



ST. CHARLES
SINCE 1834

AGENDA ITEM EXECUTIVE SUMMARY

Title:	Recommendation to Approve an Incentive Agreement with the Clarke Group under the City's Knowledge Based Employment Incentive Pilot Program
Presenter:	Chris Minick, Finance Director

Please check appropriate box:

<input checked="" type="checkbox"/>	Government Operations (10/21/13)		Government Services
<input type="checkbox"/>	Planning & Development		City Council
<input type="checkbox"/>	Public Hearing		

Estimated Cost:	\$275,000 Maximum payout	Budgeted:	YES	<input checked="" type="checkbox"/> X	NO	
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If NO, please explain how item will be funded:

Executive Summary:

Pursuant to prior discussions and presentations, the Clarke Group is proposing to relocate its corporate headquarters and research labs to the City of St Charles. Pursuant to the discussions and relocations, approximately 70 new jobs will be relocated to the City of St Charles. Additionally, the Clarke Group expects the creation of approximately 15 additional jobs in the City within the first 5 years of occupancy.

The Clarke Group and staff have put together a proposed five-year incentive agreement to assist the Clarke Group with relocation and rehabilitation expenses for its corporate headquarters and research and development facilities as proposed within the City. Specifics of the agreement are consistent with the parameters discussed in July and are attached.

The City will provide incentives in varying amounts for jobs relocated to the City, an additional incentive for employees who live within City limits, a smaller amount for employees who reside in close proximity to the City, and an amount for interns. The payments to the Clarke Group have maximum payout amounts for each year of the five-year term, as well as a \$275,000 maximum cap.

The proposed agreement requires that the Clarke Group remain at its proposed location for a minimum 12-year term or be subject to repaying the entire amount of the incentive provided by the City.

Attachments: *(please list)*

Proposed Agreement

Recommendation / Suggested Action *(briefly explain):*

Recommendation to approve an Incentive Agreement with the Clarke Group under the City's Knowledge Based Employment Incentive Pilot Program.

For office use only:

Agenda Item Number: 5a^T

AGREEMENT

THIS AGREEMENT is entered into on this ____ day of _____, 2013, by and between the City of St. Charles, Kane and DuPage Counties, Illinois, an Illinois municipal corporation (hereinafter referred to as the "City") and The Clarke Group Inc., an Illinois corporation (hereinafter referred to as the "Company");

W I T N E S S E T H:

WHEREAS, the City has a population of more than 25,000 persons, and is a home rule unit of government pursuant to Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois; and

WHEREAS, the City, pursuant to Section 10 of Article VII of the Constitution of the State of Illinois, is authorized to contract or otherwise associate with individuals in any manner not prohibited by law or by ordinance; and

WHEREAS, the City, pursuant to Section 5 of the Illinois Municipal Code (65 ILCS 8-1-2.5) is authorized to appropriate and expend funds for economic development purposes, including, without limitation, the making of grants to any other governmental entity or commercial enterprise that are deemed necessary or desirable for the promotion of economic development within the municipality;

WHEREAS, the Company, or an entity controlled by the Company or its principal, owns or shall own an office and light industrial property and accompany building located at 675 Sidwell Court (the "Property") in the City of St. Charles, such property legally described on Exhibit "A" attached hereto and made a part hereof (the "Subject Property"); and

WHEREAS, the Company desires to relocate and expand its existing headquarters and research and development operations to and at the Property, thereby creating new employment, property improvement and economic development generally within the City; and

WHEREAS, the Company represents and warrants that the Project (as hereinafter defined) requires economic assistance and that undertaking the Project is contingent upon the City providing such economic assistance to the Company; and

WHEREAS, pursuant to State Statute, the City Council of the City has made the following findings with respect to the Project:

- A. The Project is expected to create job opportunities within the City.
- B. The Project will serve to further the development of adjacent areas.
- C. The Project will strengthen the light industrial, office and research and development sectors of the City.
- D. The Project will enhance the tax base of the City.
- E. This Agreement is made in the best interest of the City.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises hereinafter contained, the adequacy and sufficiency of which the parties hereto stipulate, the City and the Company agree as follows:

Section 1. Incorporation of Recitals. The recitals set forth hereinabove are incorporated herein by reference as substantive provisions of this Agreement.

