

CITY COUNCIL AGENDA ITEM COVER MEMO

Agenda Item Number: 15.cc

Meeting Type: Regular

Meeting Date: Jan 22, 2015

Action Requested By: Administration

Agenda Type: Resolution

Subject Matter:

Development Agreement among the City, Limestone County, and Polaris Industries.

Exact Wording for the Agenda:

Resolution authorizing the Mayor to execute a Project Development Agreement among the City of Huntsville, Limestone County, Alabama, and Polaris Industries.

Note: If amendment, Please state title and number of the original

Item to be considered for: Action

Unanimous Consent Required: No

Briefly state why the action is required; why it is recommended; what council action will provide, allow and accomplish and; any other information that might be helpful.

Associated Cost: _____

Budgeted Item: Yes

MAYOR RECOMMENDS OR CONCURS: Yes

Department Head: _____

Date: _____

RESOLUTION NO. 15-_____

WHEREAS, the City Council of the City of Huntsville, Alabama, has determined that it is in the City's best interest to enter into the Development Agreement referenced herein; and

WHEREAS, the Council hereby determines that the expenditure of public funds for the purpose specified in the Development Agreement referenced herein will serve a valid and sufficient public purpose, notwithstanding any incidental benefit accruing to any private entity or entities.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Huntsville, Alabama, that the Mayor be, and he is hereby authorized to enter into a Development Agreement on behalf of the City of Huntsville, a municipal corporation in the State of Alabama, and to undertake the transactions and execute such deeds, agreements, instruments, or other documents as shall be therein contemplated, which said agreement is substantially in words and figures similar to that certain document attached hereto and identified as "Development Agreement between the City of Huntsville, Alabama and Polaris Industries LLC," consisting of fifty-five (55) pages including Exhibits, and the date of January 22, 2015, appearing on the margin of the first page, together with the signature of the President or President Pro Tem of the City Council, and including such changes as shall be agreed to by the Mayor on behalf of the City of Huntsville, Alabama, an executed copy of said document being permanently kept on file in the Office of the City Clerk-Treasurer of the City of Huntsville, Alabama.

ADOPTED this the 22nd day of January, 2015.

President of the City Council of
the City of Huntsville, Alabama

APPROVED this the 22nd day of January, 2015.

Mayor of the City of
Huntsville, Alabama

PROJECT DEVELOPMENT AGREEMENT

THIS PROJECT DEVELOPMENT AGREEMENT (this "Agreement") is hereby made and entered into on January __, 2015 by and between the **CITY OF HUNTSVILLE, ALABAMA**, an Alabama municipal corporation (the "City"), **LIMESTONE COUNTY, ALABAMA**, a political subdivision of the State of Alabama (the "County," and together with the City, the "Local Authorities" and, individually, a "Local Authority"), and **POLARIS INDUSTRIES INC.**, a Delaware corporation (the "Company"). The City, the County and the Company are herein together sometimes referred to collectively as the "Parties" and, individually, as a "Party".

RECITALS

WHEREAS, the Company heretofore determined to construct an industrial facility for certain manufacturing operations of the Company, including, without limitation, the production of powersports vehicles (the "Project"); and

WHEREAS, the Company identified various locations throughout the United States as potential sites for the Project including, among several others, the City, each of which alternative sites offered incentives to the Company to locate the Project within their respective jurisdictions; and

WHEREAS, the Company has represented to the Local Authorities that it will create 2,000 new jobs and invest \$142,000,000 in capital, as more fully defined herein, in connection with the Project; and

WHEREAS, in order to cause the Company to locate the Project within the City and the County and perform its commitments hereunder, the City is willing to (i) make available an industrial site for the Project consisting of that certain parcel of real property aggregating approximately 505 acres, as more particularly described in **EXHIBIT A** hereto (the "Project Site"), (ii) cause the timely completion of certain roadway improvements essential to the Project, (iii) waive certain grading and building permit fees respecting the Project, (iv) expedite, in cooperation with the Company, any required inspections for the permitting of the Project, and (v) agree to certain other terms, all as more particularly described and set forth herein, and, further, the County is willing to make available up to \$1,000,000 to the Company to reimburse the Company for costs incurred for temporary office and training space and related costs as set forth in Section 3.3 hereof; and

WHEREAS, the list of incentives offered to the Company, including those offered by the City and the County and set forth herein, in order to cause the Company to locate the Project in the City and in the State of Alabama (the "State") are set forth in **EXHIBIT B** hereto; and

WHEREAS, the Local Authorities acknowledge and recognize that the incentives offered by the State to the Company in connection with the Project, all of which are known to the Local Authorities, are also material and essential to the Company's decision to locate the

Project within the City and the County and the delivery of which are a condition to the commitments set forth hereunder; and

WHEREAS, the Local Authorities have determined that the location of the Project at the Project Site, through the provision of the incentives and agreements herein set forth, would be in the best interests of the Local Authorities and the citizens of the City and the County by: (i) promoting, improving, and expanding economic and industrial development; (ii) increasing the number and diversity of industrial jobs and related employment opportunities; (iii) enabling the local area to better retain, attract, and locate other industrial enterprises; (iv) expanding the overall tax base of the City and the County; and (v) enhancing the overall quality of life for the citizens of the City and the County; and

WHEREAS, the Local Authorities understand that The Industrial Development Board of the City of Huntsville (the "IDB") is willing to help incentivize the Company to locate the Project at the Project Site by causing the maximum abatement allowable under Alabama law of ad valorem taxes, sales and use taxes, and mortgage and recording taxes with respect to the Project; and

WHEREAS, the City, acting both independently and by and through Huntsville Utilities, is willing to help incentivize the Company to locate the Project at the Project Site by extending necessary and appropriate sewer and natural gas infrastructure to an agreed upon point of delivery on the Project Site at no cost to the Company, and the Local Authorities understand that Athens Utilities and the Limestone County Water and Sewer Authority are willing to help incentivize the Company to locate the Project at the Project Site by extending necessary and appropriate water and electric infrastructure to an agreed upon point of delivery on the Project Site at no cost to the Company; and

WHEREAS, the development of the Project at the Project Site will further assist in the expansion of economic developments that are critical to the sustained economic health and well-being of the City, the County and the surrounding areas, and the City and the County accordingly find that providing financial assistance for the Project as described in this Agreement is being made under and in furtherance of any power and authority authorized by Amendment 772 to the Constitution of Alabama of 1901 (the "Alabama Constitution"), and the City and the County have determined that the expenditure of public funds for the purposes herein specified will serve a valid and sufficient public purpose, notwithstanding any incidental benefit accruing to any private entity or entities.

NOW, THEREFORE, for and in consideration of the foregoing premises, the covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby covenant, agree and bind themselves as follows:

ARTICLE I
REPRESENTATIONS AND WARRANTIES

Section 1.1 Representations and Warranties of the Local Authorities.

(a) The City hereby makes the following representations and warranties:

(i) The City, by action of its governing body, has duly authorized the execution, delivery and performance of this Agreement, and has received all necessary approvals and is duly empowered to acquire the Project Site from the Underlying Seller (as defined below) and convey it to the Company, and otherwise to perform all of the covenants and obligations of the City contained in this Agreement and any other agreement executed by the City in connection with this Agreement.

(ii) Neither the authorization, execution and delivery of, nor the performance of, this Agreement by the City, violates, constitutes a default under or a breach of any agreement, instrument, contract, mortgage, ordinance, resolution or indenture to which the City is a party or to which the City or its assets or properties are subject.

(iii) There is not now pending nor, to the knowledge of the City, threatened, any litigation affecting the City which questions (A) the validity or organization of the City, (B) the members, titles or positions of the members of the governing body or the manner in which the officers of the City are selected, or (C) the subject matter of this Agreement.

(iv) The City is not presently aware of any facts or circumstances that would jeopardize the ability of the Local Authorities or the State to provide the incentives that have been offered to the Company.

(v) The Project Site is currently appropriately zoned to accommodate the construction and operations by the Company as contemplated by the Project and that no zoning variance, re-zoning or similar relief shall be required by the Company to pursue the Project.

(vi) The City has not conducted any independent environmental due diligence respecting the Project Site beyond the Current Environmental Due Diligence Documents herein described and the Phase II work described in Section 3.8 hereof, has provided to the Company the Current Environmental Due Diligence Documents, and will provide the Phase II Document upon completion. The City represents and warrants that it has provided all known material information in its possession relating to the Project Site, including with respect to the environmental condition and, furthermore, pursuant to that certain Real Estate Purchase Option Agreement, by and between McCrary Limited Partnership I (the "Underlying Seller") and the IDB, dated October 12, 2014, as amended by that certain First Amendment to Real Estate Purchase Option Agreement dated January 9, 2014 [sic] (as amended, the "Underlying Purchase Agreement"), the Underlying Seller has authorized the Company and its agents to access the Project Site for the purpose of conducting due diligence.

(vii) The City has provided the Company with a true, correct and complete copy of the Underlying Purchase Agreement.

(viii) The City represents and warrants that at the time the Project Site is conveyed to the Company, the City shall have extinguished any and all leasehold interests in the property, including without limitation any rights to plant and harvest crop on the Project Site, and that title to the Project Site shall be delivered to the Company free and clear of such interests.

(ix) The City acknowledges that the Company will discharge wastewater during its operations at the Project Site and that the Company will install and operate a paint system at the Project Site in connection with its operations which will require pretreatment for the removal of metals. The City hereby represents, warrants and covenants that the Company may discharge wastewater through its sewer lines, including wastewater that has been pretreated for metals provided that such wastewater meets the standards set forth by the Environmental Protection Agency under 40 CFR 433 and the Alabama Department of Environmental Management under ADEM Admin. Code r. 335-6-5 (Indirect Discharge Permit and Pretreatment Rules).

(x) The City acknowledges that the Company intends to commence its grading work as soon as possible after closing on the Project Site and obtaining a grading permit, and thus, in advance of obtaining its air permit. The City represents and warrants that it will not require the Company to have an air permit in hand to commence its grading work and the City covenants not to withhold the issuance of the grading permit or to interfere with or delay the Company's grading work due to the absence of an air permit.

(b) The County hereby makes the following representations and warranties:

(i) The County, by action of its governing body, has duly authorized the execution, delivery and performance of this Agreement, and has received all necessary approvals and is duly authorized and empowered to perform all of the covenants and obligations of the County contained in this Agreement and any other agreement executed by the County in connection with this Agreement.

(ii) Neither the authorization, execution and delivery of, nor the performance of, this Agreement by the County, violates, constitutes a default under or a breach of any agreement, instrument, contract, mortgage, ordinance, resolution or indenture to which the County is a party or to which the County or its assets or properties are subject.

(iii) There is not now pending nor, to the knowledge of the County, threatened, any litigation affecting the County which questions (A) the validity or organization of the County, (B) the members, titles or positions of the members of the governing body or the manner in which the officers of the County are selected, or (C) the subject matter of this Agreement.

(iv) The County is not aware of any facts or circumstances that would jeopardize the ability of the Local Authorities or the State to provide the incentives that have been offered to the Company.

Section 1.2 Representations and Warranties of the Company. The Company hereby makes the following representations and warranties:

(a) The Company is duly organized and validly existing as a corporation under the laws of the State of Delaware and has duly authorized its execution, delivery and performance of this Agreement.

(b) Neither the execution and delivery of this Agreement, nor the performance hereof, by the Company requires any consent of, filing with or approval of, or notice to, or hearing with any person or entity (including, but not limited to, any governmental or quasi-governmental entity), except for such consents, filings, notices and hearings described herein, or already held or maintained.

(c) Neither the authorization, execution and delivery of, nor the performance of, this Agreement by the Company, violates, constitutes a default under or a breach of (i) the Company's certificate of incorporation or other organizational documents of the Company, (ii) any agreement, instrument, contract, mortgage or indenture to which the Company is a party or to which the Company or its assets are subject, or (iii) any judgment, decree, order, ordinance, regulation, consent or resolution applicable to the Company or any of its assets.

(d) There is not now pending nor, to the knowledge of the Company, threatened, any litigation affecting the Company which questions the validity or organization of the Company, or any of the representations and warranties of the Company contained herein.

ARTICLE II

OBLIGATIONS AND COMMITMENTS OF THE COMPANY

Section 2.1 Commencement of Construction and Commencement of Operations. The Company acknowledges that the citizens of the City and the County anticipate the receipt of economic benefit to their local economies in return for the investment of public money in the Project as herein set forth, and the Company agrees to diligently prosecute the development, construction and equipping of the Project by Commencing Construction of the Project not later than September 1, 2015, and Commencing Operations at the Project not later than January 1, 2017. The Company shall provide written notice to the Local Authorities when it is Commencing Operations and the date on that notice shall be deemed to be the Commencement of Operations herein.

Section 2.2 Capital Commitment. The Company will develop, construct and equip the Project as it deems necessary and appropriate, in its sole discretion, so as to be suitable for the operation of the Project, and in connection therewith shall invest \$142,000,000 of Capital Costs by no later than 18 months after the Commencement of Operations (the "Capital Commitment"), as such time may be extended or relieved for Force Majeure and Local Authorities Event of Default as provided herein.

Section 2.3 Jobs Commitment.

(a) The Company and its Affiliates agree to employ Full-Time Employees at the Project at an Average Hourly Wage of at least \$18.00 per hour (through Project Year 12), subject to a 5% variance, in accordance with the schedule attached hereto as **EXHIBIT C** (the "**Jobs Commitment**").

(b) For each Project Year, commencing with Project Year 2 through and including Project Year 12 (the "**Jobs Commitment Period**"), the Company shall certify that it has, or has not, met the Jobs Commitment for such Project Year by furnishing a certificate, signed by an executive officer of the Company, to the City on or before the date that is 60 days following the end of such Project Year. Such certification shall be in the form of **EXHIBIT D** hereto and provide the employment level (the "**Certified Employment Level**") and Average Hourly Wage (the "**Certified Average Wage**") so certified by the Company for such Project Year. For each of Project Years 2 through 12, the Company's Certified Employment Level shall be equal to the number of Full-Time Employees employed at the Project Site as of the end of such Project Year. Upon request from the Local Authorities, the Company shall supply reasonable supporting information and materials to verify its certification within 30 days of such a request.

Section 2.4 Additional Obligations and Commitments.

(a) The Company hereby covenants and agrees to cause any construction activities regarding the Project to be conducted in compliance with all applicable laws, ordinances, rules and regulations of any governmental authority, including, without limitation, all applicable licenses, permits, building codes, restrictive covenants, zoning and subdivision ordinances and flood, disaster and environmental protection laws. The Company shall require any architect, general contractor, subcontractor or other business performing any work in connection with the Project to obtain all necessary permits, licenses and approvals to construct the same.

