

PAYMENT IN LIEU OF TAX AGREEMENT

THIS PAYMENT IN LIEU OF TAX AGREEMENT (this "Agreement") is entered into as of this __ day of _____, 2017, by and among Keystone Automotive Industries, Inc. (the "Company"), KP Nashville, LLC, (the "Developer"), and THE INDUSTRIAL DEVELOPMENT BOARD OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE, a public, not-for-profit corporation organized under the laws of the State of Tennessee (the "Board").

In consideration of the premises set forth in Section 1 of this Agreement, the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Preliminary Statements. Among the matters of mutual inducement which have resulted in the execution of this Agreement are the following:

(a) The Company has announced its decision to expand its operations by constructing an office building (the "Office Building") for its North American support headquarters, to be (i) developed by the Developer, and (ii) located within the boundaries of the Metropolitan Government of Nashville and Davidson County, Tennessee (the "Metropolitan Government" the area within such boundaries being referred to as the "County"), thereby making a substantial investment of funds, resulting in increased employment and other commercial opportunities for the citizens of the County.

(b) The Board is authorized by the laws of the State of Tennessee, specifically, inter alia, Tennessee Code Annotated Section 7-53-305, being a provision of the Tennessee Industrial Development Corporations Act (the "Act"), to negotiate and accept payments in lieu of ad valorem taxes. Pursuant to such authority and in furtherance of this Agreement, the Board intends to (i) acquire the Project and (ii) enter into the Lease with Developer.

(c) The Board intends to enter into a Lease Agreement (the "Lease") with the Developer. Pursuant to the Lease, the Board will lease substantially all of the land, easements, other property rights, buildings, improvements, fixtures, construction in progress, equipment, furniture and other properties of any nature comprising a portion of, or used in connection with (i) the Land (as defined at Section 3(c) below); and (ii) such other property as is hereafter subject to the Lease (that portion of the Office Building that is hereafter constructed and owned by the Board and leased pursuant to the Lease, including all replacements, enhancements, additions, expansions and improvements thereto that are hereafter owned by the Board and leased pursuant to the Lease, are referred to collectively herein as the "Project"). The Office Building will be located in the County and will be more fully described in the Lease.

(d) Pursuant to a Lease Agreement, dated as of _____, between Developer and the Company (the "Company Sublease"), the Developer has agreed to lease all of the rentable square feet of the Office Building, lease all of the parking spaces to the Company, and provide the Company with access to and the use of the common areas. The initial term of the Company Sublease is seventeen (17) years after the "Commencement Date," as defined therein.

(e) Pursuant to Ordinance No. BL2017-836 (the "Ordinance"), the Metropolitan County Council (the "Council") of the Metropolitan Government has delegated to the Board the authority to negotiate and accept payments in lieu of ad valorem taxes from the Company with respect to the Project.

(f) The Board is the instrumentality of the Metropolitan Government and is performing a public purpose on its behalf.

(g) The Board and the Council each has found, based upon information and factors deemed relevant by them, that the Board's agreement to accept payments in lieu of tax from the Company with respect to the Project will be in furtherance of the Board's public purposes of maintaining and increasing employment opportunities (as set forth in Tenn. Code Ann. § 7-53-102) and other public purposes of the Board set forth in the Act and described in the Ordinance.

(h) The Board hereby acknowledges that the execution and delivery of this Agreement has been and is an essential and material inducement to the Company in its determination to expand its operations in the County.

2. Nature of the Payments. The payments in lieu of ad valorem taxes (as further defined in Section 3 hereof, the "Payments") provided for herein shall be paid by the Company in lieu of all ad valorem, real and personal property or similar taxes or assessments, whether presently in effect or hereafter imposed on any portion of the Project or any component thereof (including, without limitation, any tax on the real property, enhancements, additions, expansions, improvements, buildings, equipment, replacement equipment, and any other tangible real or personal property from time to time subject to the Lease) during the term of this Agreement, by or on behalf of the Metropolitan Government, any school district located within the Metropolitan Government, or any subdivision or instrumentality of any of them or any of their respective successors. The Payments will relate to the Project in its current scope and configuration, and to all replacements, expansions, additions, enhancements and improvements subjected to the Lease during the term thereof. The Board will cooperate with the Company to allow the Company to obtain any applicable investment tax or other credits available under federal and state tax laws, and, to the extent permitted by law, to relieve the Company of any tax burdens, including sales tax payments in connection with the acquisition, construction and equipping of the Project or any part thereof.