Section 2. Conditions Precedent. All undertakings on the part of the City pursuant to this Agreement are subject to satisfaction of the following preconditions:

(A) The Company shall enter into a lease and occupy the property within the timeframe set forth herein.

(B) The Company shall relocate its existing headquarters and research and development activities, to include no fewer than seventy (70) employees associated with such

activities, from outside the City to the Property. The calculation of seventy (70) employees above shall be made without regard to the wages of individual employees.

If the above-described conditions are not met prior to April 1, 2015, this Agreement, at the election of the City, shall terminate and be of no further force or effect.

Section 3. Improvements to Property. Upon acquisition of the Property by the Company or by an entity related to the Company which shall lease the property to the Company, the Company shall make certain improvements and investments to the property, to include but not necessarily limited, to the following:

- (A) Interior and Exterior Building Improvements, with estimated value in excess of \$300,000.
- (B) Purchase and/or install computer hardware/software equipment and materials, with estimated value in excess of \$150,000.
- (C) Purchase and/or install research and development laboratory facilities, with estimated value of \$400,000.
- (D) Install furniture and fixtures, with estimated value of \$200,000.

Prior to commencement of construction of the Project, and no later than April 1, 2014, the Company shall submit complete building plans, engineering plans and construction documents to the City for review and approval in such form and detail as the City customarily requires.

If the conditions set forth in this Section 3 are not met, the City shall have the option to terminate this Agreement.

Section 4. Definitions.

For purposes of this Agreement, the capitalized terms shall have the following meanings:

"Commencement Date" - means the first day of the month, one year following the Company's occupancy of the Property after fulfillment of those obligations set forth in Sections 2 and 3, above.

"Bonus Payment" – means an additional payment made to Company for hiring employees that are St. Charles residents ("St. Charles Resident Bonus"), neighboring St. Charles residents ("Neighboring St. Charles Resident Bonus") and interns ("Intern Bonus"), as herein defined.

"Employee Count" – means the number of full-time positions that require a minimum of 35 hours per week employed by the Company at the Property with an annual gross salary and bonus equal to or exceeding \$50,000 (Fifty Thousand Dollars and No Cents).

"Employee Payout" – means an amount paid by the City to the Company, on an annual basis on or about January 30 of each year for the first five years of the Term of this Agreement, for each employee position created and retained.

"Intern" – means a person employed by the Company on a part-time basis who is a student or a recent graduate undergoing supervised practical training and resides within the St. Charles corporate boundaries.

"Knowledge-based Employment Pilot Program" (or "Program") – means a pilot economic development incentive program established and managed by the City and open to certain business enterprises wishing to locate or expand within the corporate boundaries of St. Charles and whose principal business activity at such St. Charles location is any one or combination of the following:

- a. National or regional headquarters and senior management.
- b. Research and development.
- c. Advanced and high-technology intensity activities, including but not limited to the following: aerospace, automotive, artificial intelligence, biotechnology, semiconductors,

information technology, electrical engineering, information systems, photonics, nanotechnology, nuclear physics, robotics and telecommunications.

Knowledge-based employment pilot program as it applies in the Agreement is further described below at Section 5.

“Neighboring St. Charles Resident” – means a person subject to “Employee Count” who resides within certain geographic boundaries as depicted in the map, entitled, “Neighboring St. Charles Residential Area” and found at Exhibit B, attached hereto and made a part hereof.

“St. Charles Resident” – means a person subject to “Employee Count” who resides within the City of St. Charles corporate boundaries.

“Payouts” and “Payout Schedule” - means what and when the City will make payments pursuant to this Agreement. Said Payouts and Payout Schedule are set forth in Exhibit C, attached hereto and made a part hereof.

“Term” – means the period that this Agreement shall be in force. For the purpose of determining the period the City shall make payments to the Company under this Agreement, the term is five (5) years from the Commencement Date. For the purpose of determining the period the Company must maintain its headquarters and research and development activities within the City of St. Charles, the Term is twelve (12) years from the Occupancy Date.