(b) At all times during the Term, the Company shall be in material compliance with all applicable laws, ordinances, rules and regulations of the City and the County and, further, shall be current in payment of any and all taxes, fees, and other charges imposed by the City, the County and all local government entities unless such payments are the subject of a bona fide dispute and are being challenged by the Company.

(c) Notwithstanding the foregoing, the Local Authorities recognize that their offer to provide assistance and cooperate with the Company in connection with permitting and licensing for the Project, including waiver of permit fees, expediting of inspections for necessary permitting and providing guidance on local permitting and licensing requirements, is a material commitment and there shall be no default by the Company under this Section 2.4 or under this Agreement, if the alleged default under this Section 2.4 is attributable to, in whole or in part, the failure of the Local Authorities to fulfill their commitments to provide such assistance and to cooperate with the Company in obtaining such approvals, or where the alleged default by the Company is non-material to the Project and procedural in nature.

Section 2.5

Conditions to Company Commitments and Obligations

(a) As set forth below in Article VI, and for the avoidance of doubt, the Local Authorities acknowledge and agree that the Company's decision to locate the Project in the City and in the County and to undertake the commitments and obligations hereunder were made subject not only to the delivery of the incentives set forth herein by the Local Authorities, but also were made subject to the provision of incentives to be provided by the State. In the event of the State's material default of its obligations to the Company, which default shall have continued for a period of 60 calendar days after written notice thereof from the Company to the State (delivered in the manner set forth in the State Project Agreement) and the Local Authorities, the Company may, upon written notice to the Local Authorities after the conclusion of such 60 calendar day period, suspend its commitments to the Local Authorities without risk of default under this Agreement or any Exhibit hereto (including without limitation the Company Note and the Mortgage), or other penalty to the Company, until such time as: (i) the State's material default has been corrected and the State incentives are fully restored; (ii) the State and the Company reach a mutually agreeable alternative agreement regarding the State incentives; or (iii) the Local Authorities and the Company reach mutually agreeable alternative terms on the Company's commitments hereunder. During the period of default by the State, the Company's job, wage and investment commitments hereunder shall be deemed suspended and waived (but not extended), for the period of the default, and the Local Authorities' right to recapture under Article IV shall be deemed suspended and waived (but not extended). In the event the Company meets its commitments hereunder during the period of default by the State, nothing herein shall be construed to affect the Company's right to pursue, apply for and receive the incentives set forth herein during the period of default. Moreover, unless otherwise agreed to in writing by the Company, the Company's commitments hereunder shall not be extended during the period of default. Rather, the Company's job, wage, and investment obligations hereunder shall be deemed suspended and waived for each day of default.

(b) Notwithstanding anything to the contrary in this Agreement, the Parties agree that if the Company's failure to achieve its commitments under this Article II is due to events beyond the reasonable control of the Company (a "Force Majeure Event"), then the Company shall not be deemed in default under this Agreement, or any Exhibits hereto (including the Company Note or the Mortgage), as a result of such failure, and any time for performance of the impacted commitments shall be extended by the period of delay resulting from such cause, or adjusted as otherwise agreed by the Parties. If the Company is claiming a delay pursuant to this Section 2.5(b), it shall promptly notify the Local Authorities of the claim and the anticipated duration of the delay. For purposes of this section, a "Force Majeure Event" includes any acts of God, weather, lightning, earthquakes, fires, storms, tornados, floods, or other event beyond the reasonable control of the Company, which by the exercise of due diligence, the Company is or would have been unable to prevent or overcome.

(c) With respect to the incentives set forth in Sections 3.6 and 3.7 below, the Company shall receive, at its option and with the City and the County's cooperation, prior to signing this Agreement, a written affirmation of those commitments that is satisfactory to the Company, in its sole discretion, from:

(i) Athens Utilities and the Limestone County Water and Sewer Authority affirming the incentives that were offered to the Company through the City as reflected in the Commitment Letters, and

(ii) the IDB affirming that the Company shall receive the maximum abatement allowable under Alabama law of ad valorem taxes, sales and use taxes, and mortgage and recording taxes with respect to the Project.

ARTICLE III **LOCAL AUTHORITIES INCENTIVES**

Section 3.1 The Project Site. In consideration of the Company locating its industrial operations on the Project Site as aforesaid, making the capital investment to develop, construct and equip the Project, and hiring employees at the levels, and for the minimum Average Hourly Wage, as set forth in this Agreement, the City shall convey the Project Site to the Company by statutory warranty deed, the form of which is attached hereto as **EXHIBIT E** (the "Deed"), for \$10.00. The Company shall cover all costs related to the transfer, including without limitation any and all closing costs, taxes and recording costs. The Company shall bear the costs of any new Phase I Environmental Site Assessment, title insurance policy and survey that the Company shall elect to conduct on the Project Site. Title to the Project Site shall be conveyed to the Company subject only to those certain title exceptions which have been mutually agreed to and listed in **EXHIBIT F** attached hereto (the "Permitted Exceptions"). On the Project Site Possession Date, the City shall deliver exclusive possession of the Project Site to the Company. Notwithstanding the foregoing, nothing herein shall be construed to be a waiver by the Company of its right to refuse to close and accept the transfer of the Project Site if due diligence of the Project Site reveals defects in the Project Site that, in the Company's sole and absolute discretion, make the Project Site unsuitable for the Project. The Company shall have until January 30, 2015 to review the due diligence information and to notify the City in writing that it will not close on the transfer of the Project Site; provided, however, that the Mayor, acting on behalf of the City, and the Chairman of the Limestone County Commission, acting on behalf of the County, are hereby authorized and directed to execute a written instrument extending such date up through and including February 27, 2015 that is mutually agreed to by the Company.

Section 3.2 Roadway Improvements. The City hereby agrees to provide, at no cost to the Company, the public roadway improvements set forth and described in **EXHIBIT G** (the "Roadway Improvements"). The City shall use its commercially reasonable efforts to cause the timely implementation and completion of the portion of the Roadway Improvements designated in green in **EXHIBIT G** by September 1, 2015 and the remaining portion of the Roadway Improvements designated in red in **EXHIBIT G** by December 31, 2016. During construction of the Roadway Improvements, the City agrees not to impede the Company's reasonable continuous access to the Project Site from the Project Site Possession Date until completion of construction of the Roadway Improvements. Notwithstanding anything to the contrary in this Agreement, the Parties agree that if the Company's failure to perform its obligations under Article II is due to the City's construction efforts respecting the Roadway Improvements impeding the Company's access to the Project Site during their construction, then the Company shall not be deemed in default under this Agreement, or any Exhibits hereto (including the

Company Note or the Mortgage), as a result of such failure (such unperformed obligations of the Company to be deemed suspended and waived for the period of delay), and any time for performance of the unperformed obligations shall be extended by the period of delay resulting from such cause, or as otherwise agreed by the Parties. The Local Authorities' right to recapture under Article IV shall be deemed to be suspended and waived for the length of the delay.

Section 3.3 Temporary Office and Training Space. The Parties understand the importance of, and wish to promote, the provision of a positive and conducive work environment during the Project's construction. Accordingly, the County commits to make available up to \$1,000,000 (the "County Commitment") to the Company to reimburse the Company for costs incurred for temporary office and training space and related costs. The County Commitment shall be payable in five annual installments of up to \$200,000 (each, a "County Commitment Payment"). To request payment of a County Commitment Payment, the Company shall submit to the County a request for payment using the form attached hereto as **EXHIBIT H** (a "Request for Payment"). Each Request for Payment shall be accompanied by reasonable supporting information and materials as would enable the County to confirm that the expenditures for which reimbursement is sought were incurred by the Company for temporary office and training space and related costs. Each County Commitment Payment shall be made available within 30 days of receipt of the corresponding Request for Payment; provided, however, that the first County Commitment Payment shall not be made available before the date upon which the Company Commences Operations at the Project and each County Commitment Payment thereafter shall not be made available before the applicable annual anniversary of the date upon which the Company Commences Operations at the Project.

Section 3.4 Waiver of Permit Fees. The City hereby agrees to cause to be waived grading and building permit fees charged by the City and referable to construction of the Project, and the County agrees that it will not require a permit or assess permit fees in connection with the construction of the Project.

Section 3.5 Permit Assistance and Expedited Inspection. With the mutual understanding that time is of the essence on the Project, the City hereby agrees (a) to issue the grading permit within 2 business days after the Company's submittal of (i) site plan drawing; (ii) site grading drawing with storm water utility plan; (iii) storm water pollution prevention plan drawing with detail sheet, (iv) site detail cross-section and elevation drawing; (v) general notes and specifications; (vi) cover sheet; and (vii) water detention and pond calculations and (b) to issue the building permit within 5 business days of the Company's submission of the full architecture and engineering plans for the Project, provided such architecture and engineering plans are submitted in accordance with International Building Code 2003. The City will also assign a single-point of contact to the Project to assist the Company and its agents with all coordination, permitting, and inspections for the Project. Furthermore, the City agrees to accept and process the Company's grading permit application in accordance with this Section 3.5 when it is completed and submitted by the Company even if the submission occurs and the granting of the of grading permit would predate the closing on the Project Site. In such case, the City may condition the grading permit upon the Company closing on the Project Site.

Section 3.6 Utilities Assistance. The City shall, acting both independently and by and through Huntsville Utilities, at no cost to the Company, provide “point of service” sewer and natural gas connections at locations on the Project Site and by a date mutually agreed to by the Parties. The connections shall be sufficient in quality and capacity to meet the current and future expansion needs of the Project, as determined by the Company, and which minimize the cost of on-site efforts and cost by the Company during construction, operation and for future expansion of the Project. The City and the County shall use their commercially reasonable efforts to cause Athens Utilities and the Limestone County Water and Sewer Authority to provide their respective utilities in the manner previously committed and known to the City and the County, and stated in writing in the commitment letters that were provided to the Company through the City (the “Commitment Letters”); provided, that the Parties understand and agree that the City and the County have no legal authority to require Athens Utilities and Limestone County Water and Sewer Authority to act. In the event that either utility delays fulfilling its commitment relating to the Project under these Commitment Letters and that delay impacts the Company’s Commencement of Operations, the Company’s obligations to the City and County shall be suspended and obligations hereunder shall be suspended for the period of the delay.

Section 3.7 Local Sales and Property Taxes. The Local Authorities have further agreed that purchases of construction materials and equipment for the Project shall qualify for a 100% abatement of the non-educational portion of the local sales tax. Furthermore, the Project shall qualify for a 10-year abatement on the non-educational portion of the ad valorem taxes on real and personal property included in the Project. It is further understood that in the event of a change in the applicable Alabama tax laws, rules or regulations, or their administration, that has a material adverse effect on the Company’s ability to receive these abatements under Alabama law, the City and the County will support legislation or changes to the administrative rules to grandfather the Company’s investment in the Project in order to put the Company in the same position with regard to the qualification for this abatement as under the existing law as of the date of this Agreement and in accordance with this Section 3.7. In the event that legislation or administrative rules exempting the Project is not achieved or the tax abatements are not granted to the Company as contemplated herein, the Local Authorities agree to negotiate in good faith, as permitted by law, toward a non-cash incentive to mitigate the loss of these tax benefits to the Company provided that real and personal property are included in the abatement agreement and any amendments to the abatement agreement.

Section 3.8 Project Site Due Diligence. The City has conducted due diligence at the Project Site consisting of: (a) a Phase I Environmental Site Assessment respecting approximately 465 acres of the Project Site, dated October 28, 2014 (the “October 2014 Phase I”), (b) a supplement to the October 2014 Phase I, dated January 8, 2015 (the “October 2014 Phase I Supplement”), (c) a Phase I Environmental Site Assessment respecting approximately 39 acres of the Project Site, dated January 16, 2015 (the “January 2015 Phase I”, and together with the October 2014 Phase I and the October 2014 Phase I Supplement, the “Current Environmental Due Diligence Documents”), (d) a geotechnical report, dated October 10, 2014, (e) a preliminary ALTA Survey, dated January 16, 2015, (f) a final ALTA Survey, dated January 22, 2015, and (g) a topographic survey, dated January 22, 2015, and true, correct and complete copies of such items have been made available to the Company. Furthermore, the City is in the process of conducting a Phase II Environmental Site Assessment respecting the entire Project Site (the

“Phase II Document”), and will make available to the Company a true, correct and complete copy of the Phase II upon completion.

ARTICLE IV **RECAPTURE OF THE CITY INCENTIVES BY THE CITY**

Section 4.1 Company Note. To secure the full and timely performance by the Company of the Jobs Commitment and the Capital Commitment, the Company shall issue a \$14,500,000 promissory note, to the City, in the form and on the terms, of the promissory note which is attached hereto as **EXHIBIT I** (the “**Company Note**”). The Company Note shall be dated of even date with the Deed.

Section 4.2 Mortgage. Payment of the Company Note shall be secured by a first-priority mortgage, the form of which is attached hereto as **EXHIBIT J** (the “**Mortgage**”), granted by the Company for the benefit of the City, encumbering the Project Site and any buildings, fixtures or improvements located thereon but specifically excluding any personal property of the Company. The Company shall not cause or permit the imposition or creation of any lien (other than the lien for ad valorem taxes not yet due and payable) upon the Project Site that has priority over the Mortgage (a “**Prohibited Encumbrance**”), without first obtaining the City’s written consent. The Company hereby covenants and agrees to cause any Prohibited Encumbrance to be removed within 90 days of the creation thereof.

Section 4.3 Non-Relocation and Reinstatement. The Company hereby understands, acknowledges and agrees that the commitments of the City herein stated are being made primarily to realize the growth in employment including, without limitation, the creation of jobs as herein described at the Project Site, and that such objectives would not be fully realized should the Company close or relocate substantially all of its operations from the Project Site during the Company Note Period. If the Project is closed (other than to complete renovations, restoration or repairs) or the Company relocates operations conducted at the Project to a location outside the corporate limits of the City prior to the end of the Company Note Period and before satisfying the Jobs Commitment, and provided there has been no Local Authorities Event of Default or a material default by the State under that certain Project Agreement, by and between the State and the Company, dated January 8, 2015 (the “**State Project Agreement**”), then any Company Payments (as defined in the Company Note) that have been previously forgiven shall be reinstated as provided in the Company Note.

ARTICLE V **CONDITIONS PRECEDENT**

Section 5.1 Conditions Precedent to the Obligations and Commitments of the Local Authorities. Anything in this Agreement to the contrary notwithstanding, the Local Authorities shall not be obligated to perform their obligations hereunder, until:

- (a) The City shall have obtained fee simple title to the Project Site; and
- (b) The Local Authorities shall have received the Company’s executed counterpart of this Agreement, the Company Note, and the Mortgage, duly executed by a duly

authorized officer of the Company by January 30, 2015; provided, however, that the Mayor, acting on behalf of the City, and the Chairman of the Limestone County Commission, acting on behalf of the County, are hereby authorized and directed to execute a written instrument extending such date up through and including February 27, 2015 that is mutually agreed to by the Company.

