

TAX ABATEMENT AGREEMENT (Project Skyfall)

THIS TAX ABATEMENT AGREEMENT (this “Agreement”) is made and entered into as of August 5, 2022 (the “Effective Date”), by and between **BALDWIN COUNTY, ALABAMA** by and through the Baldwin County Commission, a body politic and political subdivision of the State of Alabama (the “County”), and **NOVELIS CORPORATION**, a Texas corporation (together with its affiliates, and permitted assigns and successors, the “Company”).

R E C I T A L S

WHEREAS, the Company proposes to undertake, on 2,000 ± acre parcel of land located near Highway 287 and I-65 in an unincorporated portion of Baldwin County, Alabama (the “Project Site”), a project to construct, equip and operate a fully integrated, greenfield advanced flat-rolled aluminum products plant (the “Project”); and

WHEREAS, the Company anticipates that it will invest approximately \$2,000,000,000 in the Project. The County (i) recognizes that the Company can locate the Project in other locations outside Alabama (ii) wishes to encourage the Company to locate the Project in Baldwin County for the benefit of the citizens of the State and the constituents of Baldwin County; (iii) enters into this Agreement in consideration of and as an inducement to the Company to locate the Project in Baldwin County and in consideration of the economic benefits to be realized, including but not limited to, the economic impact, increased tax revenues and other benefits to be received by the State, and more particularly Baldwin County; and

WHEREAS, the Project Site is currently located within the extraterritorial police jurisdiction of the City of Bay Minette, Alabama (the “City”), and subject to the assessment of City sales and use taxes at up to one-half the rate collected by the City within the corporate limits of the City; and

WHEREAS, the Project will consist of private use industrial development property, which is composed of all real and/or related personal property to be acquired, constructed, and installed thereon, as described in that certain Project Agreement dated July 28, 2022, by and among the County, the City, The Utilities Board of the City of Bay Minette d/b/a North Baldwin Utilities, the Baldwin County Economic Development Alliance, Inc., and the Company (the “Project Agreement”); and

WHEREAS, pursuant to § 40-9B-1 *et seq.* of the Code of Alabama (1975) (the “Act”), the Company has applied to the County for an abatement of County and State noneducational and non-hospital ad valorem taxes and for an abatement of County, City and State sales and use taxes to construct and equip the Project (the “Application”); and

WHEREAS, the County has considered the request of the Company and the completed Application filed with the County by the Company, in connection with its request; and

WHEREAS, the County has found the information contained in the Company's Application to be sufficient to permit the County to make a reasonable cost/benefit analysis of the proposed Project and to determine the economic benefits to the community; and

WHEREAS, pursuant to the Act, the City has consented to the County's abatement of City sales and use taxes by Resolution duly adopted by the City Council of the City on ~~_____~~ August 1, 2022, a certified copy of which is attached hereto as Exhibit 1; and

WHEREAS, at its meeting held on the ~~_____~~ 5th day of ~~_____~~ August, 2022, the County approved the Company's application for abatement of (i) all State and local noneducational and non-hospital ad valorem taxes, and (ii) all construction-related transaction taxes, except those local construction-related transaction taxes levied for educational purposes or for capital improvements for education, ~~and (iii) all taxes relating to mortgages, deeds, and documents relating to issuing or securing obligations and conveying title into or out of the County with respect to the Project.~~

NOW, THEREFORE, the County and the Company, in consideration of the mutual promises and benefits specified herein, thereby agree as follows:

1. **Grant of Abatements.** In accordance with the Act, the County hereby grants to the Company an abatement from liability for the following taxes as permitted by the Act:

- a. Noneducational and Non-Hospital Property Taxes: all State and local noneducational and non-hospital ad valorem taxes that are not required to be used for educational or hospital purposes or for capital improvements for education for a period of ~~_____~~ ten (10) years; and
- b. Construction Related Transaction Taxes: the transaction taxes imposed by Chapter 23 of Title 40 of the Code of Alabama (1975) on the tangible personal property and taxable services to be incorporated into the Project, the cost of which may be added to the capital account with respect to the Project, except for those local construction-related transaction taxes levied for educational purposes or for capital improvements for education; ~~and.~~
- c. ~~Mortgage and Recording Taxes: all taxes imposed by Chapter 22 of Title 40 of the Code of Alabama (1975) relating to mortgages, deeds, and documents relating to issuing or securing obligations and conveying title into or out of the County with respect to the Project.~~

2. **Estimate of Abatements.** An estimate of the amount of tax abated pursuant to this Agreement is set forth below. The County and the Company hereby acknowledge that this estimate reflects the amount of tax abated for the period stated, under current law, and that the actual abatement for such taxes may be for a greater or lesser amount depending upon the actual amount of such taxes levied during the abatement periods stated:

- a. Noneducational and non-hospital property taxes are expected to ~~be~~ average approximately \$~~_____~~ 4,945,222.60 per year and the maximum period for such abatement shall extend for a period of ~~_____~~ ten (10) years,

measured as provided in Section 40-9B-3(a)(12) of the Act, as amended from time to time.