Section 5. Applying Knowledge-based Employment Pilot Program. The City shall utilize a knowledge-based employment program in creating an economic incentive for Company to undertake the activities described in Sections 2 and 3, above. The Program shall include certain payments to the Company as described below. Further, the Company may be eligible for additional Program payments from the City in accordance with the table shown in Exhibit C. The City shall make payments under this Program in accordance with the following:

- a. A value for each of the total number of positions that satisfies the definition of Employee Count;
- b. A bonus value for each of the positions that is filled by a Neighboring St. Charles Resident;
- c. An additional bonus value for each of the positions that is filled by a St. Charles resident;
- d. An additional bonus value for each position that is filled by an Intern; and
- e. A maximum amount to be paid to the company in employment incentives on an annual basis and over the entire five-year period.

Section 6 Changes in Law. The parties acknowledge that the agreement to make economic development grant payments is predicated on existing law in the State of Illinois. Should the Illinois General Assembly hereafter eliminate or amend such law, the City, either at the direction of State law or at its own discretion, may terminate this Agreement and cease making any further grant payments subject to this Agreement.

Section 7. Obtaining Employment Information. The Company shall on or before December 31st of the year of this Agreement's Commencement Date, and each December 31st thereafter, provide to the City a written report setting forth an employee count as described in Section 5 of this agreement. The report shall be prepared at the expense of the Company. The form of the certified report to the City is attached hereto and made a part hereof as Exhibit D. The City shall have the right at reasonable times and upon reasonable notice to examine the employment books and records of the Company to verify the accuracy of the report.

It is intended that the personal information of employees of the Company remain confidential and at no time shall information, other than the report furnished by the Company to the City be deemed a document or information under the jurisdiction and control of the City. The City

has the right to inspect the books and records but shall not have the right to copy said books and records. The City's inspection shall be at the City's cost.

Section 8. Payment of Incentive. On or about January 30 of the year following the Commencement Date and continuing for five (5) years thereafter, the City shall pay to the Company the Employee Payout for any positions created and retained as reflected in the Employee Count and any Neighboring St Charles Resident, St Charles Resident, or Intern bonuses the Company is entitled to. Employee Payout shall be in accordance with the Schedule attached in Exhibit C. Employee Payout shall not exceed the Annual Amount to be Paid for the applicable year of the Term as set forth in Exhibit C. Additionally, the cumulative amount of all Employee Payouts made under the terms of this Agreement shall not exceed the Maximum Payment as listed on Exhibit C.

Section 9. Confidentiality of Information. The Company hereby claims that the information received, or to be received, by the City pursuant to this Agreement is proprietary and confidential therefore, to the fullest extent permitted by law, the City shall treat information received by it as confidential financial information under the Illinois Freedom of Information Act.

Section 10. Compliance with Laws. Subsequent to the Commencement Date, and for the duration of this Agreement, the Company shall continue to be in compliance with the terms and conditions of this Agreement and all applicable Federal, State and local laws, statutes, ordinances, rules, regulations and executive orders applicable to the Property and this Agreement as the same may, from time to time, be in force and effect. The Company specifically represents and warrants, but not by way of limitation of the foregoing, that it shall take no actions that would cause this Agreement to be in violation of the provisions of 65 ILCS 5/8-1-2.5, as amended from time to time.

Section 11. Release and Indemnity. Company agrees to indemnify and hold the City harmless from any and all claims, demands, causes of action, damage, lawsuits and judgments, including attorneys fees and costs, arising out of or relating to this Agreement.

Section 12. Appropriation. The City shall provide for payments required under this Agreement in its annual appropriation ordinance for the fiscal year in which such payment may be due.

Section 13. Default. In the event of any default under or violation of this Agreement, the party not in default or violation shall serve written notice upon the party or parties in default or violation, which notice shall be in writing and shall specify the particular violation or default. All parties hereto reserve the right to cure any violation of this Agreement or default by any of them hereunder within thirty (30) days after receipt of written notice of such default; provided, however, that said thirty (30) day period shall be extended (i) if the alleged violation or default is not reasonably susceptible to being cured within said thirty (30) day period and (ii) if the party in default has promptly initiated a cure of the violation or default and (iii) if the party in default diligently and continuously pursues a cure of the violation or default until its completion.