Section 5.2 Conditions Precedent to the Company's Obligations. Anything in this Agreement to the contrary notwithstanding, the Company shall not be obligated to perform its obligations hereunder, until:

(a) The City shall have delivered to the Company the Deed in accordance with the terms of this Agreement on or before February 2, 2015 or at a later closing date selected by the Company but no later than February 13, 2015;

(b) Each Local Authority shall have delivered to the Company an executed counterpart of this Agreement, duly executed by its respective duly authorized officer by January 30, 2015; provided, however, that the Mayor, acting on behalf of the City, and the Chairman of the Limestone County Commission, acting on behalf of the County, are hereby authorized and directed to execute a written instrument extending such date up through and including February 27, 2015 that is mutually agreed to by the Company;

(c) On or before the Project Site Possession Date, the Company shall have received an irrevocable commitment from Commonwealth Land Title Insurance Company to issue to the Company a standard owner's policy of title insurance (the "Title Insurance Policy") in an amount and containing those endorsements designated by the Company, and otherwise in form and substance acceptable to the Company;

(d) The City shall have delivered to the Company the Phase II Document; and

In the event that all of the conditions set forth in this Section 5.2 shall not have occurred by April 1, 2015 (the "Outside Date"), then this Agreement shall terminate and be of no further force and effect, without any liability of any Party hereto to the other, unless the same is extended per written instrument executed by the Mayor, acting on behalf of the City, the Chairman of the Limestone County Commission, acting on behalf of the County, and the Company's Chief Executive Officer (or any other authorized officer), acting on behalf of the Company, in which case the "Outside Date" shall be the last day of such extension. The said Mayor and said Chairman are hereby authorized and directed to execute any such extension up through and including April 1, 2015.

ARTICLE VI **EVENTS OF DEFAULT AND REMEDIES**

Section 6.1 Events of Default by the Local Authorities.

(a) Any one or more of the following shall constitute an event of default by the Local Authorities under this Agreement (a "Local Authorities Event of Default") (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by

operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) the City shall fail to deliver the Deed or any other document contemplated in this Agreement to the Company as required under this Agreement;

(ii) the dissolution or liquidation of any Local Authority, or the filing by any Local Authority of a voluntary petition in bankruptcy, or any Local Authority seeking or consenting to or acquiescing in the appointment of a receiver of all or substantially all of its property, or the adjudication of any Local Authority as a bankrupt, or any assignment by any Local Authority for the benefit of its creditors, or the entry by any Local Authority into an agreement of composition with its creditors, or if a petition or answer is filed by any Local Authority proposing the adjudication of the Local Authority as a bankrupt or its reorganization, arrangement or debt readjustment under any present or future federal bankruptcy code or any similar federal or state law in any court, or if any such petition or answer is filed by any other person and such petition or answer shall not be stayed or dismissed within 60 days;

(iii) failure by any Local Authority to perform or observe any of its agreements or covenants contained in this Agreement, which failure shall have continued for a period of 60 calendar days after written notice thereof from the Company, unless (A) the Company shall agree in writing to an extension of such period prior to its expiration, or (B) during such 60-day period or any extension thereof, the Local Authority has commenced and is diligently pursuing appropriate corrective action; or

(iv) failure by the State to perform or observe its material covenants, agreements or payment obligations in accordance with the State Project Agreement, including any cure period provided therein. Notwithstanding the foregoing and provided that there is no dispute over the State's obligation to pay the Company, if failure by the State is limited solely to the timely payment to the Company, there shall be no Event of Default under this provision unless the State delay in making payment exceeds 180 days after request for payment by the Company.

(b) During any period after the Company has provided written notice to a Local Authority specifying the existence of a Local Authority Event of Default and during which the Local Authority has failed to cure said Local Authority Event of Default to the reasonable satisfaction of the Company, the Company shall not be required to perform any obligation hereunder and shall not suffer any penalty or be deemed to be in breach under this Agreement or any Exhibits hereto (including without limitation the Company Note and the Mortgage). During the period of a Local Authority Event of Default, the Company's job, wage and investment commitments hereunder shall be deemed suspended and waived (but not extended) for the period of the Local Authority Event of Default, and the Local Authorities' right to recapture under Article IV shall be deemed suspended and waived (but not extended). In the event the Company meets its commitments hereunder during the Local Authority Event of Default, nothing herein shall be construed to affect the Company's right to continue to apply for and receive the incentives set forth herein during the period of the Local Authority Event of Default in the ordinary course. Moreover, unless otherwise agreed to in writing by the

Company, the Company's commitments hereunder shall not be extended during the period of the Local Authority Event of Default. Rather, the Company's commitments hereunder shall be deemed suspended and waived for each day of the Local Authority Event of Default. Notwithstanding the foregoing, if a Local Authorities Event of Default occurs, the Company shall have available to it all rights and remedies, both legal and equitable, provided by law (including without limitation specific performance or mandamus); provided, however, the Company shall not be entitled to any punitive, incidental or consequential damages, whether arising at law, in equity or otherwise.

Section 6.2 Events of Default by the Company.

(a) Subject to Section 2.5 and in the absence of a Local Authorities Event of Default or a material default by the State under the State Project Agreement, any one or more of the following shall constitute an event of default by the Company under this Agreement (a "Company Event of Default") (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(i) at any time prior to the completion by the Company of its obligations and commitments hereunder, the Company is dissolved or liquidated, or the filing by the Company of a voluntary petition in bankruptcy, or the Company seeking or consenting to or acquiescing in the appointment of a receiver of all or substantially all of its property, or the adjudication of the Company as a bankrupt, or any assignment by the Company for the benefit of its creditors, or the entry by the Company into an agreement of composition with its creditors, or if a petition or answer is filed by the Company proposing the adjudication of the Company as a bankrupt or its reorganization, arrangement or debt readjustment under any present or future federal bankruptcy code or any similar federal or state law in any court, or if any such petition or answer is filed by any other person and such petition or answer shall not be stayed or dismissed within 60 days;

(ii) failure by the Company to perform or observe any of its agreements or covenants contained in this Agreement, which failure shall have continued for a period of 60 calendar days after written notice thereof from the Local Authorities, unless (A) the Local Authorities shall agree in writing to an extension of such period prior to its expiration, or (B) during such 60-day period or any extension thereof, the Company has commenced and is diligently pursuing appropriate corrective action; or

(iii) an event of default under the Company Note.

(b) During any period after the Local Authorities have provided written notice to the Company specifying the existence of a Company Event of Default and during which the Company has failed to cure said Company Event of Default to the reasonable satisfaction of the Local Authorities, the Local Authorities shall not be required to perform any obligation hereunder and shall not suffer any penalty or be deemed to be in breach under this Agreement or any Exhibits hereto (including without limitation the Company Note and the Mortgage). If a

Company Event of Default exists, the Local Authorities shall have all rights and remedies available to it under the Company Note and the Mortgage, along with all rights and remedies, both legal and equitable, provided by law (including without limitation specific performance or mandamus); provided, however, the Local Authorities shall not be entitled to any punitive, incidental or consequential damages, whether arising at law, in equity or otherwise, and the Local Authorities' maximum right of recovery under this Agreement shall not exceed an amount equal to: (a) the cash incentives actually paid to the Company by a Local Authority, plus, in the case of the City only, (b) the amount due under the terms of the Company Note (the "Maximum Recovery"). Before pursuing any remedy hereunder for a Company Event of Default, the Local Authorities shall consider in good faith any extenuating circumstances or facts of which the Company advises the Local Authorities including, but not limited to, a material downturn in markets for products of the type produced and sold by the Company.

(c) If the Company Event of Default is attributed to a shortfall in the Capital Commitment under Section 2.2, the recovery by the Local Authority for such default shall be in an amount calculated as follows:

(i) If actual Capital Costs invested by the Company during the time period set forth in Section 2.2 are \$106,500,000 or greater, then the recovery amount shall be equal to: $(\text{Maximum Recovery}) \times (1 - (\text{actual Capital Costs invested by the Company during the time period set forth in Section 2.2} / \$142,000,000))$; or

(ii) If actual Capital Costs invested by the Company during the time period set forth in Section 2.2 are less than \$106,500,000 then the recovery amount shall be equal to the Maximum Recovery.

Section 6.3 Remedies Subject to Applicable Law. All rights, remedies and powers provided in this Article VI may be exercised only to the extent the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article VI are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that the same will not render this Agreement invalid or unenforceable.

ARTICLE VII **MISCELLANEOUS PROVISIONS**

Section 7.1 Severability; Enforceability. If any term or provision hereof shall be determined by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such provision shall be severed from this Agreement and shall not affect the validity of the remainder of this Agreement.

Section 7.2 Term. Unless sooner terminated in accordance with the terms hereof, the initial term of this Agreement shall expire on the last day of Project Year 12 (the "Term").

Section 7.3 Entire Agreement. This Agreement contains the entire agreement of the Parties regarding the transactions described herein, and there are no representations, oral or

written, relating to the transactions described herein which have not been incorporated herein. Any agreement hereafter made shall be ineffective to change, modify, or discharge this Agreement in whole or in part unless such agreement is in writing, and is signed by the Party against whom enforcement of any change, modification, or discharge is sought.

Section 7.4 Counterparts; Assignment.

(a) This Agreement may be executed in two or more counterparts, each of which shall constitute but one and the same agreement.

(b) This Agreement is not assignable by any Party hereto except upon the written consent of the other Party hereto; provided, however, that the Company shall have the right at any time to assign all its rights and obligations in and to the Project and to transfer this Agreement or any part thereof to any financially solvent Affiliate of the Company that agrees to assume assigned obligations of the Company in and to the Project; and if so assigned, the Company shall continue to be responsible for the performance of the obligations of the assignee under this Agreement unless specifically excused therefrom by the Local Authorities, to be expressed in writing and signed by an authorized representative of each Local Authority.

Section 7.5 Binding Effect; Governing Law. This Agreement shall inure to the benefit of, and shall be binding upon, the Parties hereto and their respective successors and assigns. This Agreement shall be governed exclusively by, and construed and interpreted in accordance with, the laws of the State of Alabama.

Section 7.6 Notices.

(a) All notices, demands, consents, certificates or other communications hereunder shall be in writing, shall be sufficiently given and shall be deemed given when delivered personally to the Party or to an officer of the Party to whom the same is directed, or mailed by registered or certified mail, postage prepaid, or sent by overnight courier, addressed as follows:

(i) If to the City:

The City of Huntsville
308 Fountain Circle
8th Floor
Huntsville, AL 35801
Attn: City Attorney

(ii) If to the County:

Limestone County, Alabama
310 W. Washington Street
Athens, AL 35611
Attn: County Commission Chairman

(iii) If to the Company:

Polaris Industries Inc.
2100 Highway 55
Medina, MN 55340
Attn: Chief Executive Officer

With a copy to:

Polaris Industries Inc.
2100 Highway 55
Medina, MN 55340
Attn: General Counsel

(b) Any such notice or other document shall be deemed to be received as of the date delivered, if delivered personally, or as of 3 days after the date deposited in the mail, if mailed, or the next business day, if sent by overnight courier.

Section 7.7 Liabilities of the Local Authorities. Any provision hereof to the contrary notwithstanding, the Parties agree and acknowledge that the obligations and commitments of the Local Authorities as set forth herein are limited by the limitations imposed by the Alabama Constitution.

Section 7.8 Survival of Covenants. The covenants in this Agreement shall not terminate until they have been fully performed or have expired by their terms.

Section 7.9 No Waiver. No consent or waiver, express or implied, by any Party hereto to any breach or default by any other Party in the performance by such other Party of its obligations and commitments hereunder shall be valid unless in writing, and no such consent or waiver to or of one breach or default shall constitute a consent or waiver to or of any other breach or default in the performance by such other Party of the same or any other obligations or commitments of such Party hereunder. Failure on the part of any Party to complain of any act or failure to act of any other Party or to declare such other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such Party of its rights hereunder. The granting of any consent or approval in any one instance by or on behalf of any Party hereto shall be construed to be a waiver or limit the need for such consent in any other or subsequent instance.

Section 7.10 Venue.

(a) Subject to the provisions of Sections 6.1 and 6.2 of this Agreement, whenever any Party hereto shall default in the performance of any of its obligations or commitments under this Agreement, the other Party hereto may take whatever legal proceeding (including actions for damages or for specific performance to the extent provided by law) as shall be necessary or desirable to enforce any agreement or condition contained herein or any

other obligation of the defaulting Party imposed by law. The Parties hereto recognize, and will not object to, an action for specific performance.

(b) Each of the Parties irrevocably submits to the jurisdiction of the Alabama state courts sitting in Limestone County, Alabama (collectively, the “Courts”) over any suit, action or proceeding arising out of or relating to this Agreement or any transaction undertaken in connection therewith (an “Agreement Action”); and waives, to the fullest extent permitted by law, any objection or defense that such Party may now or hereafter have based on improper venue, lack of personal jurisdiction, inconvenience of forum or any similar matter in any Agreement Action brought in any of the Courts.

Section 7.11 No Partnership or Joint Venture. Nothing contained in this Agreement shall constitute or be construed to be a partnership or joint venture among the Parties and their respective permitted successors and assigns.

Section 7.12 Headings. The headings in the Sections in this Agreement are for convenience of reference only and shall not form a part hereof.

Section 7.13 No Third-Party Beneficiaries. This Agreement is intended only for the benefit of the signing Parties hereto, and neither this Agreement, nor any of the rights, interest, obligations or commitments hereunder, is intended for the benefit of any other person or third-party.

Section 7.14 Attorneys’ Fees. If any Party shall be required to enforce this Agreement through the filing of any legal action, in addition to any other amounts due as provided herein, the prevailing Party shall be entitled to recover its reasonable attorneys’ fees and costs.

ARTICLE VIII **DEFINITIONS**

All initially capitalized terms not otherwise defined herein shall have the following meanings:

“Affiliate” of any specified entity shall mean any other entity directly or indirectly Controlling or Controlled by or under direct or indirect common Control with, or which directly or indirectly owns voting securities of an entity directly or indirectly Controlled by, such specified entity.

“Average Hourly Wage” shall be calculated by dividing total cash wages (including overtime pay and cash bonuses) paid to all Full-Time Employees, exclusive of benefits, by the number of total hours worked by all Full-Time Employees.

“Capital Costs” shall mean costs to develop, construct or equip the Project that are chargeable to a capital account (or could be chargeable if so elected) determined in accordance with generally accepted accounting principles, or costs within the definition set forth in Section 40-18-190(a)(2) of the Code of Alabama (1975), as amended, and shall include all costs

expended or obligations taken on by the Company in connection with the Project including those costs that may be reimbursed or forgiven by virtue of the incentives provided from the Local Authorities, the State or other authority. For the avoidance of doubt, the value of the Project Site that will be conveyed to the Company by the City, as reflected in the Company Note, shall be deemed to be a “Capital Cost” of the Company.

