

**INCENTIVE AGREEMENT
BETWEEN
CITY OF BEL AIRE, KANSAS
AND INTEGRA TECHNOLOGIES, INC.**

This Incentive Agreement (hereinafter referred to as this “Agreement”), entered into between the City of Bel Aire, a legally constituted city of the second class organized and existing under the laws of the State of Kansas (hereinafter referred to as “Bel Aire”) and INTEGRA TECHNOLOGIES, INC., a Kansas corporation (hereinafter referred to as the “Company” and collectively with Bel Aire referred to as the “Parties”), sets forth the contractual terms and requirements for the issuance of economic development benefits and incentives (hereinafter referred to as the “Incentives”) as approved by Bel Aire.

Article 1. Recitals

WHEREAS, the Company is pursuing the expansion/establishment of a semiconductor and related device manufacturing facility on a site in Bel Aire, Kansas (the “Bel Aire Site”), that is anticipated to employ approximately 2,500 people when fully operational, consist of an approximately 1,000,000 square foot newly constructed manufacturing facility, estimated to cost \$211,000,000 to build, \$713,000,000 of specialized semiconductor manufacturing equipment, and involve the investment of approximately \$2,000,000,000 (the “Project”).

WHEREAS, the Company has entered into an Incentive Agreement with the State of Kansas (the “Kansas IA”) which contains certain conditions and requirements that the Company must fulfill to earn or retain the incentives contained therein related to the Project.

WHEREAS, Bel Aire has determined that the Project will benefit the people of Bel Aire, Kansas, by increasing opportunities for employment and strengthening the economy, is consistent with the economic development goals of Bel Aire and, but for the support of Bel Aire as set forth herein, will not be completed.

The Parties, in consideration of the promises and other good and valuable consideration described herein which are hereby acknowledged, agree to the following terms and conditions.

Article 2. Definitions

In addition to words and terms defined elsewhere herein, the following words and terms in this Agreement shall have the meanings hereinafter set forth. The Kansas IA contains numerous definitions used to define the provisions thereof. Capitalized terms not defined herein have the same meaning as in the Kansas IA, which is hereby incorporated by reference.

“**CHIPS Award**” means an award to the Company of federal grant funds under the CHIPS Act of 2022.

Article 3. Term

This Agreement will take effect upon the date of execution by all parties, anticipated to be March 7, 2023 (hereinafter referred to as the “Commencement Date”). The term of this Agreement will be thirty-five years (35) years commencing on the Commencement Date. Provided however, the Company and Bel Aire may each terminate this Agreement if the Company fails to receive a CHIPS Award before December 31, 2023.

Article 4. Representations

4.1. Company Representations

The Company hereby represents that it:

- (A) Provided true and correct information to Bel Aire based on its plans and intentions with respect to the Project as of the date of submission and as of the execution date of this Agreement in all material respects. Material changes to the Project may result in modifications or amendments to the terms of this Agreement.
- (B) Is described by the North American Industrial Classification System as being in the manufacturing or service sector.
- (C) Agrees to create and retain up to 1,994 new full-time jobs and no less than 1,600 new full-time jobs at the Qualified Business Facility in Bel Aire, Kansas, within six (6) years of the commencement date of the Kansas IA (February 6, 2023), and retain those jobs as set forth herein.
- (D) Has an agreement in principle to acquire land in Kansas which will enable it to make a Qualified Business Facility Investment in Kansas, with respect to the Project, of up to One Billion Eight Hundred Million Dollars (\$1,800,000,000) and no less than One Billion Five Hundred Million Dollars (\$1,500,000,000) in the Qualified Business Facility and commence Commercial Operations at the Qualified Business Facility within six (6) years of the Commencement Date. The proposed building and specialized semiconductor manufacturing equipment consists of an approximately 1,000,000 square foot newly constructed manufacturing facility, estimated to cost \$211,000,000 to build, and \$731,000,000 of specialized semiconductor manufacturing equipment. If the Company receives a CHIPS Award for the Project at the Bel Aire Site, the Company will construct the Project in Bel Aire.
- (E) Has the power and authority to execute, deliver, and perform the obligations under this Agreement, and it is duly authorized to execute and deliver this Agreement, and has taken or will take, within the time frames established by this Agreement, all actions reasonably necessary to carry out and give effect to the transactions contemplated by this Agreement.
- (G) Will submit any and all documentation in the form reasonably requested by Bel Aire to claim or receive any of the Incentives offered herein.