Section 14. Law Governing/Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of Illinois. Any dispute arising under or in connection with this Agreement or related to any matter which is the subject of this Agreement shall be subject to the exclusive jurisdiction of the Illinois state courts and venue shall be exclusively in the Sixteenth Judicial Circuit, Kane County, Illinois.

Section 15. Time. Time is of the essence under this Agreement and all time limits set forth are mandatory and cannot be waived except by a lawfully authorized and executed written waiver by the party excusing such timely performance.

Section 16. No Waiver or Relinquishment of Right to Enforce Agreement. Failure of any party to this Agreement to insist upon the strict and prompt performance of the terms, covenants, agreements and conditions herein contained, or any of them, upon any other party imposed, shall not constitute or be construed as a waiver or relinquishment of any party's right thereafter to enforce any such term, covenant, agreement or condition, but the same shall continue in full force and effect.

Section 17. Notices. All notices and requests required pursuant to this Agreement shall be sent by personal delivery, overnight courier or certified mail, return receipt requested, as follows:

To the Company:

(UNTIL APRIL 30, 2014)
Dr. J. Lyell Clarke III
President and CEO
The Clarke Group
110 E. Irving Park Road, 4th Floor
Roselle, IL 60172

(AFTER MAY 1, 2014)

Dr. J. Lyell Clarke, III
President and CEO
The Clarke Group
675 Sidwell Court
St. Charles, IL 60174

with copies to:

Attn: _____

To the City:

City of St. Charles
2 East Main Street
St. Charles, Illinois 60174
Attn: Mark Koenen, City Administrator

with copies to:

Hoscheit, McGuirk, McCracken and Cuscaden
1001 East Main Street, Suite G
St. Charles, IL 60174
Attn: John McGuirk

or at such other addresses as the parties may indicate in writing to the other either by personal delivery, overnight courier or by certified or registered mail, return receipt requested, with proof of delivery thereof. Notices shall be deemed delivered to the address set forth above (i) when delivered in person on a business day, (ii) on the same business day received if delivered by overnight courier or (iii) on the third (3rd) business day after being deposited in any main or branch United States Post Office when sent by registered mail, return receipt requested.

Section 18. Assignments. This Agreement may not be assigned without the City's consent, such consent not to be unreasonably withheld. The parties acknowledge that this Agreement is an obligation, which is for the benefit of the Company, or permitted assignee, and is not a covenant running with the land.

Section 19. Force Majeure. Performance by either Party hereunder shall not be deemed to be in default as a result of unavoidable delays or defaults due to war, insurrection, strikes, lockouts, riots, extreme adverse weather conditions (such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures, tornadoes or cyclones), earth-quakes, fires, casualties, acts of God, acts of a public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, or any other like event or condition beyond the reasonable control of the Party affected thereby which in fact interferes with the ability of such Party to discharge their respective obligations hereunder (collectively, "Force Majeure Events"); provided, however, that unavoidable delays shall not include (i) economic hardship or impracticability of performance, (ii) commercial or economic frustration of purpose, or (iii) a failure of performance by a contractor (unless caused by Force Majeure Events).

Section 20. Third Party Beneficiaries. The City and the Company agree that this Agreement is for the benefit of the parties hereto and not for the benefit of any third party

beneficiary. Except as otherwise provided herein, no third party shall have any rights or claims against the City arising from this Agreement.

Section 21. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the City, the Company and the Company's permitted assigns.

Section 22. City Approval or Direction. Where City approval or direction is required by this Agreement, such approval or direction means the approval or direction of the City Council of the City unless otherwise expressly provided or required by law, and any such approval may be required to be given only after and if all requirements for granting such approval have been met.

Section 23. Section Headings and Subheadings. All section headings or other headings in this Agreement are for general aid of the reader and shall not limit the plain meaning or application of any of the provisions thereunder whether covered or relevant to such heading or not.