- b. Construction-related transaction taxes, except those local construction-related transaction taxes levied for educational purposes or for capital improvements for education, are expected to be approximately \$~~{_____}~~ 40,921,416 and such abatement shall not extend beyond the date the Project is placed in service.
- c. ~~Mortgage and recording taxes are expected to be approximately \$~~{_____}~~.~~

3. **Company Projections.** The Company hereby makes the following good faith projections:

- a. Amount invested in the Project: \$2,000,000,000;
- b. Number of individuals to be employed initially at the Project and in each of the succeeding three (3) years:
 - i. Initially: ~~{113}~~
 - ii. Year 1: ~~{457}~~
 - iii. Year 2: ~~{650}~~
 - iv. Year 3: ~~{800}~~
- c. Actual payroll initially at the Project and in each of the succeeding three (3) years:
 - i. Initially: \$~~{_____}~~ 7,345,000
 - ii. Year 1: \$~~{_____}~~ 29,705,000
 - iii. Year 2: \$~~{_____}~~ 42,250,000
 - iv. Year 3: \$~~{_____}~~ 52,000,000

4. **Company Representations and Warranties.** The Company represents and warrants the following:

- a. that it is duly qualified to do business in the State of Alabama, and has the legal power and authority to enter into this Agreement and to make the respective commitments made in this Agreement;
- b. for the purposes of the abatement of construction-related transaction taxes, no portion of the Project which has been requested for abatement has been purchased prior to the Effective Date;
- c. for the purposes of abatement of all noneducational ad valorem taxes, no portion of the Project has been placed in service or operation by the Company or by a related party, as defined in 26 U.S.C § 267, with respect to the Company prior to the Effective Date;
- d. the private use industrial development property for which the abatement is applied shall be owned by the Company;

- e. the Project conducts trade or business as defined as an industrial or research enterprise: Predominantly as described in the North American Industry Classification System (NAICS) Code 1133, 115111, 2121, 221330, 31 (other than 311811), 32, 33, 423, 424, 482, 4862, 48691, 48699, 48819, 4882, 4883 (other than 48833), 493, 511, 5121 (other than 51213), 51221, 517, 518 (without regard to the premise that data processing and related services be performed in conjunction with a third party), 51913, 52232, 54133 (if predominately in furtherance of another activity described in Code of Alabama § 40-9B-3(a)(10)(a)), 54134 (if predominantly in furtherance of another activity described in Code of Alabama § 40-9B-3(a)(10)(a)), 54138, 5415, 541614, 5417, 55 (if not for the production of electricity), 561422 (other than establishments that originate telephone calls), 562213, 56291, 56292, 611512, 927 or 92811;
- f. the weighted average economic life of the Project, determined consistently with the provisions of 26 U.S.C. Sec. 147(b) and measured from the date the Project is expected to be placed in service, will be greater than ten (10) years; and
- g. the information contained in the Company's Application for abatement of taxes is true and correct and, to the extent estimates or projections are contained therein, such are based in fact and were made in good faith and the Company acknowledges that the County has performed and relied upon a cost/benefit analysis utilizing the information contained therein with respect to the abatements granted herein.

5. **Compliance.** If the Company fails to comply with any provision of this Agreement or if any of the material statements contained herein or in the Company's Application for abatement are determined to have been misrepresented, whether intentionally, negligently, or otherwise, the County shall terminate this Agreement and take such equitable action available to it. If it is determined that any items which are identified on the Application are not in compliance with the Act or governing regulations, such items may be subject to taxation by all local and state taxing authorities.

6. **Indemnification.** The Company undertakes the following obligations:

- a. The Company will release, save, hold harmless, and indemnify the City and the County, their elected officials, officers, employees, contractors, subcontractors, and agents (collectively, the "Indemnified Party" or "Indemnified Parties") from and against any and all third party claims arising from the Company's performance of any of its obligation herein, or arising from or in connection with any activity of the Company or any of the Company's agents, contractors or employees in connection with the Project, and from and against all reasonable costs, attorney fees, expenses and liabilities incurred in the defense of any such claim or any action against the Indemnified Parties, or any of them individually, arising from the Company's performance of any of its obligation herein, and the Company, upon notice from any Indemnified Party, will defend the same at the Company's expense by counsel reasonably satisfactory to the applicable Indemnified Party as the case may be.