“Commence Construction” or “Commencement of Construction” means that physical work is being performed, using appropriate equipment and manpower to diligently develop, construct and equip the Project and install necessary infrastructure to accomplish the objectives of the Project.

“Commence Operations” or “Commencement of Operations” shall mean that operations at the Project as described in the Recitals have commenced and that the Project has sustained production of saleable vehicles.

“Company Note Period” shall mean the period of 144 months from the date of issuance of the Company Note, or such other period of time as the Company Note is outstanding.

“Control” when used with respect to any entity means the power to direct the management and policies of such entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “Controlling” and “Controlled” have meanings correlative to the foregoing.

“Full-Time Employee” shall mean a person: (a) who is being paid directly by the Company or an Affiliate of the Company and is employed at the Project Site for not less than 1,872 hours per year (or if that person has been employed for less than a period of 12 months, the average hours worked per week is not less than 36 hours per week); (b) whose compensation for working at the Project Site is subject to Alabama State income tax withholdings; (c) whom the Company or an Affiliate of the Company identifies as its employee to the U.S. Internal Revenue Service and the Alabama Department of Revenue on returns or reports filed with the foregoing; and (d) who is eligible to participate under such benefit plans as are generally applicable to employees holding positions of like kind and character within either the Company or an Affiliate of the Company within the United States of America. No employees of the Company, or any Affiliate thereof, employed in the State of Alabama (other than at the Project Site) at the time hired at, or transferred to, the Project Site shall constitute Full-Time Employees, except to the extent that the Company certifies to the State with respect to any such employee (a “Transferred Employee”), that it has not eliminated the Transferred Employee’s previous position at another facility of the Company or an Affiliate of the Company within the State and that a new employee has been hired at such other facility to fill substantially the same job and in the same pay category as that held by the Transferred Employee.

“Project Site Possession Date” shall mean the date of the Deed.

“Project Year” shall mean each 12-month period beginning on the first day of the next calendar month occurring after the Project Site Possession Date and ending on the last day of the

calendar month 12 months thereafter. If the Project Site Possession Date is the first day of the month, Project Year 1 shall commence on the Project Site Possession Date.

IN WITNESS WHEREOF, the City, the County and the Company have each caused this Agreement to be duly executed in its name, under seal, and the same attested, all by officers thereof duly authorized thereunto, and have caused this Agreement to be dated the date and year first above written.

"CITY":

CITY OF HUNTSVILLE, ALABAMA

ATTEST:

City Clerk

By: _____
Mayor

(SEAL)

STATE OF ALABAMA)
:
COUNTY OF MADISON)

I, the undersigned authority, a Notary Public in and for said State at Large, hereby certify that Tommy Battle, whose name, as Mayor of the City of Huntsville, a municipal corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day, that being informed of the contents of this instrument, he, as such officer, executed the same voluntarily for and as the act of said corporation on the day the same bears date.

GIVEN under my hand and official seal this _____ day of _____, 2015.

(SEAL)

Notary Public
My Commission Expires: _____

[Signature page for the Project Development Agreement by and between the City of Huntsville, Limestone County, and Polaris Industries Inc.]

"COUNTY":

LIMESTONE COUNTY, ALABAMA

ATTEST:

County Clerk

By: _____
Chairman

(SEAL)

STATE OF ALABAMA)
 :
COUNTY OF LIMESTONE)

I, the undersigned authority, a Notary Public in and for said State at Large, hereby certify that Mark Yarbrough, whose name, as Chairman of the County Commission of Limestone County, a political subdivision of the State of Alabama, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day, that being informed of the contents of this instrument, he, as such officer, executed the same voluntarily for and as the act of said corporation on the day the same bears date.

GIVEN under my hand and official seal this _____ day of _____, 2015.

(SEAL)

Notary Public
My Commission Expires: _____

[Signature page for the Project Development Agreement by and between the City of Huntsville, Limestone County, and Polaris Industries Inc.]

"COMPANY":

**POLARIS INDUSTRIES INC., a
Delaware corporation**

By: _____
Name: Scott W. Wine
Its: Chief Executive Officer

**STATE OF MINNESOTA)
 :
COUNTY OF HENNEPIN)**

I, the undersigned authority, a Notary Public in and for said State at Large, hereby certify that Scott W. Wine, whose name, as Chief Executive Officer of Polaris Industries Inc., a Delaware corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day, that being informed of the contents of this instrument, he, as such officer, executed the same voluntarily for and as the act of said corporation on the day the same bears date.

GIVEN under my hand and official seal this _____ day of _____, 2015.

(SEAL)

Notary Public
My Commission Expires: _____

[Signature page for the Project Development Agreement by and between the City of
Huntsville, Limestone County, and Polaris Industries Inc.]

EXHIBIT A

PROJECT SITE

**STATE OF ALABAMA
LIMESTONE COUNTY**

A portion of the north half and all of the southwest quarter of Section 33, Township 4 South, Range 3 West of the Huntsville Meridian.

All of the northwest quarter of Section 4, Township 5 South, Range 3 West of the Huntsville Meridian lying north of the northerly right-of-way of I-565.

A portion of the south half of the southeast quarter of Section 32, Township 4 South, Range 3 West of the Huntsville Meridian.

A portion of the northeast quarter of Section 5, Township 5 South, Range 3 West of the Huntsville Meridian.

Said tract being a portion of the property conveyed to McCrary Limited Partnership I, a Delaware Limited Partnership in Fiche 96145, pages 45 and 46 as recorded in the Office of the Probate Judge for Limestone County, Alabama, and being more particularly described as follows:

Commencing at a railroad spike found at the northeast corner of Section 33, Township 4 South, Range 3 West of the Huntsville Meridian; thence South 1 Degrees 04 Minutes 33 Seconds West a distance of 2113.06 feet to a #5 rebar with a cap Stamped "Garver LLC CA 445"(typical) set; thence North 89 Degrees 07 Minutes 20 Seconds West a distance of 150.95 feet to a #5 rebar set at the intersection of proposed southwesterly right-of-way of Greenbrier Parkway and the north boundary of Lot 2 of McCrary Commercial Subdivision Phase One as recorded in the Office of the Judge of Probate for Limestone County, Alabama in Plat Book H, Page 214, said point being the Point of Beginning of the herein described tract;

Thence along the north boundary of said Lot 2 North 89 Degrees 07 Minutes 20 Seconds West a distance of 1356.16 feet to a #5 rebar found at the northwest corner of said Lot 2; thence leaving said north boundary and along the west boundary of said Lot 2 South 0 Degrees 57 Minutes 30 Seconds West a distance of 599.98 feet to a #5 rebar found at the southwest corner of said Lot 2, said point being on the north boundary of a tract of land conveyed to Target Corporation as recorded in the Office of the Judge of Probate for Limestone County, Alabama in Real Property Book (RLPY) 2000, Page 4069; thence leaving said west boundary and along the north boundary of said Target tract North 89 Degrees 06 Minutes 50 Seconds West a distance of 1173.74 feet to a #5 rebar set at the northwest corner of said Target tract; thence leaving said north boundary and along the west boundary of said Target tract South 1 Degrees 28 Minutes 33 Seconds West a distance of 2676.66 feet to a #5 rebar set; thence leaving said west boundary South 1 Degrees 11 Minutes 03 Seconds West a distance of 1249.75 feet to a #5 rebar with a cap Stamped "R. Smith LLC #19378" found on the northerly right-of-way of I-565; thence along said right-of-way

Exhibit A

South 65 Degrees 57 Minutes 31 Seconds West a distance of 2271.47 feet to a #5 rebar set at the southeast corner of a tract of land conveyed to The City of Huntsville in Fiche 98372, Page 58 as recorded in the Office of the Judge of Probate for Limestone County, Alabama; thence leaving said right-of-way and along the boundary of said City of Huntsville tract North 24 Degrees 02 Minutes 28 Seconds West a distance of 50.00 feet to a #5 rebar set; thence South 65 Degrees 57 Minutes 32 Seconds West a distance of 70.00 feet to a #5 rebar set; thence South 24 Degrees 02 Minutes 28 Seconds East a distance of 50.00 feet to a #5 rebar set on said right-of-way; thence leaving said boundary of City of Huntsville tract and along said right-of-way South 65 Degrees 57 Minutes 31 Seconds West a distance of 638.26 feet to a 4 inch square concrete monument with a cap Stamped "DUNIVANT ENG CO CA-0044-LS" found at the intersection of the west boundary of a tract of land conveyed to McCrary Limited Partnership I, a Delaware Limited Partnership in Fiche 96145, Pages 45 and 46 as recorded in the Office of the Probate Judge of Limestone County, Alabama and said right-of-way; thence leaving said right-of-way and along the west boundary of said McCrary tract North 1 Degrees 07 Minutes 21 Seconds East a distance of 1158.92 feet to a point; thence North 88 Degrees 03 Minutes 36 Seconds West a distance of 1074.08 feet to a point; thence North 1 Degrees 07 Minutes 21 Seconds East a distance of 1371.34 feet to a point on the North Boundary of said Section 5, Township 5 South, Range 3 West; thence leaving said North Section line, North 1 Degrees 48 Minutes 35 Seconds East a distance of 247.57 feet to a point; thence South 87 Degrees 16 Minutes 18 Seconds East a distance of 1074.12 feet to a 4" Square Concrete Monument found on the West Boundary of Section 33, Township 4 South, Range 3 West. thence along the west boundary of said Section 33 North 1 Degrees 49 Minutes 21 Seconds East a distance of 3229.26 feet to a #5 rebar set at the center of a Transmission Line Easement as recorded in the Office of the Judge of Probate for Limestone County, Alabama in Deed Book 146, Page 361 and Fiche 96331, Page 14; thence leaving said west boundary and along said centerline of easement North 59 Degrees 49 Minutes 07 Seconds East a distance of 2971.07 feet to a #5 rebar set; thence North 57 Degrees 54 Minutes 26 Seconds East a distance of 49.28 feet to a #5 rebar set at the intersection of said easement line and the proposed southerly right-of-way of Greenbrier Parkway, said point being on a curve to the left, having a radius of 2070.00 feet, a chord of South 66 Degrees 35 Minutes 04 Seconds East for a distance of 290.54 feet; thence along said proposed right-of-way and the arc of said curve 290.78 feet to a #5 rebar set at the point of tangency of said curve; thence South 70 Degrees 36 Minutes 32 Seconds East a distance of 1165.88 feet to a #5 rebar set at the point of curvature of a curve to the right, having a radius of 1930.00 feet, a chord of South 43 Degrees 00 Minutes 58 Seconds East for a distance of 1787.88; thence along the arc of said curve 1858.91 feet to the POINT OF BEGINNING.

The above described tract contains 505.37 acres more or less and is subject to easements of record.

The above legal description of the Project Site shall automatically be deemed modified and replaced by such legal description referenced in the Title Insurance Policy.

Exhibit A

EXHIBIT B

LIST OF INCENTIVES

**STATE of ALABAMA Incentive Overview
Presented to Project Axle 11.19.14**

PROJECT CRITERIA: Total project costs are \$141.1M. Project costs consist of: Land - \$14M (donated); Building - \$36M; Manufacturing Equipment - \$89M; Nonmanufacturing Equipment - \$1.4M; and Pollution Control Equipment- \$1M.

| | Estimated Value of Incentives |
|--|--|
| Total Local Incentive - provided through traditional TIF | \$15,000,000 |
| McCrary industrial site requested at no cost- \$15,000,000 | |
| | |
| State Economic Development Grant for project costs related to constructing, equipping and furnishing the facility: | |
| Site Prep and Rail Extension | \$3,500,000 |
| Completion of Construction (Certificate of Occupancy) | \$7,500,000 |
| 10-year incentive based upon total payroll | \$20,000,000 |
| R&D Center Incentive (held in reserve for 10-years) | \$2,500,000 |
| | |
| Abatement of the non-educational portion of state and local sales tax on construction materials | \$1,530,000 |
| Abatement of the non-educational portion of state and local sales tax on the purchase of manufacturing equipment | \$1,335,000 |
| The ten-year abatement of the non-educational portion of the ad valorem taxes on real and personal property included in the expansion. | \$6,601,536 |
| State Corporate Income Tax Credit- 5% per year for 20-years | \$127,400,000 |
| | |
| *TVA Valley Advantage | \$2,000,000 |
| | |
| AIDT recruitment, screening and pre-employment training for a workforce of 2000 | |
| -Direct Cash Reimbursement | \$11,395,800 |
| -Training Services Value | \$8,717,000 |
| | |
| TOTAL Estimated Incentives | \$207,479,336 |

EXHIBIT C

JOBS COMMITMENT

| | Project Year 1 | Project Year 2 | Project Year 3 | Project Year 4 | Project Year 5 | Project Year 6 | Project Year 7 | Project Year 8 | Project Year 9 | Project Year 10 | Project Year 11 | Project Year 12 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
| Cumulative Full-Time Employees at the Project Site | 0 | 400 | 935 | 935 | 935 | 1200 | 1700 | 1700 | 1700 | 1700 | 1700 | 1700 |
| Minimum Average Hourly Wage | N/A | \$17.10 | \$17.10 | \$17.10 | \$17.10 | \$17.10 | \$17.10 | \$17.10 | \$17.10 | \$17.10 | \$17.10 | \$17.10 |

Minimum Average Hourly Wage of \$18.00 per hour, subject to a 5% variance, exclusive of benefits. For purposes of calculating the Average Hourly Wage, overtime pay and cash bonuses may be included.

“Project Year” shall have the meaning set forth in Article VIII of this Agreement.

EXHIBIT D

**JOBS COMMITMENT CERTIFICATE
RESPECTING
PROJECT YEAR ____**

I, _____, in my capacity as the _____ of **POLARIS INDUSTRIES INC.**, a Delaware corporation (the "Company"), do hereby certify to each of the **CITY OF HUNTSVILLE, ALABAMA**, an Alabama municipal corporation (the "City"), and **LIMESTONE COUNTY, ALABAMA**, a political subdivision of the State of Alabama (the "County" and together with the City, the "Local Authorities"), in accordance with the provisions of that certain Project Development Agreement dated January __, 2015 (the "Project Development Agreement"), by and among the Company, the City, and the County, as follows:

1. This certificate is being delivered with respect to Project Year ____ (the "Applicable Project Year").
2. The number of Full-Time Employees employed at the Project Site for the Applicable Project Year is _____.
3. The Average Hourly Wage, exclusive of benefits, for the Applicable Project Year is \$_____.
4. The employment level and Average Hourly Wage information provided in this certificate is calculated in accordance with all applicable provisions of the Project Development Agreement (including all exhibits attached thereto).
5. Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Project Development Agreement (including all exhibits thereto).