Section 24. Authority to Execute. The Company hereby represents and warrants that it has the requisite authority to enter into this Agreement and the individual signing this Agreement on behalf of the Company is a duly authorized agent of the Company and is authorized to sign this Agreement. The Mayor and City Clerk of the City hereby warrant that they have been lawfully authorized by the City Council of the City to execute this Agreement, all requisite action by the City having been taken.

Section 25. Integration/Amendment. This Agreement sets forth all the promises, inducements, agreements, conditions and understandings between the Company and the City relative to the subject matter thereof, and there are no promises, agreements, conditions or understandings, either oral or written, express or implied, between them, other than as herein set forth.

No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the parties hereto unless authorized in accordance with law and reduced in writing and signed by both parties hereto. However, whenever under the provisions of this Agreement any notice or consent of the City or the Company is required, or the City or the Company is required to agree or to take some action at the request of the other, such approval or such consent or such request shall be given for the City, unless otherwise provided herein, by the Mayor or his designee and for the Company by any officer or employee as the Company so authorizes.

Section 26. Severability. If any provision of this Agreement is held invalid by a court of competent jurisdiction, such provision shall be deemed to be excised herefrom and the invalidity thereof shall not affect any of the other provisions contained herein.

Section 27. Term. Unless sooner terminated by agreement of the parties or otherwise pursuant to the provisions of this Agreement, this Agreement shall be effective upon the execution by both parties thereto and shall continue in effect until the Payouts to the Company have reached the Maximum Payment as reflected in Exhibit C of this Agreement, or five (5) annual Payouts have occurred in accordance with Section 8 above, whichever occurs first

Beginning on the Occupancy Date and continuing for a period of twelve (12) years, should the Property cease to be utilized in accordance with the uses contemplated in Section 2. (B) of this Agreement or otherwise vacated and not re-established within thirty (30) days, this Agreement shall terminate and be of no further force or effect and the Company agrees to repay to the City any and all amounts previously paid by the City to the Company pursuant to this Agreement upon such termination.

Section 28. Counterparts. This Agreement may be executed in two (2) or more counterparts each of which taken together, shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have set their hands and seals as of the date and year first written above.

CITY OF ST. CHARLES, an Illinois
municipal corporation

By: _____
Mayor

ATTEST:

City Clerk

THE CLARKE GROUP., an Illinois
corporation

By: _____

ATTEST:

Secretary

STATE OF ILLINOIS)
) SS.
COUNTY OF KANE)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Raymond P. Rogina, Mayor of the City of St. Charles, and Nancy Garrison, City Clerk of said City, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Mayor and City Clerk, respectively appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act, and as the free and voluntary act of said City, for the uses and purposes therein set forth; and said City Clerk then and there acknowledged that she, as custodian of the corporate seal of the City of St. Charles, did affix the corporate seal of said City to said instrument, as her own free and voluntary act and as the free and voluntary act of said City, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this ____ day of _____, 2013.

Notary Public

STATE OF ILLINOIS)
) SS.
COUNTY OF KANE)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that _____, _____ of The Clarke Group and _____, _____ of said company, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such _____ and _____, respectively appeared before me this day in person and acknowledged that they signed and delivered said instrument as their own free and voluntary act, and as the free and voluntary act of said company, for the uses and purposes therein set forth; and said _____ then and there acknowledged that _____ he, as custodian of the seal of said company, did affix the seal of said company to said instrument, as his own free and voluntary act and as the free and voluntary act of said company, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal this _____ day of _____, 2013.

Notary Public

EXHIBIT A Legal

Description

LOT 1 IN SIDWELL COURT RESUBDIVISION IN THE NORTHEAST 1/4 OF SECTION 35, TOWNSHIP 40 NORTH, RANGE 8, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 9, 1998 AS DOCUMENT 98K114273, IN THE CITY OF ST. CHARLES, KANE COUNTY, ILLINOIS.

