

INCENTIVE AGREEMENT

This Incentive Agreement is effective February 13, 2019, and is entered into between the following parties:

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC. (hereinafter referred to as "GO TOPEKA")

719 S Kansas Ave, Suite 100
Topeka, KS 66603
Phone: (785) 234-2644
Fax: (785) 234-8656
Contact Person/Title: Molly Howey, Senior V.P., Economic Development

HILL'S PET NUTRITION, INC. (hereinafter referred to as "HILL'S")
400 SW 8th Avenue
Topeka, KS 66603

WHEREAS, HILL'S is a corporation that is in good standing and qualified to do business under the laws of the state of Kansas; and

WHEREAS, HILL'S is contemplating investing approximately Twenty Million Dollars (\$20,000,000) to construct a facility for the expansion of the small dog colony in Shawnee County; and

WHEREAS, such facility is referred to herein as the "New Facility," and consists of approximately 36,000 square feet; and

WHEREAS, as a result of the construction of the New Facility, HILL'S will be able to create six (6) full time jobs over the next approximately two (2) years;

WHEREAS, GO TOPEKA desires to assist and promote HILL'S by offering up to One Hundred Ninety Six Thousand Dollars (\$196,000) in employment and investment incentives; and

WHEREAS, HILL'S acting in reliance upon the incentives set forth in this Agreement, has decided to maintain and expand its operations in Shawnee County, Kansas; and

WHEREAS, the parties wish to memorialize their understanding regarding the details of the incentive package through this legally enforceable contract.

WITNESSETH:

NOW, THEREFORE, in consideration of such mutual benefits and the mutual covenants and agreements expressed herein, the parties covenant and agree as follows:

1. **Real Estate Investment Incentive.** For each One Million Dollars (\$1,000,000) in capital investment in the construction of the New Facility made by HILL'S in Shawnee County, Kansas up to but not to exceed a total capital investment of Twenty Million Dollars (\$20,000,000) GO TOPEKA shall pay an incentive to HILL'S of Eight Thousand Dollars (\$8,000) (the "Real Estate Investment Incentive"). The aggregate of said Real Estate Investment Incentive payments shall not exceed One Hundred Sixty Thousand Dollars (\$160,000). The Real Estate Investment Incentive Payment shall be made to HILL'S upon GO TOPEKA's receipt of the certificate of occupancy for the New Facility. The real estate value used to calculate the Real Estate Investment Incentive shall be based upon the Shawnee County Appraiser's value of the real property after completion of the New Facility, or the actual expenditures for the construction of the new facility based upon paid invoices and pay applications to be verified by GO TOPEKA, whichever is greater.

2. **Local Employment Incentive.** GO TOPEKA agrees to provide to HILL'S an employment incentive up to Thirty Six Thousand Dollars (\$36,000) (the "Employment Incentive") for new Full Time Employment Positions created by HILL'S over five (5) years, subject to the limitations and requirements outlined herein. A Full Time Employment Position receiving compensation of \$40,000 up to \$60,000 annually is eligible for an Employment Incentive of \$4,000, paid over five years (\$800 per year); a Full Time Employment Position receiving compensation of \$60,000 or more annually is eligible for an Employment Incentive of \$6,000, paid over five years (\$1,200 per year). A Full Time Employment Position receiving compensation of less than \$40,000 annually is not eligible for an incentive.

As used herein, a "Full Time Employment Position" is an employee position that includes approximately 2080 paid hours of service in Shawnee County, Kansas, during each calendar year. For purposes of determining eligibility for Employment Incentives (and the amount thereof), compensation includes salary, bonuses or other cash incentives paid by HILL'S to the Full time Employment Position in a calendar year, but does not include benefits. Each position shall be eligible to receive health insurance benefits, at least part of the premiums of which are paid by HILL'S, and paid sick, holiday and vacation leave. Nothing herein shall require that a Full Time Employment Position be held by the same person, nor shall this Agreement preclude

HILL'S from changing the title, purpose or utility of a position (as long as it meets the other requirements identified herein, including compensation). Each Full Time Employment Position must be one which has HILL'S withholding and paying all federal, state and local employment taxes attributable to the employee. More than one position cannot be aggregated to qualify for an Employment Incentive.

Only new Full Time Employment Positions shall be eligible for the Employment Incentive. A "new" Full Time Employment Position is an otherwise eligible Full Time Employment Position that is in excess of and in addition to the Full Time Employees presently employed by HILL'S.