IN WITNESS HEREOF, the undersigned has executed and delivered to the Local Authorities this certificate this ____ day of ____, 20__.

POLARIS INDUSTRIES INC., a Delaware corporation

By: _____
Name: _____
Title: _____

EXHIBIT E
FORM OF DEED

See Attached

STATE OF ALABAMA
COUNTY OF LIMESTONE

Send Tax Notice To: Polaris Industries Inc.
2100 Hwy 55
Medina, MN 55340

KNOW ALL MEN BY THESE PRESENTS, that in consideration of the sum of Ten and no/100 Dollars (\$10.00) and other good and valuable consideration, to the undersigned THE CITY OF HUNTSVILLE, ALABAMA, an Alabama municipal corporation, herein referred to as Grantor, in hand paid by the Grantee herein, the receipt of which is hereby acknowledged, the said Grantor does by these presents grant, bargain, sell and convey unto POLARIS INDUSTRIES INC., a Delaware Corporation, herein referred to as Grantee, the following described real estate lying and being in the County of Limestone, State of Alabama, to-wit:

See attached Exhibit "A," which is incorporated herein by reference.

Less and except and subject to the permitted exceptions set forth in attached Exhibit "B," which is incorporated herein by reference.

TO HAVE AND TO HOLD to the said Grantee, its successors and assigns forever.

IN WITNESS WHEREOF, the Grantor has caused this Statutory Warranty Deed to be signed in its behalf by its Mayor and attested by its Clerk-Treasurer, this ____ day of _____, 2015.

CITY OF HUNTSVILLE, ALABAMA,
an Alabama municipal corporation

By: _____
Tommy Battle, Mayor

ATTEST:

By: _____
Charles E. Hagood
Clerk-Treasurer

STATE OF ALABAMA
COUNTY OF MADISON

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Tommy Battle and Charles E. Hagood, whose names as Mayor and City Clerk-Treasurer, respectively, of the CITY OF HUNTSVILLE, an Alabama municipal corporation, are signed to the foregoing instrument, and who are known to me, acknowledged before me on this day that, being informed of the contents of this instrument, they, as such officers and with full authority, executed the same for and as the act of said City of Huntsville, an Alabama municipal corporation, as of the day the same bears date.

Given under my hand and official seal this the ____ day of _____, 2015.

NOTARY PUBLIC
My commissioner expires: _____

Pursuant to and in accordance with Section 40-22-1 of the Code of Alabama (1975), the following information is offered in lieu of submitting Form RT-1:

Grantor=s Address: 308 Fountain Circle, SW, Huntsville, Alabama 35801
Grantee=s Address: 2100 Hwy 55, Medina, MN 55340
Property Address: Old Highway 20, Limestone County, Alabama
Purchase Price: \$10.00 and other good and valuable consideration
Assessor's Appraised Value: \$ _____

This Instrument Prepared By:
Samuel H. Givhan
Attorney for Grantor
Wilmer & Lee, P.A.
100 Washington Street
Huntsville, Alabama 35801

EXHIBIT "A"
LEGAL DESCRIPTION

STATE OF ALABAMA
LIMESTONE COUNTY

A portion of the north half and all of the southwest quarter of Section 33, Township 4 South, Range 3 West of the Huntsville Meridian.

All of the northwest quarter of Section 4, Township 5 South, Range 3 West of the Huntsville Meridian lying north of the northerly right-of-way of I-565.

A portion of the south half of the southeast quarter of Section 32, Township 4 South, Range 3 West of the Huntsville Meridian.

A portion of the northeast quarter of Section 5, Township 5 South, Range 3 West of the Huntsville Meridian.

Said tract being a portion of the property conveyed to McCrary Limited Partnership I, a Delaware Limited Partnership in Fiche 96145, pages 45 and 46 as recorded in the Office of the Probate Judge for Limestone County, Alabama, and being more particularly described as follows:

Commencing at a railroad spike found at the northeast corner of Section 33, Township 4 South, Range 3 West of the Huntsville Meridian; thence South 1 Degree 04 Minutes 33 Seconds West a distance of 2113.06 feet to a #5 rebar with a cap Stamped "Garver LLC CA 445"(typical) set; thence North 89 Degrees 07 Minutes 20 Seconds West a distance of 150.95 feet to a #5 rebar set at the Intersection of proposed southwesterly right-of-way of Greenbrier Parkway and the north boundary of Lot 2 of McCrary Commercial Subdivision Phase One as recorded in the Office of the Judge of Probate for Limestone County, Alabama in Plat Book H, Page 214, said point being the Point of Beginning of the herein described tract;

Thence along the north boundary of said Lot 2 North 89 Degrees 07 Minutes 20 Seconds West a distance of 1356.16 feet to a #5 rebar found at the northwest corner of said Lot 2; thence leaving said north boundary and along the west boundary of said Lot 2 South 0 Degree 57 Minutes 30 Seconds West a distance of 599.98 feet to a #5 rebar found at the southwest corner of said Lot 2, said point being on the north boundary of a tract of land conveyed to Target Corporation as recorded in the Office of the Judge of Probate for Limestone County, Alabama in Real Property Book (RLPY) 2000, Page 4069; thence leaving said west boundary and along the north boundary of said Target tract North 89 Degrees 06 Minutes 50 Seconds West a distance of 1173.74 feet to a #5 rebar set at the northwest corner of said Target tract; thence leaving said north boundary and along the west boundary of said Target tract South 1 Degree 28 Minutes 33 Seconds West a distance of 2676.66 feet to a #5 rebar set; thence leaving said west boundary South 1 Degree 11 Minutes 03 Seconds West a distance of 1249.75 feet to a #5 rebar with a cap Stamped "R. Smith LLC #19378" found on the northerly right-of-way of I-565; thence along said right-of-way South 65 Degrees 57 Minutes 31 Seconds West a distance of 2271.47 feet to a #5 rebar set at the southeast corner of a tract of land conveyed to The City of Huntsville in Fiche 98372, Page 58 as recorded in the Office of the Judge of Probate for Limestone County, Alabama; thence leaving said right-of-way and along the boundary of said City of Huntsville tract North 24 Degrees 02 Minutes 28 Seconds West a distance of 50.00 feet to a #5 rebar set; thence South 65 Degrees 57 Minutes 32 Seconds West a distance of 70.00 feet to a #5 rebar set; thence South 24 Degrees 02 Minutes 28 Seconds East a distance of 50.00 feet to a #5 rebar set on said right-of-way; thence leaving said boundary of City of Huntsville tract and along said right-of-way South 65 Degrees 57 Minutes 31 Seconds West a distance of 638.26 feet to a 4 inch square concrete monument with a cap Stamped "DUNIVANT ENG CO CA-0044-LS" found at the intersection of the west boundary of a tract of land conveyed to McCrary Limited Partnership I, a Delaware Limited Partnership in Fiche 96145, Pages 45 and 46 as recorded in the Office of the Probate Judge of Limestone County, Alabama and said right-of-way; thence leaving said right-of-way and along the west boundary of said McCrary tract North 1 Degree 07 Minutes 21 Seconds East a distance of 1158.92 feet to a point; thence North 88 Degrees 03 Minutes 36 Seconds West a distance of 1074.08 feet to a point; thence North 1 Degree 07 Minutes 21 Seconds East a distance of 1371.34 feet to a point on the North Boundary of said Section 5, Township 5 South, Range 3 West; thence leaving said North Section line, North 1 Degree 48 Minutes 35 Seconds East a distance of 247.57 feet to a point; thence South 87 Degrees 16 Minutes 18 Seconds East a distance of 1074.12 feet to a 4" Square Concrete Monument found on the West Boundary of Section 33, Township 4 South, Range 3 West. thence along the west boundary of said Section 33 North 1 Degree 49 Minutes 21 Seconds East a distance of 3229.26 feet to a #5 rebar set at the center of a Transmission Line Easement as recorded in the Office of the Judge of Probate for Limestone County, Alabama in Deed Book 146, Page 361 and Fiche 96331, Page 14; thence leaving said west boundary and along said centerline of easement North 59 Degrees 49 Minutes 07 Seconds East a distance of 2971.07 feet to a #5 rebar set; thence North 57 Degrees 54 Minutes 26 Seconds East a distance of 49.28 feet to a #5 rebar set at the intersection of said easement line and the proposed southerly right-of-way of Greenbrier Parkway, said point being on a curve to the left, having a radius of 2070.00 feet, a chord of South 66 Degrees 35 Minutes 04 Seconds East for a distance of 290.54 feet; thence along said proposed right-of-way and the arc of said curve 290.78 feet to a #5 rebar set at the point of tangency of said curve; thence South 70 Degrees 36 Minutes 32 Seconds East a distance of 1165.88 feet to a #5 rebar set at the point of curvature of a curve to the right, having a radius of 1930.00 feet, a chord of South 43 Degrees 00 Minutes 58 Seconds East for a distance of 1787.88; thence along the arc of said curve 1858.91 feet to the POINT OF BEGINNING.

The above described tract contains 505.37 acres more or less and is subject to easements of record.

EXHIBIT "B"
PERMITTED EXCEPTIONS

1. Ad valorem taxes for the year 2015, and subsequent years.
2. That certain Easement in favor of Alabama Power Company, as recorded in Book 146, Page 361, Probate Records of Limestone County, Alabama.
3. That certain Grant of Transmission Line Easement in favor of United States of America, as recorded in Fiche 96331, Page 11, Probate Records of Limestone County, Alabama.
4. That certain Right of Way Easement in favor of Southern Natural Gas Company, a Delaware corporation, as recorded in Fiche 99350, Page 20, Probate Records of Limestone County, Alabama.
5. That certain 20' Sanitary Sewer Easement in favor of The City of Huntsville, as recorded in RLPY 2001, Page 40198, Probate Records of Limestone County, Alabama.
6. That certain Utility, Drainage and Temporary Access Easement Agreement in favor of Dayton Hudson Corporation, a Minnesota corporation, as recorded in RLPY 2000, Page 1325, Probate Records of Limestone County, Alabama.
7. That certain Easement in favor of The City of Huntsville, as recorded in RLPY 2000, Page 17351, Probate Records of Limestone County, Alabama.
8. Those matters reflected and/or referenced in that certain survey prepared by Garver, LLC, dated November 24, 2014, as Job No.: 14056270, including, but not limited to the other Permitted Exceptions.
9. Those permanent, public utility and drainage easements in favor of the City of Huntsville as set forth in that certain deed from McCrary Limited Partnership I, as recorded in RLPY 2015, Page _____, Probate Records of Limestone County, Alabama.

EXHIBIT F

PERMITTED EXCEPTIONS

1. Ad valorem taxes for the year 2015, and subsequent years.
2. That certain Easement in favor of Alabama Power Company, as recorded in Book 146, Page 361, Probate Records of Limestone County, Alabama.
3. That certain Grant of Transmission Line Easement in favor of United States of America, as recorded in Fiche 96331, Page 11, Probate Records of Limestone County, Alabama.
4. That certain Right of Way Easement in favor of Southern Natural Gas Company, a Delaware corporation, as recorded in Fiche 99350, Page 20, Probate Records of Limestone County, Alabama.
5. That certain 20' Sanitary Sewer Easement in favor of The City of Huntsville, as recorded in RLPY 2001, Page 40198, Probate Records of Limestone County, Alabama.
6. That certain Utility, Drainage and Temporary Access Easement Agreement in favor of Dayton Hudson Corporation, a Minnesota corporation, as recorded in RLPY 2000, Page 1325, Probate Records of Limestone County, Alabama.
7. That certain Easement in favor of The City of Huntsville, as recorded in RLPY 2000, Page 17351, Probate Records of Limestone County, Alabama.
8. Those matters reflected and/or referenced in that certain survey prepared by Garver, LLC, dated November 24, 2014, as Job No.: 14056270, including, but not limited to the other Permitted Exceptions.
9. Those permanent, public utility and drainage easements in favor of the City of Huntsville as set forth in that certain deed from McCrary Limited Partnership I, as recorded in RLPY 2015, Page _____, Probate Records of Limestone County, Alabama.

The above Permitted Exceptions shall automatically be deemed modified and replaced by such Permitted Exceptions referenced in the Title Insurance Policy.

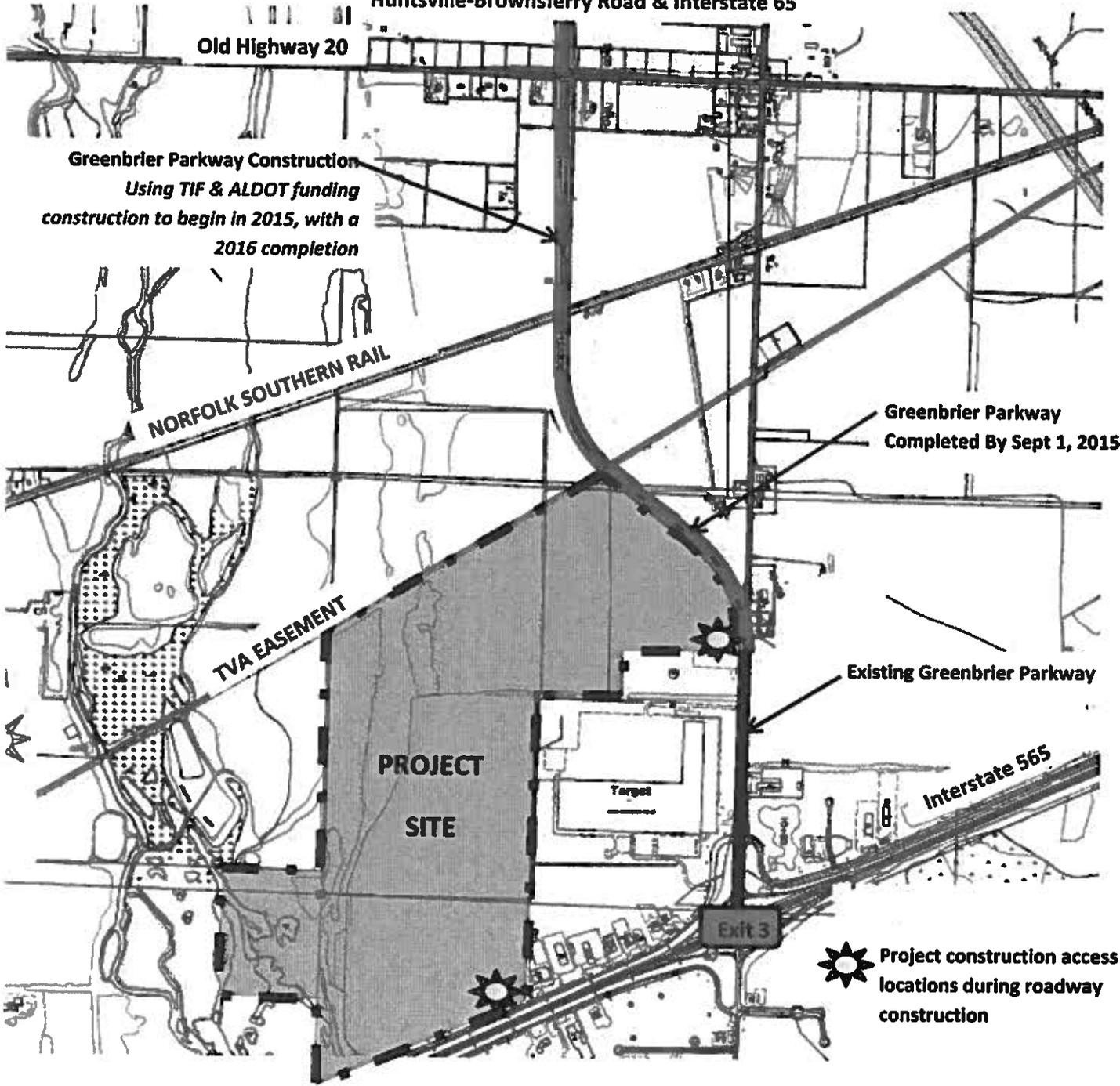
EXHIBIT G

ROADWAY IMPROVEMENTS

See Attached

**Project Axle
Final Project Site Layout**

**Roadway Extension to
Huntsville-Brownsferry Road & Interstate 65**



Greenbrier Parkway Construction
*Using TIF & ALDOT funding
construction to begin in 2015, with a
2016 completion*

