

COMPENSATION AGREEMENT

This Compensation Agreement (the "Agreement") is made and entered into as of February __, 2020, by and between the CITY OF COLUMBUS, OHIO, a municipal corporation organized and existing under the constitution, its Charter, and the laws of the State of Ohio with its principal offices at 90 West Board Street, Columbus, Ohio 43215 (the "City"), ANDELYN BIOSCIENCES, INC., a corporation incorporated and existing under the laws of the State of Ohio with its principal address at 700 Children's Drive, Columbus, Ohio 45205 (the "Company"), Nationwide Children's Hospital, a nonprofit corporation incorporated and existing under the laws of the State of Ohio with its principal address at 700 Children's Drive, Columbus, Ohio 45205 (the "Hospital") and the COLUMBUS CITY SCHOOL DISTRICT, a public school district with its principal offices located at 270 E. State Street, Columbus, OH 43215 (the "School District" and, together with the City, the "Parties").

WITNESSETH:

WHEREAS, pursuant to Ohio Revised Code Section 5709.61 through 5709.631 (together with related provisions of the Ohio Revised Code, the "Enterprise Zone Act"), the City may, among other things, (i) create an enterprise zone and exempt facilities and projects in the zone from real property taxation for a period of time; and (ii) provide for compensation to the affected school districts; and

WHEREAS, the Andelyn Biosciences Project and surrounding area, as described and depicted on Exhibit "A" attached hereto, the "Site"), is within a previously established enterprise zone; and

WHEREAS, the proposed development of the Site will include commercial uses; and

WHEREAS, on _____, _____, City Council for the City passed Ordinance No. _____ (the "Enterprise Zone Ordinance"), pursuant to which, among other things, the City created an enterprise zone; and

WHEREAS, on _____, 2020, City Council passed Ordinance No. _____ (the "Andelyn Enterprise Zone Ordinance") pursuant to which among other things the City (i) declared to be exempt the Facilities and Project, as defined in the Enterprise Zone Act, from real property taxation for a period of not to exceed fifteen (15) years and 100% of the value of the Facilities (the "Enterprise Zone Exemption"), (ii) approved an Enterprise Zone Agreement by and between the City and the Company, and (iii) approved the execution of this Compensation Agreement; and

WHEREAS, the City and the School District will derive substantial and significant benefits from the development of the Site, including, creation of jobs, increasing local residents' quality of life through education and business support; and

WHEREAS, on February 4th, 2020, and prior to the passage of the Andelyn Enterprise Zone Ordinance, the Board of Education of the School District adopted a resolution (the "School Resolution") granting its approval of this Agreement and the exemption of the real property taxes on the Facilities and Project as provided in the Andelyn Enterprise Zone Ordinance and waived

any further requirements of the Enterprise Zone Act and Section 5709.83 of the Ohio Revised Code on the condition that the City and the Company execute and deliver this Agreement; and

WHEREAS, to facilitate the development of the Site, and to compensate the School District for a portion of the real property taxes that the School District would have received had the Development Site been improved and not been exempted from taxation, the City, the Company and the School District have determined to enter into this Agreement, which Agreement is in the vital and best interest of the City, the Company, and the School District and will improve the health, safety and welfare of the citizens of the City and the School District; and

WHEREAS, the Hospital is an affiliate of the Company and will derive benefits from the Enterprise Zone Exemption to be provided to the Company;

NOW THEREFORE, in consideration of the premises and covenants contained in this Agreement, the Parties agree as follows:

Section 1. School District Approval and Agreement. In consideration of the compensation to be provided to it under this Agreement, the School District has, by the School Resolution, approved the Enterprise Zone Exemption for the real property set forth in Exhibit A attached hereto, in the amount of up to 100% for up to 15 years, as provided for in the Andelyn Enterprise Zone Ordinance.