3. Amount of Payments.

(a) Subject to the provisions of Sections 3(b) - (g) hereof, the amount of the Payments that the Company shall be required to make hereunder with respect to any calendar year during the Term of this Agreement (as defined at Section 4 below) shall be as follows:

- (i) (A) 100% of the Applicable Ad Valorem Taxes from the date of the lease through the day before the completion of the construction of the Project (“Company Occupancy Date”), and (B) an amount equal to (i) the 2015 calendar year taxes assessed on the real property of the Project (the “Base Tax Amount”), plus (ii) forty percent (40%) of the amount that the Applicable Ad Valorem Taxes exceeds the 2015 calendar year taxes assessed on the real property of the Project, for the period from the Company Occupancy Date through December 31, 2023, and (C) 100% of the Applicable Ad Valorem Taxes thereafter.
- (ii) If any portion of the Office Building is leased or subleased to a Non-Company Entity, then with respect to the period beginning on the effective date of the lease or sublease to a Non-Company Entity and ending on the earlier of the termination of said lease or sublease or December 31, 2023, the amount of the Payments with respect to the Non-Company Office Building Space shall be one hundred percent (100%) of the Applicable Ad Valorem Taxes for the proportion of the Project building that is Non-Company Office Building Space applicable to such period.
- (iii) On or before January 31 of each calendar year, starting with January 31, 2020, and ending with January 31, 2023, the Company shall provide written notice to the Board stating the number of full-time equivalent salaried or hourly employees on a Company Entity’s payroll at the Project (“Reported Jobs”) as of December 31 of the preceding calendar year (the “Report Date”), and the increase in the number of Reported Jobs (the “New Jobs”) over 411, being the number of full-time equivalent salaried or hourly employees of the Company located in Metro on December 6, 2016, the last employee headcount by the Company prior to December 13, 2016, the date of the Metro letter offering the incentive described herein. A “full-time” position means (A) a position that is filled by an employee who regularly (i.e., 26 weeks or more per 12-month period) works on average 32 or more hours per week for the Company Entity, (B) employees who meet the requirements of (A) and reside in Metro and perform some or all of their services for Company Entities from their homes or other off-site locations within Metro if such persons report to Project-based employees or if their work is coordinated, directed or supervised by Project-based employees of a Company Entity or (C) employees of a Non-Company Entity who are based at the Project, spend a substantial

majority of their work time performing outsourced services for a Company Entity and are paid in excess of the most-recently published average wage for “All Occupations” in Nashville-Davidson-Murfreesboro-Franklin, TN metropolitan statistical area according the U.S. Bureau of Labor Statistics. If the number of New Jobs in any given year is lower than the “Jobs Target” for that year in the following table (such number being eighty percent (80%) of the number of the new jobs anticipated to be at the Project at such time), then the Company shall make an additional In Lieu of Tax Payment (the “Additional Payment”) for that year in an amount equal to the 60% of the Increment that was abated (the “Abatement Amount”) multiplied by two time (2X) the proportion by which the Jobs Target was missed.