Greenbrier Parkway
Completed By Sept 1, 2015

Existing Greenbrier Parkway

 **Project construction access
locations during roadway
construction**

EXHIBIT H

REQUEST FOR PAYMENT

DATE: _____

TO: LIMESTONE COUNTY, ALABAMA
310 W. WASHINGTON STREET
ATHENS, AL 35611
ATTN: COUNTY COMMISSION CHAIRMAN

FROM RECIPIENT: _____

RE: PROJECT _____

PROJECT AGREEMENT DATED: _____

AMOUNT REQUESTED: \$ _____

Pursuant to the Project Agreement for this Project, Recipient hereby requests payment in the amount specified above. Recipient certifies that this requested payment is for reimbursing the Company for costs incurred for temporary office and training space and related costs. Submitted with this Request for Payment are invoices or other evidence of documentation of these costs and the payment thereof.

POLARIS INDUSTRIES INC.

By: _____
Its: Authorized Representative

EXHIBIT I

FORM OF COMPANY NOTE

\$14,500,000.00

_____, 2015
Huntsville, Alabama

FOR VALUE RECEIVED, the undersigned, **POLARIS INDUSTRIES INC.**, a Delaware corporation (the "**Company**"), hereby promises to pay the **CITY OF HUNTSVILLE**, a municipal corporation organized under the laws of the State of Alabama (the "**City**"), at 308 Fountain Circle, Huntsville, Alabama, or at such other place as the City may direct, in lawful money of the United States of America constituting legal tender in payment of all debts and dues, public and private, together with interest thereon calculated at the rate and in the manner set forth herein, the principal amount of up to **FOURTEEN MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$14,500,000.00)**, in twelve (12) equal annual installments of \$1,208,333.33 (each, a "**Principal Installment**"), on the dates set forth below (such principal amount is subject to forgiveness and reinstatement as herein provided), with all principal from time to time outstanding hereunder to bear interest at a per annum rate of 3.50%. This Promissory Note (this "**Note**") is being issued and delivered by the Company to the City pursuant to that certain Project Development Agreement dated January ____, 2015 (the "**Development Agreement**"), by and among the City, the Company and Limestone County, Alabama, a political subdivision of the State of Alabama. Capitalized terms used and not otherwise defined in this Note shall have the meaning given to them in the Development Agreement. References to exhibits not otherwise attached to this Note shall mean the exhibits attached to the Development Agreement.

1. **Principal and Interest.** Each Principal Installment shall be payable on a date that is 120 days after the end of each Project Year (each such date, a "**Scheduled Payment Date**"), together with all accrued and unpaid interest thereon (each such payment, a "**Company Payment**"); provided, however, for each Company Payment, if the Company fully satisfies the Jobs Commitment for the Project Year during the Jobs Commitment Period that immediately precedes the date on which such Company Payment is due, the Company Payment for such Project Year shall be fully forgiven (subject, however, to subsequent reinstatement as set forth in Section 2 below); and, provided further, that if the Company only partially satisfies the Jobs Commitment for the Project Year during the Jobs Commitment Period that precedes the date on which such Company Payment is due, the Company Payment for such Project Year shall be partially forgiven (subject, however, to subsequent reinstatement as set forth in Section 2 hereof) and the amount of such Company Payment shall be determined in accordance with the following:

(a) If the Jobs Commitment is not satisfied as a result of a shortfall in the cumulative Full-Time Employees at the Project Site (an "**Employee Shortfall**"), then an amount equal to $(\$1,208,333.33 + \text{accrued interest}) \times (1 - (\text{Certified Employment Level for the Project Year during the Jobs Commitment Period that precedes the date on which such Company Payment is due} / \text{Jobs Commitment listed on Exhibit C of the Development Agreement for the$

Project Year during the Jobs Commitment Period that precedes the date on which such Company Payment is due)) (such payment, an “Employee Shortfall Payment”);

(b) If the Jobs Commitment is not satisfied as a result of the failure of the Company to achieve the minimum Average Hourly Wage listed on Exhibit C (a “Wage Shortfall”), then an amount equal to $(\$1,208,333.33 + \text{accrued interest}) \times (1 - (\text{the Certified Average Wage achieved by the Company for the Project Year during the Jobs Commitment Period that precedes the date on which such Company Payment is due} / \text{the required Minimum Average Hourly Wage listed on Exhibit C of the Development Agreement for the Project Year during the Jobs Commitment Period that precedes the date on which such Company Payment is due}))$ (such payment, a “Wage Shortfall Payment”);

(c) If the Jobs Commitment is not satisfied as a result of both an Employee Shortfall and a Wage Shortfall, then the Company Payment shall be the greater of the Employee Shortfall Payment or the Wage Shortfall Payment (but not both).

2. Reinstatement.

(a) If the Company closes the Project (other than to complete renovations, restoration or repairs), or relocates substantially all operations conducted at the Project to a location outside the corporate limits of the City prior to the end of the Company Note Period and before satisfying its Jobs Commitment under the Development Agreement, and provided there has been no Local Authorities Event of Default or a material default by the State under the State Project Agreement, then any Company Payments that have been previously forgiven hereunder (said difference, the “Reinstatement Amount”) shall be automatically reinstated as of the date of such closure or relocation (the “Reinstatement Date”), and shall become due and payable as outstanding principal hereunder. Any Reinstatement Amounts shall bear interest at a rate of 3.50% per annum from the Reinstatement Date and, in all cases, whenever a Reinstatement Amount is computed or the remaining balance of the Company Note is computed, the Company shall receive 100% credit for any prior cash payments made against the Company Note and for any period of Local Authorities Event of Default, so that in no event shall the Company pay to the City any amount exceeding \$14,500,000 plus the agreed, accrued interest. The Company may cause this Note to be deemed paid in full if, within 180 days from the Reinstatement Date, the Company, at its own option:

(i) pays the City an amount equal to \$14,500,000, plus accrued interest on that portion of this payment constituting the Reinstatement Amount computed as aforesaid; or

(ii) conveys title to the Project Site to the City free and clear of any and all liens of any kind or other matters affecting title except for the Permitted Exceptions, with the statutory warranty deed conveying title to the City being accompanied by an owner’s policy of title insurance paid by the Company and issued by a title company reasonably acceptable to the City, and in an amount agreed to by the Company and the City equal to at least \$14,500,000.

(b) Should the Company fail to cause this Note to be deemed paid in full pursuant to options (i) or (ii) in paragraph (a) immediately above within 180 days following the

Reinstatement Date, there shall immediately be owed as outstanding principal under this Note the sum of \$14,500,000, plus accrued interest thereon from the Reinstatement Date.

3. **Prepayment.** This Note shall be prepayable by the Company at any time during the Company Note Period upon not less than 5 business days' prior notice to the City (the date of prepayment, the "Prepayment Date") at and for a price equal to \$14,500,000, plus accrued interest to the Prepayment Date. In calculating the prepayment amount that shall satisfy this Note under this Section 3, the Company shall be given credit for all prior cash payments made against the Note under Sections 1 and 2 and, in no event, shall the Company be obligated to an amount that exceeds \$14,500,000, plus accrued interest to the Prepayment Date.

4. **Additional Provisions Regarding Interest.** Interest on all principal amounts outstanding from time to time hereunder shall be calculated on the basis of a 360-day year applied to the actual number of days upon which principal is outstanding commencing on the first day of Project Year 2 (and taking into account any principal amounts forgiven as provided herein), by multiplying the product of the principal amount and the applicable rate set forth herein by the actual number of days elapsed and dividing by 360.

5. **Events of Default.** Upon the occurrence of any one or more of the following events ("Events of Default"):

(a) default in the payment of the principal of or interest on this Note, as and when due and payable, and the continuance of such default for a period of 60 business days after receipt of written notice of such default from the City; or

(b) the occurrence of a Company Event of Default under the Development Agreement that materially impairs the ability of the Company to meet the Jobs Commitment or the Capital Commitment and which remains uncured after the cure period allowed under the terms of the Development Agreement or any extension thereof;

then, or at any time thereafter during the continuance of any such event, the City may, with written notice to Company, cause all forgiven Company Payments (or portions thereof) hereunder to be reinstated as outstanding principal and declare this Note to be immediately due and payable.

6. **Waivers.** The Company hereby waives demand, presentment for payment, notice of dishonor, protest and notice of protest and diligence in collection or bringing suit and agrees that the City may accept partial payment, or release or exchange security or collateral, without discharging or releasing any unreleased collateral or the obligations evidenced hereby. The Company further waives any and all rights of exemption, both as to personal and real property, under the constitution or laws of the United States, the State of Alabama or any other state.

7. **Attorneys' Fees.** The Company agrees to pay reasonable attorneys' fees and costs incurred by the City in collecting or attempting to collect this Note, whether by suit or otherwise.

8. **Miscellaneous.** As used herein, the terms "Company" and "City" shall be deemed to include their respective successors, legal representatives and assigns, whether by

voluntary action of the parties or by operation of law. This Note has been negotiated and is being executed and delivered in Huntsville, in the State of Alabama, or if executed elsewhere, shall become effective upon delivery by the Company to the City; provided, however, that the City shall have no obligation to give, nor shall the Company be entitled to receive, any notice of such acceptance for this Note to become a binding obligation of the Company. The Company hereby submits to jurisdiction in the State of Alabama. This Note shall be governed by and be construed in accordance with the laws of the State of Alabama governing interest, and the laws of the State of Alabama shall apply to this Note and to this transaction. This Note may not be modified except by written agreement signed by the Company and the City, or by their respective successors or assigns.

IN WITNESS WHEREOF, the Company has caused this Promissory Note to be executed, sealed and delivered as of the date first above written.

COMPANY:

POLARIS INDUSTRIES INC.,
a Delaware corporation

ATTEST:

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT J
FORM OF MORTGAGE

See Attached

*This instrument prepared by and
after recordation should be returned to:*

STATE OF ALABAMA)
)
COUNTY OF _____)

MORTGAGE AND SECURITY AGREEMENT

KNOW ALL BY THESE PRESENTS:

That the undersigned, POLARIS INDUSTRIES INC., a Delaware corporation (the "Mortgagor"), whose address is _____, for and in consideration of the indebtedness as herein recited hereby GRANTS, BARGAINS, SELLS, CONVEYS, MORTGAGES, GRANTS A SECURITY INTEREST IN and WARRANTS to the CITY OF HUNTSVILLE, an Alabama municipal corporation, (the "Mortgagee"), whose address is 308 Fountain Circle, 8th Floor, Huntsville, Alabama 35801, its successors and assigns, forever, all and singular, all of the property described under (1) through (5) below (hereinafter referred to as the "Mortgaged Property"), subject to the matters set forth on Schedule B (the "Permitted Encumbrances") attached hereto and made a part hereof:

(1) All of Mortgagor's right, title and interest in and to certain real property (the "Real Estate") more particularly described in Schedule A attached hereto and made a part hereof;

(2) All of Mortgagor's title and interest in and to any and all buildings, constructions and improvements now or hereafter erected in or on and affixed to the Real Estate, whether now existing or hereafter attached to the Real Estate), all of which shall be deemed and construed to be a part of the realty;

(3) All right, title and interest of Mortgagor in and to all of the items incorporated as part of or attributed or affixed to any of the Real Estate or any other interest of Mortgagor, whether now owned or hereafter acquired, in, to or relating to the Real Estate, in such a manner that such items are no longer personal property under the law of the state where the property is situated;

(4) All easements, rights-of-way and rights now owned or hereafter acquired by Mortgagor used in connection with or as a means of access to the Real Estate including all rights pursuant to any trackage agreement and all rights to the nonexclusive use of common drive entries, and all tenements, hereditaments and appurtenances of and to such easements rights-of-way and rights; and

(5) All right, title and interest now owned or hereafter acquired by Mortgagor in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Real Estate, and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Real Estate.

TO HAVE AND TO HOLD, said Mortgaged Property unto Mortgagee, its successors and assigns forever.

This Mortgage is made to secure and enforce the following described indebtedness, obligations and liabilities (herein called the "Secured Indebtedness"):

(i) Payment and performance of all obligations of the Mortgagor under that certain promissory note in the principal sum of Fourteen Million Five Hundred Thousand Dollars (\$14,500,000.00) of even date herewith (the "Note"), executed by Mortgagor, payable to the order of Mortgagee, bearing interest as provided in the Note, and any and all renewals, extensions, modifications, substitutions or increases of the Note, or any part thereof; and

(ii) Complete and full performance of each and every obligation, covenant, duty and agreement of the Mortgagor contained in this Mortgage.

All Secured Indebtedness shall be payable to Mortgagee at the Mortgagee's address specified above, or at such other address as may be designated by Mortgagee from time to time; and, unless otherwise provided in the instrument evidencing or creating such indebtedness, shall bear interest at the same rate per annum as the Note bears, from the date of accrual of such indebtedness until paid. If any Secured Indebtedness shall be collected by legal proceedings, whether through a probate or bankruptcy court or otherwise, or shall be placed in the hands of an attorney for collection after maturity, whether matured by the expiration of time or by any option given to the Mortgagee to mature same, Mortgagor agrees to pay Mortgagee's reasonable attorneys' and collection fees, whether suit be brought or not, and such fees shall be a part of the Secured Indebtedness. This Mortgage shall also secure all renewals, extensions, modifications, substitutions and increases of any of the Secured Indebtedness.