- b. The Company further indemnifies and releases the Indemnified Parties from any claim or liability arising out of any action taken by the City or County at the request of the Company (or any person authorized to act on behalf of the Company), in any manner related to this Agreement, including but not limited to the Company's obtaining abatements for noneducational and non-hospital ad valorem taxes, and construction related transaction taxes ~~and mortgage and recording taxes~~.
- c. The foregoing indemnity obligation will include, but is not limited to, indemnification of the Indemnified Parties against any claim for payment brought by any contractor, subcontractor, materialman, supplier, laborer, design professional or the like in connection with work, labor and/or materials supplied under contract with any of the same and the Company in connection with the improvements of the Project.
- d. The foregoing indemnity obligation will survive the expiration or earlier termination of this Agreement and shall remain in full force and effect after the termination of this Agreement until: (i) any cause of action brought in respect of such claim, liability or loss shall be barred by the applicable statute of limitations as determined by a court of competent jurisdiction; or (ii) the payment in full or the satisfaction of such claim, liability or loss, including all reasonable expenses incurred by the Indemnitees in defending against any such claim, liability or loss.
- e. Nothing contained in this Section 6 shall be construed to indemnify the Indemnified Parties against or to release any such parties from liability for any claim, liability or loss that may result from gross negligence, bad faith or willful misconduct by the Indemnified Parties or any Indemnified Party's physical presence on the Project Site.
- f. The obligations of the Company to indemnify or defend the Indemnified Parties shall attach and become effective with regard to any claim only upon condition that the Indemnified Parties reasonably and promptly notify the Company in writing upon their discovery of such claim and tender of the defense of such claim to the Company. The Indemnified Parties shall have no right to further reimbursement for legal or other expenses incurred in investigation or defense of such claim after the Company accepts such tender.

7. **Assignment.** The Company may assign its rights under this Agreement to an affiliate without the consent of the City or County, provided that when any such assignment occurs: (a) the Company shall continue to be primarily liable for the performance and observance of the agreements and covenants to be performed and observed by it under this Agreement, and (b) the Company shall guarantee the payment of revenue bonds issued, if any.

8. **Reporting.** The Company covenants and agrees to furnish the County after the date on which the Project is placed into service and during the abatement period set forth herein, records and information which the County deems prudent and necessary to determine whether the Company has materially met the employment projections and has materially made expenditures contained in the Company's Application. If the County determines the Company has not materially met its projections or has not materially expended sums reasonably commensurate with the estimates contained in the Application, the County shall meet with the Company, and then, in the reasonable discretion of the County, may terminate, adjust or otherwise amend this Agreement

with respect to the non-educational tax abatements granted herein. Further, at the request of the City or Revenue Commissioner of Baldwin County (“Commissioner”), the Company shall provide a description of the Project sufficient for the Commissioner to determine the property, real and/or personal, which constitutes the Project for which the abatements described herein have been granted. If any of the material statements contained herein or in the Application are determined to have been materially misrepresented or materially incorrect, whether intentionally, negligently, or otherwise, the County may terminate its obligations under this Agreement by providing written notice to the Company and the County may take such further action as it deems necessary to further the purposes and intent of the Act.

9. **Binding Agreement.** Each party to this Agreement hereby represents and warrants that the person executing this Agreement on behalf of such party is authorized to do so and that this Agreement shall be binding and enforceable when duly executed and delivered by each party. This Agreement shall be binding upon and inure to the benefit of each of the parties and their respective successors.

10. **Severability.** This Agreement may be amended or terminated upon mutual consent of the Company and the County. Any such amendment or termination shall not in any manner affect the rights and duties by and between the Company and the County.

11. **Counterparts.** This Agreement may be simultaneously executed in counterparts, each of which, when so executed and delivered, shall constitute an original, fully enforceable counterpart for all purposes.

12. **Filing.** The Company shall file with the Alabama Department of Revenue within ninety (90) days after the date of the Effective Date a copy of this Agreement as required by Section 40-9B-6(c) of the Act.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed in their respective names.

EFFECTIVE as of the 5th day of August, 2022.

ATTEST:

BALDWIN COUNTY COMMISSION

Ronald J. Cink
Interim County Administrator

James E. Ball, Chairman

NOVELIS CORPORATION

By: _____

Name: _____

Its: _____

EXHIBIT 1

Consent Resolution of the City of Bay Minette, Alabama

(attached)