

This is a redraft of contract provisions between the Hardee County Industrial Development Authority (IDA) and Florikan.

The following points are agreed to between the parties for creation of final lease and performance based purchase option, subject to final contract approval:

- Florikan has sought and received incentives in the form of custom building construction by the Hardee County IDA and the Hardee County Economic Development Authority (EDA).
- The current funding related to construction of the project is a \$2 million Hardee County Economic Development Authority (EDA) grant for the Florikan project awarded to and administered by the Hardee County IDA, and a \$1.5 million contribution by the Hardee County IDA for a total of \$3.5 million.
- The IDA will, subject to funding availability, contribute an additional \$500,000 to the project if necessary to accomplish proper funding of the construction costs of the facility.
- Architectural and site planning is expected to begin in the 4th quarter of 2013 and actual construction is expected to begin in 2nd quarter of 2014.
- Construction is anticipated to be completed in 1st quarter 2015 and building retrofit of equipment and manufacturing processes expected to be completed in 4th quarter of 2015.
- Operation and manufacturing is expected to begin in 1st quarter of 2016.
- Florikan agrees to reimburse costs related to Hardee County ad valorem assessments and insurance costs incurred by the IDA after certificate of occupancy is issued through 2016.
- The actual lease conditions based on a gross 7% of EDA/IDA investment in the project is projected to begin on January of the 2016 calendar year but any lease amount above the property taxes and insurance costs incurred by the IDA will be deferred for a period not to exceed three years until January of the 2019 calendar year.
- Such deferred rent will accrue at 103% (3% motivational penalty to compel due diligence in disposing of property) of actual rent for no more than the three year period at the option of Florikan.
- All rent once paid by Florikan to the IDA shall be applied to a performance based purchase option at 100% of the lease payment as established by 7% of gross IDA investment less insurance and Hardee County ad valorem assessments.
- In the event of any prepayment of rent by Florikan, such rent will be applied according to its present value (present value of \$1) as computed by interest based on 10 year treasury notes at the time of prepayment.

- Florikan will need to place \$100,000 into an escrow account at the time of signing the contract.
 - Money placed in escrow can be used for any additional rent payment not covered by title transfer.
 - Money in the escrow will be forfeited to Hardee IDA upon a total default by Florikan
- Additional conditions of the performance based purchase option agreement include:
 - In order to have 100% of the lease payment credited towards the purchase price of the building Florikan must have 24 employees working in Hardee County. For every additional 6 employees over the 24 (capped at 36), Hardee IDA will contribute an additional \$50,000 credit per year towards the purchase price of the building. 30 employees equals \$50,000 credit, 36 employees equals \$100,000 credit.
 - We must retain the additional employees 5 years out of the 10 year lease life at which point the incentive will be retroactive back to year 1. This provides an additional \$1MM in potential incentives.
- At the end of the 10 year lease, Florikan **will have the option** to purchase the building at either
 - A) The total investment that the IDA has into the building.
 - B) The appraised value of the building.