This instrument is intended to operate and is to be construed as a mortgage and a security agreement and is made under those provisions of existing laws of the State of Alabama.

This instrument is intended by Mortgagor and Mortgagee to serve as a fixture filing with respect to all goods and collaterals comprising part of the Mortgaged Property which are or are to become fixtures related to the Real Estate.

And for the purpose of further securing the payment of said Secured Indebtedness the Mortgagor covenants and agrees as follows:

(1) Mortgagor's Warranties of Title and Related Matters. Mortgagor covenants, represents and warrants to Mortgagee with respect to the Mortgaged Property that Mortgagor is lawfully seized in fee and possessed of the Mortgaged Property and has a good right to convey the same as aforesaid, that Mortgagor will warrant and forever defend the title against the lawful claims

of all persons whomsoever, and that the Mortgaged Property is free and clear of all encumbrances, easements and restrictions, except the Permitted Encumbrances.

(2) **Organization and Power.** Mortgagor is a duly organized corporation validly existing and in good standing under the laws of the State of Delaware and the transaction contemplated hereby is within Mortgagor's powers, has been duly authorized by all requisite corporate action and is not in contravention of the certificate of formation or operating agreement of Mortgagor. Mortgagor has provided to Mortgagee a true, correct and complete copy of Mortgagor's certificate of formation and operating agreement and all modifications and amendments thereof.

(3) **Existence of Mortgagor.** Mortgagor will preserve and keep in full force and effect its existence until payment in full of the Secured Indebtedness.

(4) **Insurance.** In its sole discretion, Mortgagor may elect to keep or cause to be kept the Mortgaged Property insured against loss or damage by fire, extended coverage perils, vandalism, malicious mischief, comprehensive general liability insurance, workmen's compensation coverage, or any such other hazards, casualties, or other contingencies in such manner and by such companies and amounts as may be determined by Mortgagor. If such insurance is obtained, Mortgagor shall provide a certificate evidencing such insurance to Mortgagee upon request. In no event shall Mortgagee have any interest in the proceeds of such insurance.

(5) **Taxes and Assessments.** Mortgagor will pay all taxes and assessments against or affecting the Mortgaged Property as the same shall become due and payable, and, if Mortgagor fails to do so within sixty (60) days of receiving a notice of non-payment from Mortgagee, the Mortgagee may, but shall not be obligated to, pay them, together with all costs and penalties thereon, at Mortgagor's expense; provided, however, that Mortgagor may in good faith, in lieu of paying such taxes and assessments as they become due and payable, by appropriate proceedings, contest the validity thereof in accordance with applicable laws, and pending such contest Mortgagor shall not be deemed in default hereunder because of such nonpayment.

(6) **Condemnation.** If all or any part of the Mortgaged Property is taken in condemnation proceedings instituted under power of eminent domain or is conveyed in lieu thereof under threat of condemnation and Mortgagor cannot reasonably continue to satisfy the Jobs Commitment, average wage commitment, capital investment commitment, or other covenants of Mortgagor under the Development Agreement after such taking, then Mortgagee shall be entitled to receive that portion of the proceeds that is equal to outstanding balance of the Note following reinstatement of amounts, if any, and Mortgagor shall receive remaining proceeds, if any. In all other cases where any part of the Mortgaged Property is taken in condemnation proceedings or is conveyed in lieu thereof under threat of condemnation and Mortgagor can reasonably continue to satisfy the Jobs Commitment under the Development Agreement after such taking, then Mortgagor shall be entitled to receive all such proceeds.

Immediately upon its obtaining knowledge of the institution or the threatened institution of any proceedings for the condemnation of the Mortgaged Property, Mortgagor shall notify Mortgagee of such fact. If the proposed taking would reasonably be expected to interfere with Mortgagor's ability to satisfy the Jobs Commitment under the Development Agreement, Mortgagor shall then, if requested by Mortgagee, file or defend its claim thereunder and prosecute same with

due diligence to its final disposition, except that Mortgagor will not accept any settlement without Mortgagee's prior written consent if such settlement will result in a taking that interferes with Mortgagor's ability to satisfy the Jobs Commitment under the Development Agreement. At Mortgagee's cost, Mortgagee shall be entitled to participate in any condemnation proceedings affecting the Mortgaged Property.

(7) Mortgagee's Expenses. If, in pursuance of any covenant or agreement contained herein or in any other instrument executed in connection with the loan evidenced by the Note or in connection with any other Secured Indebtedness, Mortgagee shall expend any money chargeable to Mortgagor or subject to reimbursement by Mortgagor under the terms of such covenant or agreement, Mortgagor will repay the same to Mortgagee immediately, unless provided otherwise in the applicable agreement, at the place where the Note or other Secured Indebtedness is payable, together with interest thereon at the rate of interest payable on account of the Note or such other Secured Indebtedness in the event of a default thereunder from and after the date of Mortgagee's making such payment. The sum of each such payment shall be added to the Secured Indebtedness and thereafter shall form a part of the same, and it shall be secured by this Mortgage and by subrogation to all the rights of the person or entity receiving such payment. The Mortgagee may make advances, but shall not be obligated to do so, for any of the following: (i) payment of delinquent taxes or any part thereof, (ii) for the discharge of any liens or encumbrances on the Mortgaged Property that threaten to reduce the value of the Mortgaged Property below the amount due under the Note, (iii) for enforcing collection of the Secured Indebtedness, and (iv) for any delinquent water, gas or electric charge imposed for any services rendered to the Mortgaged Property. Prior to making any payment under this Paragraph, Mortgagee shall deliver written notice to Mortgagor that such amount is due. If Mortgagor shall fail to pay such amount to the proper payee within sixty (60) days after the date of such notice, then Mortgagee may make and is hereby authorized to pay any payment herein, according to any bill, statement or estimate without inquiry into the accuracy of the bill, statement or estimate or into the validity thereof.

(8) Waste, Demolition, Replacement or Repair of Mortgaged Property. The Mortgagor shall cause the Mortgaged Property to be maintained, preserved, kept safe and in generally good repair, and in good working condition. The Mortgagor shall not commit or permit waste thereon. The Mortgagor shall be free to demolish, remove, reconstruct or relocate any improvements or fixtures located on the Real Estate in Mortgagor's sole discretion, provided the reasonable value of the Mortgaged Property after doing so does not decline below the remaining balance of the Note. The Mortgagor shall comply with all laws and regulations of any governmental authority with reference to the Mortgaged Property and the manner and use of the same. The Mortgagor will discharge all claims for labor performed and material furnished therefor, and will not suffer any lien of mechanics or materialmen to attach to any part of the Mortgaged Property, except Mortgagee shall not be in default for contesting any claimed amount in good faith and pursuant to applicable laws. Mortgagee and other persons reasonably authorized by Mortgagee shall have access to and the right to enter and inspect the Mortgaged Property at all reasonable times, and upon reasonable notice to Mortgagor.

(9) Sale of Mortgaged Property. Mortgagor hereby covenants and agrees not to sell, convey or otherwise transfer any interest in the Mortgaged Property, except to an Affiliate (as defined in the Development Agreement), which such affiliate agrees to take such property subject to this mortgage, without the prior written consent of Mortgagee. Without limiting the generality of the

foregoing, it shall be a default hereunder if all or any part of the Mortgaged Property (other than items which have become obsolete or worn beyond practical use and which have been replaced by adequate substitutes having a value equal to or greater than the replaced items when new) shall become vested in any party other than Mortgagor, whether by contract, operation of law or otherwise without the prior written consent of Mortgagee. Except for easements to governmental entities or to utilities, Mortgagor shall also not grant any easement whatever with respect to any of the Mortgaged Property without the joinder therein of Mortgagee. The provisions of this Paragraph (9) shall apply to any and all sales, transfers, conveyances, exchanges, assignments or other dispositions by Mortgagor, its successors and assigns, and any subsequent owners of the Mortgaged Property, or any part thereof.

(10) Successors. If the ownership of the Mortgaged Property or any part thereof becomes vested in a person other than Mortgagor without Mortgagee's prior consent, Mortgagee may, without notice to Mortgagor, deal with such successor or successors in interest with reference to this Mortgage and to the Secured Indebtedness in the same manner as with Mortgagor without in any way vitiating or discharging Mortgagor's liability hereunder or upon the Secured Indebtedness. No sale of the Mortgaged Property, and no forbearance on the part of Mortgagee, and no extension of the time for the payment of the Secured Indebtedness, given by Mortgagee, shall operate to release, discharge, modify, change or affect the original liability of Mortgagor or the liability of any guarantors or sureties of Mortgagor, either in whole or in part.

(11) Limitation on Interest. All agreements between Mortgagor and Mortgagee, whether now existing or hereafter arising and whether written or oral, are expressly limited so that in no contingency or event whatsoever shall the amount paid, or agreed to be paid, to Mortgagee for the use, forbearance, or detention of the money to be loaned pursuant to the Note or otherwise or for the performance or payment of any covenant or obligation contained herein, exceed the maximum amount permissible under applicable law (state or federal). If from any circumstance whatsoever fulfillment of any provision thereof at the time performance of such provision shall be due shall involve transcending the limit of validity prescribed by law, then, ipso facto, the obligation to be fulfilled shall be reduced to the limit of such validity, and if from any such circumstance Mortgagee shall ever receive anything of value as interest, or deemed interest under applicable law, under the Note or this Mortgage or otherwise an amount that would exceed the highest lawful rate, such amount that would be excessive interest shall be applied to the reduction of the principal amount owing under the Note or on account of the other Secured Indebtedness and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal of the Note and such other Secured Indebtedness, such excess shall be refunded to Mortgagor. All sums paid or agreed to be paid to Mortgagee for the use, forbearance, or detention of the Secured Indebtedness shall, to the extent permitted by applicable law, be amortized, prorated, allocated and/or spread throughout the full term of such indebtedness until payment in full to the end that the rate of interest on account of such indebtedness never exceeds the maximum lawful rate at any time in effect and applicable to such indebtedness.

(12) Security Agreement and Financing Statement. With respect to any portion of the Mortgaged Property which constitutes fixtures governed by the Uniform Commercial Code of the State of Alabama (hereinafter called the "Code"), this Mortgage shall constitute a security agreement between Mortgagor, as the Debtor, and Mortgagee, as the Secured Party, and the Mortgagor hereby grants to Mortgagee a security interest in such portion of the Mortgaged Property,

including any proceeds thereof. Cumulative of all other rights of Mortgagee hereunder, Mortgagee shall have all of the rights conferred upon secured parties by the Code. Mortgagor hereby authorizes Mortgagee to execute and file, without Mortgagor's joinder, any and all financing statements or continuation statements necessary or desirable to perfect or maintain the validity and priority of Mortgagee's security interest. Mortgagor agrees that a copy of this Mortgage may be filed as a financing statement in any public office. Mortgagee may exercise any or all of the remedies of a secured party available to it under the Code with respect to such property, and it is expressly agreed that if upon default Mortgagee should proceed to dispose of such property in accordance with the provisions of the Code, ten (10) days' notice by Mortgagee to Mortgagor shall be deemed to be reasonable notice under any provision of the Code requiring such notice; provided, however, that Mortgagee may at its option dispose of such property in accordance with Mortgagee's rights and remedies with respect to the Real Estate pursuant to the provisions of this Mortgage, in lieu of proceeding under the Code.

Mortgagor shall give advance notice in writing to Mortgagee of any proposed change in Mortgagor's name, identity or structure and will execute and deliver to Mortgagee, prior to or concurrently with the occurrence of any such change, all additional financing statements that Mortgagee may require to establish and maintain the validity and priority of Mortgagee's security interest with respect to any Mortgaged Property described or referred to herein.

Some of the items of Mortgaged Property described herein are goods that are or are to become fixtures related to the Real Estate, and it is intended that, as to those goods, this Mortgage shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the Mortgaged Property is situated. Information concerning the security interest created by this instrument may be obtained from Mortgagee, as secured party, at the address of Mortgagee stated above. The mailing address of the Mortgagor, as debtor, is as stated above.

(13) Litigation. Mortgagor agrees that it will give notice to the Mortgagee of any litigation which the Mortgagor becomes involved in which might adversely affect Mortgagor's interest in the Mortgaged Property and will continue to thereafter provide to Mortgagee periodic statements of the status and progress of such litigation as may be requested by Mortgagee.

(14) Compliance with Laws; Hold Harmless. The Mortgaged Property, and the use thereof by Mortgagor shall comply with all laws, rules, ordinances, regulations, covenants, conditions, restrictions, orders and decrees of any governmental authority or court applicable to Mortgagor, the Mortgaged Property, and its use, and Mortgagor shall pay all fees or charges of any kind in connection therewith. Mortgagor will not use or occupy or allow the use or occupancy of the Mortgaged Property in any manner which violates any applicable law, rule, regulation or order or which constitutes a public or private nuisance or which makes void, voidable or subject to cancellation any insurance then in force with respect thereto.

(15) Further Assurances. Mortgagor, upon the request of Mortgagee, will execute, acknowledge, deliver and record such further instruments and do such further acts as may be reasonably necessary to carry out the purposes of any of the Note, Mortgage and Development Agreement and to subject to the liens and security interests created thereby any property intended by

the terms thereof to be covered thereby, including specifically but without limitation, any renewals, additions, substitutions, replacements, improvements, or appurtenances to the Mortgaged Property.

(16) Consent. In any instance hereunder where Mortgagee's approval or consent is required or the exercise of Mortgagee's judgment is required, the granting or denial of such approval or consent and the exercise of such judgment shall be within the reasonable discretion of Mortgagee. And no request for approval or consent will be unreasonably withheld or delayed.

(17) No Partnership. Nothing contained herein is intended to create any partnership, joint venture or association between Mortgagor and Mortgagee, or in any way make Mortgagee a co-principal with Mortgagor with reference to the Mortgaged Property, and any inferences to the contrary are hereby expressly negated.

(18) Notices by Governmental Authority, Fire and Casualty Losses, Etc. Mortgagor shall timely comply with and promptly furnish to Mortgagee true and complete copies of any official notice or claim by any governmental authority pertaining to the Mortgaged Property. Mortgagor shall promptly notify Mortgagee of any fire or other casualty that materially threatens the value of the Mortgaged Property or any notice or taking of eminent domain action or proceeding affecting the Mortgaged Property.

(19) Recording and Filing. This Mortgage, the Development Agreement and all amendments, supplements and extensions thereto and substitutions therefor shall be recorded, filed, rerecorded and refiled in such manner and in such places as Mortgagee shall reasonably request, and Mortgagee will pay all such recording, filing, rerecording and refiling fees, title insurance premiums (for any policy issued to Mortgagee), and other charges.

