering into this Agreement in good faith based upon current business plans, it is making no representation or warranty with respect to achieving the Targets set forth herein; and (ii) the termination of this Agreement, as set forth in this Section 7, including the payment of any associated fees and costs described in this Agreement, shall be their sole and exclusive remedy with respect to any claim arising from a breach of this Agreement by the Company.

Section 8. Notices. Formal notices and communications between the parties shall be given either by (i) personal service, (ii) delivery by a reputable document delivery service that provides a receipt showing date and time of delivery, (iii) mailing utilizing a certified or first class mail postage prepaid service of the United States Postal Service that provides a receipt showing date and time of delivery, or (iv) delivery by electronic mail (email) with transmittal confirmation and confirmation of delivery, so long as a hard copy is sent the same day in one of the preceding manners, addressed as noted below. Notices and communications personally delivered or delivered by document delivery service shall be deemed effective upon receipt. Notices and communications mailed shall be deemed effective on the second business day following deposit in the United States mail. Notices and communications delivered by email shall be deemed effective the next business day, not less than 24 hours, following the date of transmittal and confirmation of delivery to the intended recipient. Such written notices and communications shall be addressed to:

if to the Company, to:

PPD Development, LP
929 North Front Street
Wilmington, NC 28401
Attention: General Counsel

with a copy to:

PPD Development, LP
929 North Front Street
Wilmington, NC 28401
Email: seth.morris@ppd.com
Attention: Seth Morris, Dir.-Lab Ops

if to the Locality, to:

City of Richmond, Virginia
900 E. Broad St., Suite 201
Richmond, Virginia 23219
Email: rvamayor@richmondgov.com
Attention: Mayor

with a copy to:

City of Richmond, Virginia
900 E. Broad St., Suite 400
Richmond, Virginia 23219
Email: bonnie.ashley@rva.gov
Attention: City Attorney

if to the Authority, to:

Economic Development Authority of the City
of Richmond, Virginia
1500 East Main Street
Suite 400
Richmond, Virginia 23219
Email: richmondeda@outlook.com
Attention: Chair, Board of Directors

with a copy to:

Economic Development Authority of the City
of Richmond, Virginia
1500 East Main Street
Suite 400
Richmond, Virginia 23219
Email: sam.earl@rva.gov
Attention: Management Analyst, Senior

if to VEDP, to:

Virginia Economic Development Partnership
One James Center, Suite 900
901 East Cary Street
Richmond, Virginia 23219
Email: ceo@vedp.org
Attention: President and CEO

with a copy to:

Virginia Economic Development Partnership
One James Center, Suite 900
901 East Cary Street
Richmond, Virginia 23219
Email: generalcounsel@vedp.org
Attention: General Counsel

Section 9. Miscellaneous.

(a) *Entire Agreement; Amendments:* This Agreement constitutes the entire agreement among the parties hereto as to the COF Grant and may not be amended or modified, except in writing, signed by each of the parties hereto. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The Company may not assign its rights and obligations under this Agreement without the prior written consent of the Locality, the Authority and VEDP.

(b) *Governing Law; Venue:* This Agreement is made, and is intended to be performed, in the Commonwealth and shall be construed and enforced by the laws of the Commonwealth.

Jurisdiction and venue for any litigation arising out of or involving this Agreement shall lie in the Circuit Court of the City of Richmond, and such litigation shall be brought only in such court.

(c) *Counterparts*: This Agreement may be executed in one or more counterparts, each of which shall be an original, and all of which together shall be one and the same instrument.

(d) *Severability*: If any provision of this Agreement is determined to be unenforceable, invalid or illegal, then the enforceability, validity and legality of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the parties as nearly as possible in accordance with applicable law.

(e) *Attorney's Fees*: Attorney's fees shall be paid by the party incurring such fees.

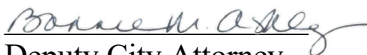
(f) *Force Majeure*: Notwithstanding the foregoing provisions of this Agreement, if the Company does not achieve a Target or take any action required under this Agreement because of an "Event of Force Majeure" (as defined below), the time for achieving the applicable Target or taking such action will be extended day-for-day by the delay in meeting the applicable Target or taking such action caused by the Event of Force Majeure. "Event of Force Majeure" means without limitation, any of the following: acts of God; strikes, lockouts or other industrial disturbances; act of public enemies; orders of any kind of the government of the United States of America or of the Commonwealth or any of their respective departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; pandemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals not caused by the Company; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Company.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Performance Agreement as of the date first written above.

