

CITY OF FRESNO
TAX REBATE AGREEMENT

This CITY OF FRESNO TAX REBATE AGREEMENT ("Agreement") is entered into this _____ day of _____ 2019, ("Execution Date") by and between THE CITY OF FRESNO, a California municipal corporation ("City") and DARLING INGREDIENTS INC., a Delaware corporation ("Company"). City and Company may be referred to collectively as the "Parties" and individually as a "Party."

RECITALS

The Parties enter into this Agreement with reference to the following circumstances:

A. City and Company entered into a Disposition Agreement and Development Agreement dated September 3, 2019, ("DADA") which provides for certain City incentives including, certain property and sales tax rebates to Company, in consideration for relocation of the Darling Rendering Plant.

B. Pursuant to the DADA, the Company will relocate its rendering facilities to a 20 acre parcel near the wastewater treatment facility, referred to as the "New Site" in the DADA and more fully described in Attachment 3 to the DADA ("Site").

TERMS AND CONDITIONS

NOW, THEREFORE, FOR VALUABLE CONSIDERATION, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS

For purposes of this Agreement, and in addition to certain terms defined elsewhere in this Agreement and in the DADA, the following capitalized terms shall have the following meanings:

"Company" shall mean Darling Ingredients Inc., and affiliates of Darling Ingredients Inc. Affiliates shall mean any legal entity that is owned, directly or indirectly, by Darling Ingredients Inc.

"Fiscal Year" means the City of Fresno's financial reporting period, which runs from July 1 to June 30.

"Local Sales and Use Tax Revenues" means that portion of the sales and use taxes, if any, levied under the authority of the Sales Tax Law, paid by Company, which are finally and irrevocably allocated and paid to City by the California Department of Tax and Fee Administration pursuant to the Sales Tax Law.

"Sales Tax Law" means California Revenue and Taxation Code Section 6001 et seq., and any successor law thereto, including the Bradley-Burns Uniform Local Sales and Use Tax Law (Rev. & Tax Code § 7200 et seq.), and any successor law thereto, and all regulations of the California Department of Tax and Fee Administration and other binding rulings and interpretations relating thereto.

"Term" shall mean the term of this Agreement as described in Section 3.

2. REBATES

2.1

A. Company shall be eligible for the following rebates:

(1) **Property Tax Rebate.** All of the City's share of real and personal property taxes attributable to the Site shall be rebated to Company for a period of thirty years following the Closing Date as defined in the DADA ("Property Tax Rebate"). Since property taxes have not been owed on the Site under City ownership, all property taxes are incremental property taxes and shall be rebated to Company. Rebates under this section will be payable only after property tax obligations for the Site have been paid by the Company to the County, and County has distributed property taxes to the City.

(2) **Rebate of Local Sales and Use Tax on Purchases.** All of the Local Sales and Use Tax Revenues paid by Company in connection with the purchase of taxable tangible personal property put in service within the City, from the Execution Date through one year following recordation of the Certificate of Completion as set forth in the DADA, shall be rebated to Company as long as such tax is reported and allocated to, and received by, the City ("Sales Tax Rebate").

B. The Property Tax Rebate and Sales Tax Rebate shall be payable as described in Section 2.2.

C. Notwithstanding the foregoing, in no event shall City be obligated to make payment of Property Taxes or Local Sales and Use Taxes to Company upon the expiration of this Agreement.

2.2 Timing of Rebate Payments.

A. City shall pay the Property Tax Rebates to Company in annual payments. Before making each annual payment, City shall confirm that it has received Property Taxes from the County Assessor. After the end of the City's Fiscal Year, Company will be eligible to receive a rebate of Property Tax revenues that were generated in the most recently completed Fiscal Year. Within 60 days after the end of the Fiscal Year, City will verify receipt of Property Taxes from the County and make an electronic payment to the Company for the Property Tax Rebate annual payment.