4.2. Bel Aire Representations

Bel Aire hereby represents, by itself and in its capacity under Kansas law, that:

- (A) This Agreement has been fully reviewed and approved by Bel Aire.
- (B) Subject to the provisions of the Kansas Open Records Act, Bel Aire will maintain confidentiality of all necessary information obtained to determine the Company's eligibility for the Incentives, as well as confidential financial information, and any trade secret or other information, that, if known, would place the Company at a disadvantage in the marketplace or would significantly interfere with the purposes of this Agreement.

- (C) Bel Aire has duly considered the factors, including the extent of prospective new employment, the quality of new jobs and wage or salary levels, the total amount of investment, the potential for development of the industry in Bel Aire, Kansas, and the employment, retention, and attraction of employees to remain residents of, or relocate to, Bel Aire, Kansas.

Article 5. Covenants of the Company

The Company shall be eligible for and will receive the Incentives provided in Article 6 if the Company:

- (A) Materially completes the Project outlined in the Application referenced in the Kansas IA which includes expending at least One Billion Five Hundred Million Dollars (\$1,500,000,000) in Qualified Business Facility Investment within five (5) years of the Commencement Date, including an approximately 1,000,000 square foot newly constructed manufacturing facility, estimated to cost \$211,000,000 to build, and \$731,000,000 of specialized semiconductor manufacturing equipment.
- (B) Commences Commercial Operations and employs a minimum of 1,600 full-time employees at the Qualified Business Facility within six (6) years of the Commencement Date, and retains a minimum of 1,600 jobs each year for the entire Payroll Incentive Period and maintains Commercial Operations for the remaining term of this Agreement.
- (C) Submits any and all documentation in the form reasonably requested by Bel Aire to claim or receive any of the Incentives offered in Article 6.
- (D) Submits a Notice of Award to Bel Aire by December 31, 2023, that demonstrates the Company was awarded federal grant funds under the CHIPS Act of 2022.
- (E) Provides any and all information reasonably necessary for Bel Aire to undertake an on-site annual review of the activities undertaken by the Company to ensure the Company remains in good standing within the State of Kansas and in compliance with this Agreement investment targets and employment targets. Such information will not be permitted to leave the premises and the notes thereof will not be made public or handled in a manner that it is subject to production under the open records laws. The Company will provide Bel Aire with copies of redacted documents that are provided the County and State for publication.
- (F) Permits Bel Aire staff reasonable access to the Qualified Business Facility during business hours upon reasonable advance notice to the Company solely for proper government purposes. Since most of the facility will be secure and require a high-level federal security clearance to enter the facility, no person will be admitted to any area of the building unless in strict compliance with state and federal laws and security requirements, including possessing the requisite level of security clearance, and Bel Aire recognizes that such access may take several days to obtain. Further since much of the production is highly sensitive and contains the intellectual property of Company customers, no admission will be permitted at a time when such admission would result in the company violating any contractual confidentiality or secrecy agreements. Building tours for marketing and demonstration purposes are agreed not to be a proper government purpose.

- (G) Remains in good standing within the State of Kansas and in compliance with the provisions of this Agreement.
- (H) The Company will make a reasonable effort to recognize Bel Aire as its home in the southcentral Kansas region. Bel Aire recognizes “Wichita” may need to be utilized and referenced as a general Project location around the state, U.S. and internationally. Any Company signs located on the Bel Aire Site that set forth an address will utilize “Bel Aire” references.

Article 6. Economic Development Benefits and Incentives

Bel Aire, in consideration of the covenants and obligations of the Company set out in this Agreement, agrees to provide the following Incentives for the Project if the Company complies with the requirements of Article 5:

- (A) Letter of support from the Bel Aire to the U.S. Department of Commerce and a public resolution of support of the Company’s application for a CHIPs Award in a mutually agreed form on a date to be agreed by the parties in March 2023.
- (B) Support through the Workforce Alliance, WSU Tech, or other organization acceptable to the parties to help defray the training costs for the new Company workforce, in a total amount of \$250,000 payable in five (5) annual installments of \$50,000 each, on July 1st of each year, commencing July 1, 2024.
- (C) Provide Industrial Revenue Bonds for the Project, for a period of ten (10) years, including a sales tax exemption on construction materials (if not otherwise provided by the State) and a 100% ten (10) year property tax abatement pursuant to the attached Letter of Intent, as Exhibit A.
- (D) Subject to the requirements of K.S.A. 12-1770 *et seq.* (the “TIF Act”), adopt a Tax Increment Redevelopment District (TIF) which includes the Project and adjacent land on the Bel Aire Site, and a project plan to include the Project, to reimburse the Company for the following improvements associated with the Project, but only from the TIF ad valorem increment available to Bel Aire under the TIF Act after provision for Bel Aire’s administration fee of 2.00% of TIF increment in any year:
 - 1. Acquisition of the Project land;
 - 2. Site preparation and utility relocation expense within the TIF district;
 - 3. Sanitary sewer and storm sewer improvements to and, to the extent within the public right of way, within the TIF district;
 - 4. Drainage conduits, channels, levees, and river walk canal facilities within the TIF district;

5. Street grading, paving, graveling, macadamizing, curbing, guttering, and surfacing for streets within the TIF district;
6. Street light fixtures, connections, and facilities within the TIF district;
7. Underground gas, water, heating and electrical services and connections, located within the public right-of-way;
8. Water mains and extensions to and within the TIF district;
9. Plazas and arcades within the TIF district;
10. Parking facilities including multilevel parking facilities within the TIF district; landscaping, plantings, fountains, shelters, benches, sculptures, lighting decorations and similar amenities within the TIF district;
11. Soft costs associated with TIF-eligible expenses, including architecture and engineering costs.
12. Related expenses to redevelop and finance the Project.
13. Costs for infrastructure located outside the district but contiguous to any portion of the District and such infrastructure is necessary for the Project.

The Company and Bel Aire acknowledge and agree that except as provided below the Company will be responsible for eligible cost items identified in 1-13 above, to be reimbursed by Bel Aire solely from the available TIF ad valorem tax increment on a “pay as you go” basis. Furthermore, the TIF ad valorem tax increment will not be used by Bel Aire for any purpose other than as described in this Article 6.

If, after the TIF has reimbursed and paid for all of the foregoing costs and TIF ad valorem tax increment remains, the remaining TIF dollars will be used by Bel Aire to construct a police, fire, and public safety facility within the TIF district or at such contiguous location as is permitted by TIF Act. The location of such safety facility will not be on Company owned property (including property condemned by Bel Aire) and Bel Aire will consult with Company about the location of the facility. Bel Aire acknowledges the plant activities are extremely sensitive to vibration and thus any location of the safety facility will take into account the vibration impact that the safety facility activities may generate on the Company facility.

- (E) At no cost to the Company, except as provided below, Bel Aire will be responsible for items described above in items 3 and 8 of subsection D, and Bel Aire will work with all other government agencies involved (State of Kansas, Sedgwick County, WAMPO) regarding the following items:

1. Perform a traffic study to determine what changes and road improvements are required;

2. For both Rock Road and Webb Road, if required, deceleration lanes, traffic lights, turning lanes, minor lowering or raising of road elevation at improvements;
3. Sidewalks along both Webb and Rock Road to be constructed during road improvements;
4. Frontage access road along 254;
5. Support and cooperation between the County and the State of Kansas to prioritize and expedite the new planned intersection improvements at 254/Rock and 254/Webb to ensure that the improvements can safely account for the heavy truck and vehicle traffic expected prior to opening of Phase I of the facility.

The Company will, for the items described above in this subsection E, pay a maximum amount of \$6,000,000 to or on behalf of Bel Aire at the time costs for such items are incurred by Bel Aire, but such amount paid by the Company shall be reimbursable to the Company from available TIF ad valorem tax increment in the same manner as described above in subsection D

(F) Bel Aire will make an economic development grant annually, contingent on the Company meeting stated investment, and maintaining Commercial Operations, commencing in year 21 (the year following expiration of the TIF). Grants shall equal:

1. 50% of Bel Aire's share of ad valorem taxes paid annually by the Company and received by Bel Aire in each of years 21-30, commencing the first year after the 20-year TIF period expires; plus
2. If the assessed valuation of the Project exceeds \$50 million in year 30 and does not fall below 90% of such value during the term of this extended grant period, 25% of Bel Aire's share of ad valorem taxes paid annually by the Company and received by Bel Aire in each of years 31-35; or
3. If the assessed valuation of the Project exceeds \$75 million in year 30 and does not fall below 90% of such value during the term of this extended grant period 35% of Bel Aire's share of ad valorem taxes paid annually by the Company; and received by Bel Aire in each of years 31-35.
4. For the purpose of this calculation, the parties agree that the method of calculating the base on which Bel Aire's and other taxing jurisdictions' taxes are levied (i.e., assessed valuation for commercial properties being equal to 25% of market value) could change over time but that the parties' intention would be to calculate the amount of the grant as if the 2022 tax year equivalent method of calculating tax base would have produced \$50 million in assessed valuation in the year of calculation for the extended grant had 2022 tax assessment practices remained in place at such time.
5. Pursuant to state law, Bel Aire covenants that its city manager or other officials will annually include such payments in Bel Aire's annual proposed operating budget, but any payments are subject to annual appropriations by Bel Aire Governing Body. Bel

Aire will make these payments in the summer of each year upon and to the extent of receipt from the County of Bel Aire's share of ad valorem taxes paid annually by the Company, and after any ad valorem tax protests by the Company have received final determination.

- (G) Bel Aire will support the request of and advocate for similar economic development grants from the school district (if permitted by law) and Sedgwick County.
- (H) As developer, the Company will have the ability to name the location and streets on their site as requested, in conformance with emergency response standards established by Sedgwick County.
- (I) Other Conditions.
 - 1. Most of the economic development incentives described herein require subsequent (and sometimes multiple) actions by Bel Aire Governing Body. Company agrees to participate as reasonably requested by Bel Aire staff in providing information and presenting to the Governing Body to facilitate such accounts.
 - 2. Closing of the IRB and issuance is subject to negotiation of the IRB bond documents, compliance with state law and Bel Aire ordinances and policies for the issuance of the IRBs, and receipt of commitments for the purchase of bonds from lenders / equity holders, including:
 - a. Negotiation of a lease agreement;
 - b. Preparation of appropriate bond ordinance; and
 - c. Execution of guarantees for payment of Bonds to the extent required by the owner of the Bonds.

Article 7. Termination

In the event that the Company fails to do any of the following:

- (A) Expend at least One Billion Five Hundred Million Dollars (\$1,500,000,000) in Qualified Investment related to the Qualified Business Facility in the State of Kansas within six (6) years of the Commencement Date;
- (B) Commence Commercial Operations at the Qualified Business Facility within six (6) years of the Commencement Date; or
- (C) Employ a minimum of 1,600 full-time employees at the Qualified Business Facility within six (6) years of the Commencement Date;

then Bel Aire shall provide the Company with thirty (30) days' written notice of the Company's failure to meet a condition and provide an opportunity to the Company to cure. If such condition is incapable of being cured within thirty (30) days, but the Company has commenced good faith efforts, in the reasonable determination of Bel Aire, to cure such condition and has provided written documentation of such efforts as well as a timeline to resolve such condition to Bel Aire, then Bel Aire shall provide Company an additional sixty (60) days to cure such condition, unless

otherwise extended by mutual written agreement of the Parties. After the additional sixty (60) days, Bel Aire may suspend and/or cease the issuance of all Incentives, and Bel Aire, at its own option, may terminate this Agreement.

In the event that the Company fails to submit documentation to Bel Aire by December 31, 2023 evidencing the Company's award of federal grant funds under the CHIPS Act of 2022, this Agreement shall immediately terminate.

Article 8. Miscellaneous Provisions

8.1. Force Majeure

Should the Company fail to perform its responsibilities pursuant to the terms of this Agreement by reason of fire, lightning, tempest, riot, war within the continental United States of America, unavoidable casualties, delay of transportation that is not caused by Company, employee strike of the employees of a customer or vendor of the Company, pandemic, any governmental restriction, act, or lack of action that is not caused by Company, or by any other cause considered an act of God, otherwise considered "Force Majeure" beyond the control of the Company, and such events would otherwise cause the Company to be in default under the terms of this Agreement, then the Company shall be permitted a reasonable extension of time to cure or resolve its failure to perform. Such time period shall be mutually agreed to by Bel Aire and the Company to cure any such default caused by Force Majeure and during this period the Company shall not be deemed to be in default under this Agreement with respect to the subject of such Force Majeure.