A Full Time Employment Position shall not fail to qualify for the Employment Incentive if the position is vacated (voluntarily or otherwise) and HILL'S is undertaking an open and active search and such position is filled within ninety (90) days after the vacancy during the calendar year; provided, however, that the vacancy could effect the compensation of the position (and therefore the amount of the Employment Incentive available). (If unfilled for longer than ninety (90) days during a calendar year, the position will cease to qualify as Full Time Employment Position and will not be eligible for an Employment Incentive for that year).

Notwithstanding anything to the contrary herein, a maximum incentive available hereunder shall not exceed Thirty Six Thousand Dollars (\$36,000) in the aggregate. To qualify for an incentive, the Full Time Employment Positions must be in place by December 31, 2020.

Installments of the Employment Incentive shall be available to be earned for up to five (5) consecutive calendar years, with the first qualifying year beginning on January 1, 2019 (with the Employment Incentive installment relating thereto paid in 2020), and the last qualifying year (depending when a position was added) ending on December 31, 2023 (with the Employment Incentive relating thereto paid in 2024). The Employment Incentives shall not exceed Eight Thousand Four Hundred Dollars (\$8,400) in any one calendar year.

GO TOPEKA will endeavor to make an incentive payment by March 31 each year (beginning in 2020, and ending in 2024), for the qualifying Full Time Employment Positions maintained for the entire previous calendar year; provided, however, that HILL'S must first provide GO TOPEKA with sufficient documentation relating to such employment levels (as required elsewhere herein).

The parties recognize there may be some turnover and fluctuations in HILL'S employment levels. Therefore, subject to the termination provision, a position may qualify for an Employment Incentive in one year after failing to qualify in a prior year. If the annual compensation for a position increases (into another incentive category) over its initial, first year amount, the incentive shall increase, however, if the compensation for a position decreases (into a lower incentive category), the incentive shall be decreased to meet the incentive category.

For purposes of illustration, if HILL'S maintains throughout 2020 four Full Time Employment Positions receiving compensation in excess of \$40,000, but less than \$60,000 annually and two Full Time Employment Positions receiving compensation in excess of \$60,000 annually, it would be eligible to receive an Employment Incentive installment in the amount of \$5,600 $[(4 \times \$800) + (2 \times \$1,200)]$ in early 2021. If, in 2020, there are no changes except that one of the positions previously compensated at above \$60,000 annually received compensation less than \$60,000, but more than \$40,000 annually, HILL'S would only receive \$5,200 in 2021.

3. **Employment Incentive Calculation Documentation.** When and as reasonably requested by GO TOPEKA, HILL'S shall provide GO TOPEKA with state and federal employment tax returns and/or other information reasonably necessary to establish employment levels in Shawnee County, Kansas, for purposes of calculating Employment Incentives and monitoring HILL'S performance hereunder. GO TOPEKA is granted the right to audit financial documents at any time during this Agreement. GO TOPEKA is granted the right to reduce payments made to HILL'S by amounts found to be improper, unauthorized or unsubstantiated. GO TOPEKA shall have sole authority in this regard and shall base its decision upon information submitted, including absence of documents to substantiate expenditure.

4. **Use of Funds.** The funds received by HILL'S pursuant hereto shall be used for the purpose of employment of persons to be employed in Shawnee County, Kansas.

5. **Notices.** Any notices required or permitted to be given pursuant to this Agreement may be delivered in person or mailed, certified mail, return receipt requested, to the addresses identified above.

6. **Miscellaneous.** The following miscellaneous provisions shall apply to this Agreement:

a. HILL'S agrees to make every reasonable effort to use Shawnee County, Kansas-based vendors for construction of its facility and the purchase or procurement of the machinery and equipment contemplated herein.

b. HILL'S agrees to make every reasonable effort to use, if qualified, Shawnee County residents to fill the new Full Time Employment Positions in Shawnee County, Kansas.

c. HILL'S shall provide prompt advance notice to GO TOPEKA of any material change in HILL'S ownership, control or management, including issues of insolvency or bankruptcy, or other material changes that could reasonably result in a default by HILL'S under any agreement to which it is a party related to the matters set forth herein, or a change in the Full Time Employment Positions maintained in Shawnee County, Kansas.