B. Upon written request by Company which must be made no later than one year after recordation of the Certification of Completion as set forth in the DADA, City shall pay the Sales Tax Rebate to Company in a single payment within 90 days following the later of (i) City's receipt of Company's request for the Sales Tax Rebate; or, (ii) City's actual receipt of the Sales and Use Tax Revenues to be rebated. Before making the Sales Tax Rebate payment, City shall confirm that it has received Sales and Use Tax Revenues from the California Department of Tax and Fee Administration.

2.3 Not a Pledge of Sales Tax. Company acknowledges the City is not making a pledge of Local Sales Tax Revenues, property tax or any other particular source of funds, Local Sales Tax Revenues and property tax are used merely as a

measure of the amount of payment due hereunder and as means of computing the City's payment of incentives for the consideration received hereunder.

3. AGREEMENT TERM

This Agreement shall terminate thirty years following the Closing Date as that term is defined in the DADA. If closing does not occur by the Closing Date, this Agreement will automatically terminate and no payments shall be due to Company under this Agreement.

4. GENERAL PROVISIONS

4.1 Notice. Notice as referenced herein shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the Parties set forth in this Section: (i) registered or certified mail, postage prepaid, return receipt requested (in which event, the notice shall be deemed delivered on the date of receipt thereof); (ii) electronic facsimile transmission, followed on the same day by delivery of a "hard" copy via: first class mail, postage prepaid; or (iii) personal delivery, including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service (in which event, the notice shall be deemed delivered on the documented date of receipt).

If to City: CITY OF FRESNO
 Attn: City Manager
 2600 Fresno Street
 Fresno, CA 93721

If to Company: DARLING INGREDIENTS INC.
 Attn: Rick Elrod, Executive Vice President, DAR PRO U.S.A.
 5601 N MacArthur Blvd
 Irving, TX 75038

4.2 Non-Discrimination Requirements. Company shall not discriminate on the basis of race, gender, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring, or treatment of subcontractors, vendors, or suppliers. Company shall provide equal opportunity for subcontractors to participate in subcontracting opportunities. Company understands and agrees that violation of this clause shall be considered a material breach of the Agreement and may result in Agreement termination, or other sanctions.

4.3 Waivers. The failure by either Party to enforce at any time any provision or condition of this Agreement shall not be construed to be a waiver of such provision or condition contained herein or a waiver of any subsequent breach or violation of the same or any other provision or condition, nor in any way to affect the validity of this Agreement or any part hereof or the right of a Party to thereafter enforce each and every such provision or condition. A waiver under this Agreement must be in writing and state that it is a waiver. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

4.4 Local, State and Federal Laws. Company hereby agrees to abide by all applicable federal, state, and City laws.

4.5 Successors and Assigns. This Agreement shall be binding upon the Parties' successors and assigns. Company shall not assign this Agreement or any right or obligation hereunder except that it may so assign to its immediate or ultimate parent, or to a directly related corporate or business entity, by providing notice to City.

4.6 Entire Agreement. This Agreement (including the exhibits hereto, which are integral parts of this Agreement) supersedes all previous representations, understandings, negotiations and agreements either written or oral between the Parties or their representatives. This Agreement may not be modified except by the written agreement executed and delivered by both Parties.

4.7 Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired thereby and shall remain valid and enforceable to the greatest extent permitted by law.

4.8 Counterparts. This Agreement may be executed in any number of and by different parties hereto on separate counterparts, all of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any signature delivered by a party by facsimile transmission or electronic transmission (including e-mail transmission of a PDF image) shall be deemed to be an original signature hereto.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the parties have executed this Agreement at Fresno, California, on the day and year first above written.

CITY OF FRESNO,
A California municipal corporation

DARLING INGREDIENTS INC.,
A Delaware Corporation

By _____
Wilma Quan Date
City Manager

By: _____
Rick Elrod Date
Executive Vice President
DAR Pro U.S.A.

ATTEST:
YVONNE SPENCE, CMC
City Clerk

By: _____
Deputy

APPROVED AS TO FORM:
DOUGLAS T. SLOAN
City Attorney

By: _____
Laurie Avedisian-Favini Date
Assistant City Attorney