CITY OF RICHMOND, VIRGINIA

Approved as to form:


Deputy City Attorney

By _____
Name: _____
Title: _____
Date: _____

**ECONOMIC DEVELOPMENT
AUTHORITY OF THE CITY OF RICHMOND,
VIRGINIA**

By _____
Name: _____
Title: _____
Date: _____

PPD DEVELOPMENT, LP

By _____
Name: _____
Title: _____
Date: _____

**VIRGINIA ECONOMIC
DEVELOPMENT PARTNERSHIP
AUTHORITY**

By _____
Name: _____
Title: _____
Date: _____

Exhibit A: Performance Report Form
Exhibit B: Final Performance Report Form

PERFORMANCE REPORT COMMONWEALTH'S DEVELOPMENT OPPORTUNITY FUND

PROJECT SUMMARY:

Project	
Location	
Amount of Grant	
Performance Reporting Period	
Performance Date	

PROJECT PERFORMANCE⁴:

Performance Measurement	Target	As of _____	% Complete
Total New Jobs (over _____ baseline)			
Richmond Minimum New Jobs (over ____ baseline) ¹			
Confidence level target will be reached by Performance Date shown above (check one)	High <input type="checkbox"/>	Moderate <input type="checkbox"/>	Low <input type="checkbox"/>
Other New Jobs (over ____ baseline and Richmond Minimum New Jobs and Henrico Minimum New Jobs) ¹			
Confidence level target will be reached by Performance Date shown above (check one)	High <input type="checkbox"/>	Moderate <input type="checkbox"/>	Low <input type="checkbox"/>
Capital Investment (provide breakdown below) ²			
Confidence level target will be reached by Performance Date shown above (check one)	High <input type="checkbox"/>	Moderate <input type="checkbox"/>	Low <input type="checkbox"/>
Average Annual Wage			N/A
Confidence level target will be reached by Performance Date shown above (check one)	High <input type="checkbox"/>	Moderate <input type="checkbox"/>	Low <input type="checkbox"/>
Standard Fringe Benefits (check one)	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A
Virginia Corporate Income Tax Paid in Prior Calendar Year ³	\$		

¹Data will be verified using Virginia Employment Commission records.

² Data will be verified with locality records.

³This confidential information is protected from disclosure pursuant to § 2.2-3705.6 of FOIA.

⁴Final, actual performance will be reported on VEDP's public reporting website.

Capital Investment Breakdown	Amount
Land	\$
Land Improvements	
New Construction or Expansion	
Renovation or Building Up-fit	
Production Machinery and Tools	
Furniture, Fixtures and Equipment	
Other	
Total	\$

COMMENTS:

Discuss project status, including the current level of new jobs and capital investment, progress on targets, changes or likely changes in project's nature that may impact achievement of targets, and other information relevant to project performance. If the project is not on track to meet targets, please provide an explanation.

TO BE CERTIFIED BY AN OFFICER OF THE COMPANY:

I certify that I have examined this report and to the best of my knowledge and belief, it is true, correct, and complete.

Company: _____

Submitted By: _____
Signature of Official

Name: _____
Print Name

Title: _____

Date: _____

Please return to:

Kim Ellett, Director of Compliance, Virginia Economic Development Partnership,
804.545.5618, kelllett@vedp.org

FINAL PERFORMANCE REPORT COMMONWEALTH'S DEVELOPMENT OPPORTUNITY FUND

PROJECT SUMMARY:

Project	
Location	
Amount of Grant	
Performance Date	

PROJECT PERFORMANCE:¹

Performance Measurement	Target	As of _____, 20__	% Complete
Total New Jobs (over baseline) ²			
Richmond Minimum New Jobs			
Other New Jobs			
Capital Investment (provide breakdown below) ³			
Average Annual Wage			N/A
Standard Fringe Benefits			
Virginia Corporate Income Tax Paid in Prior Calendar Year⁴	\$		

¹Final, actual performance will be reported on VEDP's public reporting website.

² Attach the company's four most recent Quarterly Tax Reports (Form FC-20) for the Central Virginia Facilities filed with the Virginia Employment Commission.

³ Data will be verified using records from the Commissioner of the Revenue and invoices.

⁴This confidential information is protected from disclosure pursuant to § 2.2-3705.6 of FOIA

Capital Investment Breakdown	Amount
Land	\$
Land Improvements	
New Construction or Expansion	
Renovation or Building Up-fit	
Production Machinery and Tools	
Furniture, Fixtures and Equipment	
Other	

Total	\$
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LOCAL MATCH:

Goal	
Actual	

COMMENTS:

Discuss Project status or the importance of the Project to the locality and region.

TO BE CERTIFIED BY AN OFFICER OF THE COMPANY:

I certify that I have examined this report and to the best of my knowledge and belief, it is true, correct, and complete.

Company: _____

Submitted By: _____
Signature of Official

Name: _____
Print Name

Title: _____

Date: _____

Please return to:

Kim Ellett, Director of Compliance, Virginia Economic Development Partnership,
804.545.5618, kelllett@vedp.org