Section 2. Compensation Payments to School District. The Parties agree that, as consideration for the School District's agreement to approve the Andelyn Enterprise Zone Exemption, (i) the Hospital shall provide annually to the School District, in each year that the Company receives a tax exemption for the Site commencing in the first year in which the Company receives such tax exemption with respect to structures built on the Site (expected to be tax collection year 2022), compensation to the School District consisting of an increase in the value of specific services (the "Additional Services"), as described below, in addition to the other services currently being provided, including services as set forth in Exhibit C. The Additional Services shall be valued at \$330,000 annually and shall be comprised of:

A minimum of five (5) additional clinicians during regular school hours in either of the following service areas:

- Primary Care, provided through both Mobile Care Centers and School-Based Health Centers
- Behavioral Health

and (ii) the City shall pay to the School District a portion of the municipal income tax generated from the Andelyn Bioscience Project as set forth below:

If payroll of new employees, as defined in Section 5709.82 of the Ohio Revised Code, at the Andelyn Bioscience Project equals or exceeds one million dollars in any tax year for which the Exempted Property is exempt, the City shall pay to the School District an amount equal to fifty percent of the difference between the amount of income taxes levied and collected by the City on the incomes of the new employees, and the amount of any infrastructure costs incurred in that tax

year, however, the amount of such infrastructure cost may not exceed thirty-five percent of the amount of such income taxes for purposes of this calculation. The City shall make any such required payments on or before April 30 of the year following such applicable tax year;

(collectively "School Compensation"). Such School Compensation items shall be provided to the School District in each year of tax exemption.

During each year in which the Company qualifies for the Enterprise Zone Exemption during the term of this Agreement, the Hospital will ensure that the aggregate value of the Additional Services shall be \$330,000, and Baseline Services (as defined in Exhibit C) shall continue to be at least \$3,200,000. Baseline Services are being provided by the Hospital to the School District pursuant to other agreements between the School District and the Hospital including, without limitation the Second Amended and Restated Memorandum of Understanding, dated as of December 7, 2017, as amended by the First Amendment to the Second Amendment and Restatement, dated as of June 21, 2019 (collectively, the "MOU"). The amount of the Additional Services and Baseline Services shall be calculated in the same manner as the Value of Services Calculation, as set forth in Exhibit C.

For each year during the term of this Agreement, the Hospital shall provide the School District with a report that measures the Additional Services and the Baseline Services (the "Annual Report"). The Annual Report for each year shall be due on March 1 of the following calendar year, or such other time as the parties may agree. The Annual Report shall identify the amount of the Additional Services and Baseline Services for the preceding calendar year based on the Value of Services Calculation and shall generally describe the location and scope of services provided.

The parties acknowledge that the specific nature of the Healthcare Services and Student Programs that are supported by the Hospital may vary over time, and the Hospital and the School District shall determine the location and type of services that will comprise the Additional Services. The parties agree there will be an emphasis on Primary and Behavioral Care Services for as long as the School District determines it to be necessary. In any year in which the parties cannot mutually agree on the Additional Services to be provided Hospital will make an annual cash payment in the amount of the difference between the Value of Services Calculation for the Additional Services actually agreed to and provided and the Additional Services amount of \$330,000. Such cash payment, if required shall be made by December 31 in any year in which it is applicable. In any year in which Baseline Services are not at least \$3,200,000, in addition to remedies School District may have under other agreements. Hospital will make an annual cash payment in the amount of the difference between the Value of Services Calculation for the Baseline Services provided and the Baseline Services amount of \$3,200,000. Notwithstanding the foregoing, no cash payment will be owed to the School District hereunder in the event that the School District terminates the MOU or (fails to renew the MOU) or any other agreement by which the Hospital is entitled to provide services to the School District without just cause.

Section 3. Term of Agreement; Other Terms.

(A) Term. The term of this Agreement shall commence on the date of this Agreement and shall expire on December 31st of the tax collection year in which the Enterprise Zone tax

exemption related to the Site is received by the Company. The terms of this Agreement shall remain enforceable by the Parties after the expiration of this Agreement.

(B) Waiver of Notice, Defects and Irregularities. The School District hereby waives any right to receive notification of the passage of the Andelyn Enterprise Zone Ordinance or legislation authorizing the Andelyn Enterprise Zone Exemption or the filing of any related application for a real property tax exemption whether pursuant to Sections 5709.62, 5709.631, 5709.82, 5709.83 or 5715.27 or any other applicable provision of the Ohio Revised Code for the Site. Further, the School District waives any defects or irregularities relating to the Andelyn Enterprise Zone Exemption.

(C) Validity of Andelyn Enterprise Zone Exemption. The School District agrees that it will not contest any application for a real property tax exemption which is filed in connection with the Andelyn Enterprise Zone Exemption.