8.2. Assignment

The Company shall not, except as otherwise provided herein, assign or transfer this Agreement whether voluntarily, involuntarily, or by operation of law, without prior written consent thereto of Bel Aire, which consent shall not be unreasonably withheld, conditioned, or delayed. Notwithstanding any such consent, no assignment or transfer shall release or discharge the Company from its duties and obligations under this Agreement, except as provided herein. Any consent by Bel Aire to any aforesaid acts shall be held to apply only to the specific transaction thereby authorized. Such consent shall not be construed as a waiver or release of the duty of Company, or the successors or assigns of Company, to obtain from Bel Aire consent to any other such acts.

8.3. Financial Management

The Company shall keep accounting records sufficient to permit the preparation of financial statements in conformance with United States generally accepted accounting principles or International Financial Reporting Standards and make such records and all related reports, files, documents, and other papers relating to the funds provided under this Agreement available for audits, examinations, and monitoring by Bel Aire. Such records will be retained for a period of three (3) years after the final Incentives payment is made to the Company or repayment of all amounts required under this Agreement is made by the Company. The accounting system used by the Company shall clearly establish records of budgets and expenditures for the activities funded with Incentives provided pursuant to this Agreement and matching investments by the Company. Unless required to be disclosed under K.S.A. 46-1101 *et seq.*, or as otherwise required by law, the information provided pursuant to this Article 8.3 shall remain confidential.

8.4. Amendments

Changes to this Agreement shall not be effective or binding unless in writing and signed by both Parties to this Agreement.

8.5. Applicable Law

This Agreement shall be interpreted pursuant to the laws of the State of Kansas and the Parties stipulate that the only courts of competent jurisdiction to hear a dispute arising from this Agreement would be the District Court of Sedgwick, Kansas, or the United States District Court for the District of Kansas.

8.6. Termination

This Agreement may be terminated, with written notice to the Company, by Bel Aire upon the terms and conditions described herein.

8.7. Severability

The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provisions.

8.8. Entire Agreement

Each party hereto is only responsible for obligations explicitly set forth herein. This Agreement and the attachments contain the entire agreement and supersede all communications, understandings or agreements, whether oral or written, relating to the subject matter of this Agreement.

8.9. Notices

All notices, demands, requests, approvals, reports, instructions or other communications which may be required or desired to be given by either party shall be in writing.

A. Notices to Bel Aire shall be addressed as follows:

Ty Lasher, City Manager
City of Bel Aire, Kansas
7651 E. Central Park Ave.
Bel Aire, Kansas 67226

B. Notices to the Company shall be addressed as follows:

Brett Robinson, CEO
Integra Technologies, Inc.
3450 N. Rock Rd. Bldg. 100
Wichita, Kansas 67226

With a copy, which shall not constitute notice, to:

Harvey R. Sorensen

Foulston Siefkin LLP
1551 N. Waterfront Parkway, Suite 100
Wichita, Kansas 67206

8.10. Independent Contractor

All parties hereto, in the performance of this Agreement, will be acting separately in their respective legal capacities and not as agents, employees, partners, joint venturers in a joint venture, or as associates of one another. Employees or agents of one party shall not be named or construed to be the employees or agents of the other party for any purpose whatsoever.

8.11. Waiver

In the event of breach of the Agreement, or any provision thereof, the failure of Bel Aire to exercise any of its rights or remedies under this Agreement shall not be construed as a waiver of any such provision of the Agreement breached or as acquiescence in the breach. The remedies herein reserved shall be cumulative and additional to any other remedies at law or in equity.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and delivered by their respective officers duly authorized as of the date and year set forth below.

INTEGRA TECHNOLOGIES, INC

3450 N. Rock Rd. Bldg. 100

Wichita, Kansas 67226

Phone: (316) 630-6805

By: _____

Brett Robinson, CEO

CITY OF BEL AIRE, KANSAS

7651 E. Central Park Ave.

Bel Aire, Kansas 67226

Phone: (316) 744-2451

By: _____

Jim Benage, Mayor