(20) Defeasance. If the Mortgagor (a) satisfies in full its obligations under the Development Agreement respecting the Jobs Commitment (as defined in the Development Agreement) and the Capital Commitment (as defined in the Development Agreement) or , or (b) pays the entire balance under the Note (and any other sums owed to Mortgagee under this Mortgage), then in either case, this conveyance and the grants and conveyances contained herein shall become null and void, the Mortgaged Property shall revert to the Mortgagor, and the entire estate, right, title and interest of the Mortgagee will thereupon cease; and the Mortgagee in such case at the Mortgagor's request shall at the Mortgagor's cost and expense, deliver to the Mortgagor proper instruments acknowledging satisfaction of this Mortgage, but the failure do deliver such satisfaction shall not prevent this conveyance and the grants and conveyances contained herein from becoming null and void.

(21) Events of Default. The happening of any of the following events or conditions, or the happening of any other event of default as defined elsewhere in this Mortgage (hereinafter collectively referred to as "Events of Default") shall constitute a default under this Mortgage:

(a) the failure of Borrower to pay any amounts payable under the Note in accordance with the terms of the Note; or

(b) the occurrence of any other Event of Default as defined in the Note; or

(c) the interest of the Mortgagee in the Mortgaged Property shall become endangered by reason of the enforcement of any prior lien or encumbrance thereon; or

(d) if title to all or any part of the Mortgaged Property shall become vested in any party other than Mortgagor, except as permitted herein, whether by operation of law or otherwise without the prior written consent of the Mortgagee; or

(e) default shall be made in the due observance or performance of any other covenant, condition or agreement on the part of the Mortgagor to be observed or performed pursuant to the terms of this Mortgage and such default shall continue for as much as sixty (60) days after the Mortgagee has given Mortgagor written notice thereof (provided that if such default cannot be cured within such sixty (60) day period and Mortgagor shall have commenced to cure such default within such sixty (60) day period and thereafter diligently and expeditiously proceeds to cure the same, such sixty(60) day period shall be extended for so long as it shall require Mortgagor in the exercise of diligence to cure such default).

(22) Remedies of Mortgagee Upon Default.

(a) Foreclosure Sale. Upon the occurrence of any Event of Default, or at any time thereafter, this Mortgage shall be subject to foreclosure and may be foreclosed as now provided by law in case of past due mortgages, and the Mortgagee shall be authorized, at its option, whether or not possession of the Mortgaged Property is taken, after giving notice by publication once a week for three (3) consecutive weeks of the time, place and terms of each such sale, together with a description of the Mortgaged Property, by publication in a newspaper published in the county or counties wherein the Mortgaged Property or any part thereof is located, to sell the Mortgaged Property (or such part or parts thereof as the Mortgagee may from time to time elect to sell) in front of such county's main or front courthouse door, at public outcry, to the highest bidder for cash. The Mortgagee, its successors and assigns, may bid at any sale or sales had under the terms of this Mortgage and may purchase the Mortgaged Property, or any part thereof, if the highest bidder therefor. The purchaser at any such sale or sales shall be under no obligation to see to the proper application of the purchase money. At any foreclosure sale, any part or all of the Mortgaged Property may be offered for sale in parcels or en masse for one total price, the proceeds of any such sale en masse to be accounted for in one account without distinction between the items included therein or without assigning to them any proportion of such proceeds, the Mortgagor hereby waiving the application of any doctrine of marshaling or like proceeding. In case the Mortgagee, in the exercise of the power of sale herein given, elects to sell the Mortgaged Property in parts or parcels, sales thereof may be held from time to time, and the power of sale granted herein shall not be fully exercised until all of the Mortgaged Property not previously sold shall have been sold or all the Secured Indebtedness shall have been paid in full.

(b) Foreclosure Deeds. The Mortgagor hereby authorizes and empowers the Mortgagee or the auctioneer at any foreclosure sale had hereunder, for and in the name of the Mortgagor, to execute and deliver to the purchaser or purchasers of any of the Mortgaged Property sold at foreclosure good and sufficient deeds of conveyance or bills of sale thereto.

(c) Application of Proceeds. All payments received by the Mortgagee as proceeds of the Mortgaged Property, or any part thereof, as well as any and all amounts realized by

the Mortgagee in connection with the enforcement of any right or remedy under or with respect to this Mortgage, shall be applied by the Mortgagee as follows: (i) to the payment of all necessary expenses incident to the execution of any foreclosure sale or sales or other remedies under this Mortgage, including reasonable attorneys' fees as provided herein, (ii) to the payment in full of the Note (including without limitation principal, accrued interest, and amounts reinstated) and to the payment of reasonable attorneys' fees as provided herein and in the Note, (iii) any other sums that might be due under this Mortgage or the Note, and (iv) the remainder, if any, shall be paid to the Mortgagor.

(b) Waiver of Appraisal Laws. The Mortgagor waives, to the fullest extent permitted by law, the benefit of all laws now existing or hereafter enacted providing for (i) any appraisal before sale of any portion of the Mortgaged Property (commonly known as appraisal laws), or (ii) any extension of time for the enforcement of the collection of the amounts due or owing under the Note or any creation or extension of a period of redemption from any sale made in collecting amounts due or owing under the Note (commonly known as stay laws and redemption laws).

(23) Environmental Protection. Mortgagor does further represent, warrant and covenant as follows:

(a) During any period this Mortgage remains in effect, Mortgagor shall comply with all applicable laws pertaining to Mortgagor's treatment, storage, use or disposal of Hazardous Materials (as hereinafter defined) on and from the Real Property. As used herein, the term "Hazardous Materials" include without limitation, any asbestos, urea formaldehyde foam insulation, flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related or unrelated substances or materials defined, regulated, controlled, limited or prohibited in the Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA), as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act (RCRA), as amended (42 U.S.C. Sections 6901, et seq.), the Clean Water Act, as amended (33 U.S.C. Sections 1251, et seq.), the Clean Air Act, as amended (42 U.S.C. Sections 7401, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601, et seq.), and in the rules and regulations adopted and publications promulgated pursuant thereto, and in the rules and regulations of the Occupational Safety and Health Administration (OSHA) pertaining to occupational exposure to asbestos, as amended, or in any other federal, state or local environmental law, ordinance, rule, or regulation now or hereafter in effect;

(b) In the event the Mortgagor or any of its agents, employees, contractors or invitees spills or disposes of Hazardous Materials on the Mortgaged Property, Mortgagor shall promptly remediate such condition in accordance with all applicable environmental laws.

(c) In the event the Mortgagor fails to complete any remediation required under this Agreement and/or Mortgagor shall fail to comply with any environmental law or regulation, then upon the expiration of the applicable notice and cure period specified in Paragraph 21(f), Mortgagee may at its election, but without the obligation so to do, give such notices as may be required by law and/or cause any remedial work that may be reasonably necessary to be performed at the Mortgaged Property and/or take any and all other actions as Mortgagee shall deem reasonably

necessary or advisable in order to remedy said spill or disposal of Hazardous Materials or cure said failure of compliance and any amounts paid as a result thereof, together with interest thereon at the default rate (as specified in the Note) from the date of payment by Mortgagee, shall be immediately due and payable by Mortgagor to Mortgagee and until paid shall be added to and become a part of the indebtedness secured hereby and shall have the benefit of the lien hereby created as a part thereof; and

(d) Mortgagor hereby agrees to indemnify and hold Mortgagee harmless from all loss, cost, damage, claim and expense incurred by Mortgagee on account of (i) Mortgagor's failure to perform any obligations set forth in this Paragraph (23), or (ii) Mortgagor's failure to fully comply with all environmental laws, rules and regulations, or with all occupational health and safety laws, rules and regulations. This indemnification shall survive payment of the indebtedness secured by this Mortgage, the exercise of any right or remedy hereunder or under any other loan document securing or evidencing said indebtedness, any subsequent sale or transfer of the Mortgaged Property, and all similar or related events or occurrences. Mortgagor shall give immediate oral and written notice to Mortgagee of its receipt of any notice of a violation of any law, rule or regulation covered by this Paragraph (23) or of any adverse claim relating to the environmental condition of the Mortgaged Property.

(24) Notice and Addresses for Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing and mailed or hand delivered to the applicable party at its address indicated on the first page of this Mortgage or at such other address as shall be designated by such party in a written notice to the other party thereto. Any such notice shall be deemed received three (3) days after properly posting and addressing and depositing said letter in the United States Mail, certified, return receipt requested.

(25) Partial Release and Additional Security. Any part of the Mortgaged Property may be released by the Mortgagee without affecting the lien, security interest and assignment hereof against the remainder. The lien, security interest and other rights granted hereby shall not affect or be affected by any other security taken for the same indebtedness or any part thereof. The taking of additional security, or the extension or renewal of the Secured Indebtedness or any part thereof, shall not release or impair the lien, security interest and other rights granted hereby, or affect the liability of any endorser, guarantor or surety, or improve the right of any permitted junior lienholder; and this Mortgage, as well as any instrument given to secure any renewal or extension of the Secured Indebtedness, or any part thereof, shall be and remain a first and prior lien, except as otherwise provided herein, on all of the Mortgaged Property not expressly released until the obligations and Secured Indebtedness are completely paid, performed and discharged.

(26) Waiver. To the extent that Mortgagor may lawfully do so, Mortgagor agrees that Mortgagor shall not assert and hereby expressly waives, any right under any statute or rule of law pertaining to the marshaling of assets, valuation and appraisal, the exemption of business or residential homestead, the administration of estates of decedents, dower and curtesy, the rights and remedies of sureties or other matter whatever to defeat, reduce or affect the right of Mortgagee, under the terms of this Mortgage, to sell the Mortgaged Property for the collection of the Secured Indebtedness (without any prior or different resort for collection) or the right of Mortgagee, under the terms of this Mortgage, to the payment of such Secured Indebtedness out of the proceeds of sale

of the Mortgaged Property in preference to every other person and claimant whatever (only reasonable expenses of such sale being first deducted).

(27) **No Waiver and Severability.** No waiver of any default on the part of Mortgagor or breach of any of the provisions of this Mortgage or of any other instrument executed in connection with the Secured Indebtedness shall be considered a waiver of any other or subsequent default or breach, and no delay or omission in exercising or enforcing the rights and powers herein granted shall be construed as a waiver of such rights and powers, and likewise no exercise or enforcement of any rights or powers hereunder shall be held to exhaust such rights and powers, and every such right and power may be exercised from time to time. If any provision of this Mortgage is held to be illegal, invalid or unenforceable under present or future laws effective while this Mortgage is in effect, the legality, validity and enforceability of the remaining provisions of this Mortgage shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable provision there shall be added automatically as a part of this Mortgage a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable. If any of the liens or security interests created by this Mortgage shall be invalid or unenforceable, the unsecured portion of the Secured Indebtedness shall be completely paid prior to the payment of the remaining and secured portion of the Secured Indebtedness and all payments made on account of such indebtedness shall be considered to have been paid on and applied first to the complete payment of the unsecured portion of such indebtedness. Acceptance by the Mortgagee of any payment of less than the full amount due on the Secured Indebtedness shall be deemed acceptance on account only, and the failure of the Mortgagor to pay the entire amount then due shall be and continue to constitute an Event of Default, and at any time thereafter and until the entire amount due on the Secured Indebtedness has been paid, the Mortgagee shall be entitled to exercise all rights conferred on it by the terms of this Mortgage in case of the occurrence of an Event of Default.

(28) **Remedies Cumulative.** In addition to and notwithstanding and without modifying the other remedies provided herein and without limiting the rights of the Mortgagee to exercise such remedies, the Mortgagee is given the additional right to enforce the covenants, agreements, and obligations of the Mortgagor hereunder, by the securing of equitable remedies, including that of temporary and permanent injunction and specific performance, without the necessity of the Mortgagee filing any bond or other security which would otherwise be required by the statutes of the State of Alabama or the Alabama Rules of Civil Procedure, as amended, in seeking such equitable remedies, the requirement for filing of any such bond or other security being hereby expressly waived.

(29) **Amendments.** No amendment, modification or cancellation of this Mortgage shall be valid unless in writing and signed by the party against whom enforcement is sought.

(30) **Headings.** The Paragraph and Subparagraph headings hereof are inserted for convenience and reference only and shall not alter, define, or be used in construing the text of such Paragraphs or Subparagraphs.

(31) **Governing Law.** This Mortgage shall be governed and construed under the laws of the State of Alabama except to the extent any law, rule or regulation of the federal

government of the United States of America may be applicable, in which case such federal law, rule or regulation shall control.

(32) Copies. Mortgagor acknowledges receipt of a true and correct copy of this Mortgage.

(33) Meaning of Particular Terms. Whenever used, the singular number shall include the plural and the plural the singular, and pronouns of one gender shall include all genders; and the words "Mortgagor" (without limiting Mortgagee's rights or Mortgagor's obligations to secure approval or consent) and "Mortgagee" shall include their respective heirs, personal representatives, successors and assigns. The term "Mortgagor" as used in this Mortgage refers to each of the undersigned, jointly and severally, whether one or more natural persons, partnerships, corporations, associations, trusts or other entities or organizations.

(34) Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on the parties hereto, notwithstanding that all parties are not signatories to the original or to the same counterpart.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed on its behalf by its duly authorized members on this 6th day of March, 2014.

MORTGAGOR:

POLARIS INDUSTRIES INC.

By: _____

Name: _____

Its: _____

STATE OF ALABAMA

)

COUNTY OF _____

:

)

I, the undersigned, a notary public in and for said county in said state, hereby certify that _____, whose name as _____ of Polaris Industries Inc., a Delaware corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this _____ day of _____, 2015.

Notary Public

[NOTARIAL SEAL]

My commission expires: _____

**SCHEDULE A
TO
MORTGAGE AND SECURITY AGREEMENT**

Legal Description

**SCHEDULE B
TO
MORTGAGE AND SECURITY AGREEMENT**

Permitted Encumbrances

**ROUTING SLIP
CONTRACTS AND AGREEMENTS**

Originating Department: Administration

Council Meeting Date: 1/22/2015

Department Contact: John Hamilton

Phone # 427-5000

Contract or Agreement: Development Agreement with Polaris Industries

Document Name: Development Agreement between the City and Polaris Industries

City Obligation Amount:

Total Project Budget:

Uncommitted Account Balance:

Account Number:

Procurement Agreements

| | |
|-----------------------|-----------------------|
| <u>Not Applicable</u> | <u>Not Applicable</u> |
|-----------------------|-----------------------|

Grant-Funded Agreements

| | |
|-----------------------|-------------|
| <u>Not Applicable</u> | Grant Name: |
|-----------------------|-------------|

| Department | Signature | Date |
|---|-----------|------|
| 1) Originating | | |
| 2) Legal | | |
| 3) Finance | | |
| 4) Originating | | |
| 5) Copy Distribution | | |
| a. Mayor's office (1 copies) | | |
| b. Clerk-Treasurer (Original & 2 copies) | | |
| | | |