(D) No Contest to Base Valuation. The School District agrees that it will not seek to increase the "base valuation" for any Parcel. For purposes of this subsection (E), "base valuation" shall equal the difference between (i) the taxable (or assessed) value of a Parcel less (ii) the Improvement value of that Parcel.

Section 4. Miscellaneous.

(A) Entire Agreement. This Agreement sets forth the entire agreement and understanding between the Parties as to the subject matter hereof and merges and supersedes all prior discussions, agreements, and undertakings of every kind and nature between the Parties with respect to the subject matter of this Agreement.

(B) Amendment. This Agreement may be amended or modified by the Parties only in writing, signed by both Parties.

(C) Assignment. This Agreement may not be assigned without the prior written consent of all non-assigning Parties.

(D) Binding Effect. The provisions of this Agreement shall be binding upon the successors or assigns of the Parties.

(E) Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

(F) Day for Performance. Wherever herein there is a day or time period established for performance and such day or the expiration of such time period is a Saturday, Sunday or legal holiday, then such time for performance shall be automatically extended to the next business day.

(G) Notices. All payments, certificates and notices which are required to or may be given pursuant to the provisions of this Agreement shall be sent by the United States ordinary mail, postage prepaid, and shall be deemed to have been given or delivered when so mailed to the following addresses:

If to the City: 90 West Broad Street
Columbus, OH 43215
Attn: Director of Department of Economic
Development

If to the School District: 270 E. State Street
Columbus, OH 43215
Attn: Treasurer

If to the Company: Andelyn Biosciences, Inc.
700 Children's Drive
Columbus, OH 43205
Attn: Tim Robinson, President
With a copy to:

Nationwide Children's Hospital
700 Children's Drive
Columbus, OH 43205
Attn: Legal Services

If to the Hospital: Nationwide Children's Hospital
700 Children's Drive
Columbus, OH 43205
Attn: Patty McClimon, SVP Planning & Facilities

With a copy to:

Nationwide Children's Hospital
700 Children's Drive
Columbus, OH 43205
Attn: Legal Services

Either Party may change its address for receiving notices and reports by giving written notice of such change to the other Party.

(H) Events of Default and Remedies. Except as otherwise provided in this Agreement, in the event of any default in or breach of this Agreement, or any of its terms or conditions, by any Party hereto, such defaulting Party shall, upon written notice from any non-defaulting Party, proceed immediately to cure or remedy such default or breach, and, in any event, within thirty (30) days after receipt of such notice. In the event such default or breach is of such nature that it cannot be cured or remedied within said thirty (30) day period, then in such event the defaulting Party shall upon written notice from any non-defaulting Party commence its actions to cure or remedy said breach within said thirty (30) day period, and proceed diligently thereafter to cure or remedy said breach. In case such action is not taken or not diligently pursued, or the default or breach shall not be cured or remedied within a reasonable time, the aggrieved non-defaulting Party may institute such proceedings as may be necessary or desirable in its opinion to cure and remedy such

default or breach, including, but not limited to, proceedings to compel specific performance by the defaulting Party.

(I) Severability of Provisions. The invalidity of any provision of this Agreement shall not affect the other provisions of this Agreement, and this Agreement shall be construed in all respects as if any invalid portions were omitted.

(J) Extent of Covenants; No Personal Liability. All covenants, obligations and agreements of the Parties contained in this Agreement shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future member, officer, agent or employee of the City, the Company, the Hospital, or the School District other than in his or her official capacity, and neither the members of the legislative bodies of the City or the School District nor any official executing this Agreement shall be liable personally under this Agreement or be subject to any personal liability or accountability by reason of the execution thereof or by reason of the covenants, obligations or agreements of the City, the Company, the Hospital, and the School District contained in this Agreement.

(K) Legal Authority. The Parties respectively represent and covenant that each is legally empowered to execute, deliver and perform this Agreement and to enter into and carry out the transactions contemplated by this Agreement. The Parties further respectively represent and covenant that this Agreement has, by proper action, been duly authorized, executed and delivered by the Parties and all steps necessary to be taken by the Parties have been taken to constitute this Agreement, and the covenants and agreements of the Parties contemplated herein, as a valid and binding obligation of the Parties, enforceable in accordance with its terms.