d. HILL'S agrees to participate in a public event with GO TOPEKA in Shawnee County, Kansas, celebrating the new business and employment expansion contemplated by this Agreement. Such event would include general recognition of JEDO's and GO TOPEKA's involvement in the project.

e. This writing contains the entire agreement reached between the parties hereto with respect to the subject matter hereof, and may be amended only in writing, duly executed by all parties concerned.

f. This Agreement shall be interpreted under the laws of the State of Kansas, with venue being solely in the state District Court of Shawnee County, Kansas. In the event any provision is found to be unenforceable or unconstitutional, all other provisions shall remain in full force and effect.

g. Time is of the essence of this Agreement.

h. By signing this Agreement, the parties affirm that they have the authority of their respective corporations to enter into this Agreement and bind their respective entities.

i. This Agreement shall bind and inure to the benefit of the parties to this Agreement, their heirs, legal representatives, assignees, transferors and successors.

j. No failure by a party to insist on prompt performance by the other party of its obligations hereunder shall constitute a waiver of rights under the Agreement. Similarly, the waiver by a party of any breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach of that same or any other provision.

k. This Agreement may be executed in counterparts, each counterpart shall be deemed an original, and, when taken together with other signed counterparts, shall constitute one agreement, which shall be binding upon and effective as to all parties.

l. The parties acknowledge and agree that HILL'S shall not assign, transfer, hypothecate or otherwise encumber this Agreement and its rights hereunder, without the prior written approval of GO TOPEKA.

m. Sarbanes-Oxley and similar legislation may have application to, or affect the accounting for, this Agreement by HILL'S.

n. GO TOPEKA makes no representation as to the taxability or tax effect of this Agreement and the incentive payments hereunder.

o. GO TOPEKA's obligations hereunder are contingent upon approval hereof by the Joint Economic Development Organization ("JEDO") and the continued funding of GO TOPEKA at adequate levels through a portion of the Shawnee County retailer's sales tax and/or by JEDO. GO TOPEKA may unilaterally reduce or eliminate any payments hereunder in the event that sufficient funds are not available (taking into account GO TOPEKA's other obligations). GO TOPEKA will endeavor to give HILL'S advance notice of any reduction of funds when practical. HILL'S agrees and understands that if there are not sufficient funds appropriated or available to GO TOPEKA to continue to make any payments hereunder (taking into account GO TOPEKA's other obligations, GO TOPEKA may terminate this Agreement with written notice of termination to HILL'S. The reduction or elimination of any payments, and/or termination of this Agreement pursuant to this paragraph, shall not cause any penalty or damages to be charged to GO TOPEKA and HILL'S waives and releases any rights, causes of action or claims it may have should such insufficiency of funds occur.

p. In carrying out the terms and provisions of this agreement, HILL'S shall not unlawfully discriminate against any employee, applicant for employment, recipient of service or applicant to receive or provide services because of race, color, religion, sex, age, disability, national origin or any other status protected by applicable federal or state law or local ordinance.

q. Every duty, right, or obligation contained in this Agreement imposes an obligation of good faith in its performance or enforcement. For the purposes of the Agreement, "good faith" dealing means honesty in fact in the conduct or the transaction concerned.

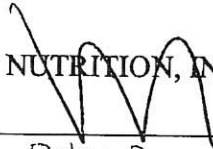
r. Nothing herein contained shall be construed or held to make any party a partner, joint venture or associate of another party in the conduct of its business, nor shall either party be deemed the agent of the other, it being expressly understood and agreed that the relationship between the Parties hereto is and shall at all times remain contractual as provided by the terms and conditions of this Agreement.

s. The parties agree to execute and deliver such other documents, agreements or instruments as may be necessary or convenient to effect the purposes of this Agreement and to comply with any of the terms hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written.

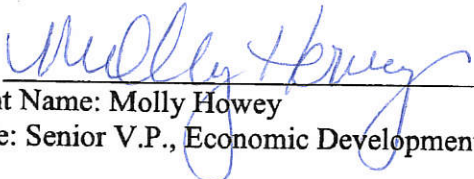
“HILL’S”

HILL’S PET NUTRITION, INC.

By: 
Print Name: Peter Brons-Poulsen
Title: President and CEO

“GO TOPEKA”

GROWTH ORGANIZATION OF TOPEKA/SHAWNEE COUNTY, INC.

By: 
Print Name: Molly Howey
Title: Senior V.P., Economic Development