PIN: 09-35-248-006

ADDRESS: 675 Sidwell Court, St. Charles, Illinois 60174

EXHIBIT "B"

MAP OF NEIGHBORING ST. CHARLES RESIDENTIAL AREA

General roadway boundaries of mapped area:
Corron, Burlington, La Fox Road, Peck and Kaneville Roads on the west;
Kessler Road, Fabyan Parkway and Washington Street on the south;
IL RT 59 on the east; and
Stearns and McDonald Roads on the north.



EXHIBIT “C”

**PAYOUT AND PAYOUT SCHEDULE
TO THE CLARKE GROUP AS A
KNOWLEDGE-BASED EMPLOYMENT INCENTIVE**

<u>Incentive Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Amount paid for each position that satisfies the definition of Employee Count	\$1,000	\$750	\$500	\$250	\$250
Amount paid for each position that satisfies the definition of Neighboring St. Charles Resident	\$0	\$250	\$250	\$250	\$250
Amount paid for each position that satisfies the definition of St. Charles Resident	\$0	\$750	\$750	\$750	\$750
Amount paid for each position that satisfies the definition of Intern	\$100	\$100	\$100	\$100	\$100
Annual Maximum Payment	\$80,000	\$65,000	\$50,000	\$50,000	\$50,000
Maximum Payment					\$275,000

**Exhibit D
Employee Count and Calculation of Employee Payout**

<u>Employee Count:</u>	ITEM	
Commencement Date (1):	A	
Program Year (2):	B	

Number of full-time Employed at 675 Sidwell Ct., St. Charles (3)	C	
Number of qualified full-time employees employed at 675 Sidwell Ct., St. Charles ("Employee Count") (4):	D	
Number of employees in Employee Count (Item D), who live within the City of St. Charles:	E	

Number of employees in Employee Count (Item D), who live outside the City of St. Charles, but within the Neighboring St. Charles Residential Area (5):	F	
Number of Interns employed at 675 Sidwell Ct., St. Charles	G	

Calculation of Employee Payout (6):

Enter Number from Item D (above)	Year 1	Year 2	Year 3	Year 4	Year 5
In the appropriate Program Year:					
"x" multiply by Program Year Payout	\$1000	\$750	\$500	\$250	\$250
Item I - Subtotal (Employees Payout)					

Enter Number from Item E (above)	Year 1	Year 2	Year 3	Year 4	Year 5
In the appropriate Program Year:					
"x" multiply by Program Year Payout	\$0	\$750	\$750	\$750	\$750
Item J - Subtotal (Resident Bonus)					

Enter Number from Item F (above)	Year 1	Year 2	Year 3	Year 4	Year 5
In the appropriate Program Year:					
"x" multiply by Program Year Payout	\$0	\$250	\$250	\$250	\$250
Item K - Subtotal (Neighbor Bonus)					

Enter Number from Item G (above)	Year 1	Year 2	Year 3	Year 4	Year 5
In the appropriate Program Year:					
"x" multiply by Program Year Payout	\$100	\$100	\$100	\$100	\$100

Item L - Subtotal (Intern Payout)					
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Item M - Total of Items (I+J+K+L)					
Item N - Maximum Employee Payout	\$80,000	\$65,000	\$50,000	\$50,000	\$50,000

Payment Due to Clarke (7):					
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Certification:

I _____, as authorized representative of The Clarke Group Inc., certify that the above information is correct, based on the The Clarke Group Inc.'s books and records.

Signature

Date

- (1) Commencement date is the first day of the month, one year following the Company's Occupancy of the property and relocation of no fewer than seventy (70) position to 675 Sidwell Ct., St. Charles, IL 60174
 - (2) Enter a whole number: 1, 2, 3, 4, or 5
 - (3) Number must be at least 70 or more to qualify for employee payout
 - (4) A qualified employee works a minimum of 35 hours per week and earns at least \$50,000 in annual gross salary plus bonus.
 - (5) See Exhibit B (in Agreement) for boundaries of Neighboring St. Charles Residential Area.
 - (6) Calculation of payment to Clarke is based on formulas from Exhibit C in the Agreement.
 - (7) Insert the lesser of items M and N under the appropriate Program Year.
- Note: Maximum total payout cannot exceed \$275,000 over five (5) years