(L) Limit on Liability. Notwithstanding any clause or provision of this Agreement to the contrary, in no event shall City or the School District be liable to each other for punitive, special, consequential, or indirect damages of any type and regardless of whether such damages are claimed under contract, tort (including negligence and strict liability) or any other theory of law.

(M) No Waiver. No right or remedy herein conferred upon or reserved to any Party is intended to be exclusive of any other right or remedy, and each and every right or remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter legally existing upon the occurrence of any event of default hereunder. The failure of any Party to insist at any time upon the strict observance or performance of any of the provisions of this Agreement or to exercise any right or remedy as provided in this Agreement shall not impair any such right or remedy or be construed as a waiver or relinquishment thereof. Every right and remedy given by this Agreement to the Parties hereto may be exercised from time to time and as often as may be deemed expedient by the Parties hereto, as the case may be.

(N) Ohio Laws. Any reference to a section or provision of the Constitution of the State, or to a section, provision or chapter of the Ohio Revised Code shall include such section, provision or chapter as modified, revised, supplemented or superseded from time to time; provided, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall

be applicable solely by reason of this paragraph if it constitutes in any way an impairment of the rights or obligations of the Parties under this Agreement.

(O) Recitals. The Parties acknowledge and agree that the facts and circumstances as described in the Recitals hereto are an integral part of this Agreement and as such are incorporated herein by reference.

(P) Survival of Representations and Warranties. All representations and warranties of the Parties in this Agreement shall survive the execution and delivery of this Agreement.

(Q) Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any Party to this Agreement may execute this Agreement by signing any such counterpart.

Signature Page Follows

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly signed as of the date set forth above.

CITY OF COLUMBUS, OHIO

By: _____
Name: _____
Title: _____

COLUMBUS CITY SCHOOL DISTRICT

By: 
President of the Board of Education

By: 
Treasurer

ANDELYN BIOSCIENCES, INC.

By: _____
Name: _____
Title: _____

NATIONWIDE CHILDREN'S HOSPITAL

By: _____
Name: _____
Title: _____

SECTION 5705.41
CERTIFICATE OF AVAILABILITY OF FUNDS

The undersigned, Finance Director of the City of Columbus, Ohio (the "City"), hereby certifies in connection with the Compensation Agreement between the City, Andelyn Biosciences, Inc., Nationwide Children's Hospital, and the Columbus City School District, dated February __, 2020, that:

The amount required to meet the contract, obligation, or expenditure for the attached during Fiscal Year 2020, has been lawfully appropriated for the purpose, and is in the treasury or in process of collection to the credit of an appropriate fund, free from any outstanding obligation or encumbrance. This certificate is given in compliance with Sections 5705.41 and 5705.44 of the Ohio Revised Code.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of February, 2020.

Finance Director

Dated: February __, 2020

[Fiscal Officer's Certificate]

EXHIBIT A
Real Property Description
Site

Unimproved development lot
SW Corner of Lane Avenue and Carmack Road
Columbus, OH 43221
Acreage: +/- 7.8 acres

EXHIBIT B
Andelyn Biosciences Enterprise Zone Ordinance
[To be Supplied]

EXHIBIT C
Baseline Services

Nationwide Children's Hospital ("NCH") currently provides a variety of healthcare services within the Columbus City School District (the "School District"), including (i) Primary Care, provided through both Mobile Care Centers and School-Based Health Centers, (ii) Behavioral Health, (iii) Seating Clinic, (iv) Asthma Program, (v) Clinical Therapies collaboration, and (vi) Education+Experience (collectively, the "Healthcare Services").

In addition, NCH currently provides support for certain student programs associated with the School District including: (i) the South High School mentoring program, (ii) the Shadowing/mentorship program, (iii) the Upward Bound mentorship programs, and (iv) the Resident health education program (the "Student Programs"). The Student Programs and Healthcare Services are collectively referred to herein as the "NCH Contribution."

In 2019, the value of the NCH Contribution to the School District was \$3,200,000 (the "Baseline Services"). The value of the Baseline Services was calculated by adding: (1) the annual net loss (measured as a positive number) incurred by NCH for providing Healthcare Services to the School District (for this purpose payments received by NCH from the Company will be disregarded); and (2) the value of NCH's in-kind contribution to support the Student Programs (measured by multiplying NCH employee hours to support Student Programs by an in-kind rate of \$25.23/hr) (the "Value of Services Calculation").