Report Date:	Jobs Target:
December 31, 2019	45
December 31, 2020,	80
December 31, 2021, and December 31, 2022	120

- (iv) Specifically, the Additional Payment shall be the amount determined by (i) subtracting (A) the quotient obtained by dividing the number of New Jobs by the Jobs Target from (B) 1, rounded to the nearest percentage point, (ii) multiplied by two (2), and (iii) multiplied by the Abatement Amount. By way of example, if the number of New Jobs for the December 31, 2020 Report Date is 60, the Additional Payment would be 50% of the Abatement Amount $[1-(60/80) = 0.25 \times 2 = .50 \text{ or } 50\%]$, and the total payment shall be the In Lieu of Tax Payment of the Base Tax Amount, plus 40% of the Increment, plus the Additional Payment, which equals 30% of the Increment for that year, with the result that the abatement is reduced to 30% of the Increment. In no event shall the Additional Payment plus the In Lieu of Tax Payment exceed 100% of the Applicable Ad Valorem Taxes.

(b) With respect to any period during the Term of this Agreement, the calculation of the Payment in accordance with Section 3(a) shall apply only to that portion of the Project that is either (A) leased by the Board to a Company Entity, or (B) leased by the Board to an entity that is not a Company Entity and subleased to, or otherwise operated by, a Company Entity (in connection with a lease financing or similar arrangement). Subject to the provisions of Section 3(c) through (g) hereof, during any period during the Term of this Agreement that a portion of the Project is not leased as provided in Section 3(b)(A) or (B), the amount of the

Payments that the Company shall be required to make hereunder with respect to such portion of the Project shall be one hundred percent (100%) of the Applicable Ad Valorem Taxes for such portion of the Project.

(c) (i) The calculation of the amount of the Payment pursuant to Sections 3(a) and (b) shall apply to any of the following real property, including all improvements thereon (collectively, the "Land") from time to time subjected to the Lease, including, without limitation, all buildings, improvements, fixtures, construction in progress, and other properties of any nature comprising a portion of, or used in connection with, facilities located on the property described below that are treated as real property for ad valorem tax purposes, all such facilities and properties in their current scope and configuration and to all replacements, enhancements, additions, expansions, and improvements to such properties and facilities:

5846 Crossings Boulevard
Nashville, Tennessee 37013

(ii) Notwithstanding the provisions of Sections 3(a) and (b), if any property other than the property described in the preceding sentence is subjected to the Lease, the Payment with respect to such property for each year shall be 100% of the Applicable Ad Valorem Taxes for such property.

(d) (i) The Company shall receive as credits (or set-offs) against the Payments amounts equal to any amounts actually paid by the Company (and/or any other entity that from time to time holds a leasehold or other interest in the Project or any portion thereof) for any asserted ad valorem, real or personal property or similar tax or assessment on the Company's (or such other entity's) interest(s) in the Project (including any such asserted tax on any leasehold or other estate in the Project). Any credits or set-offs against Payments pursuant to this Section 3(d)(i) may be taken by the Company with respect to the Payment for the year in which the taxes underlying such credit or set-off were incurred, or such credits or set-offs may be carried forward and taken as soon thereafter as possible.

(ii) If, during any year during the term of this Agreement or upon the expiration or termination of this Agreement, the amount of credits (or set-offs) that the Company has accumulated (including credits and set-offs for that year and credits and set-offs that have been carried forward from prior years) exceeds the amount of the Payment required to be made by the Company before or after giving effect to Section 3(d)(i) hereof, the Board shall not be obligated to make any payment to the Company with respect to such excess credits or set-offs.

(e) The amount of Payments for any portion of the Project shall be prorated on a daily basis for any year in which either (i) the percentage of the Applicable Ad Valorem Taxes applicable to such portion of the Project is different for two or more portions of such year, or (ii) this Agreement is in effect (or otherwise applicable) for less than the entire year with respect to such portion of the Project. The Company will be entitled to deduct any credits or set-offs to which it is entitled under Section 3(d)(i) hereof with respect to taxes paid for the prorated year. Additionally, all ad valorem real property or similar taxes or assessments with respect to a

portion of the Project will be prorated on a daily basis for any year in which this Agreement is in effect for less than the entire year with respect to such portion of the Project.

(f) Any disputes with respect to the determination of the amount of the Payments to be made hereunder for a given year shall be resolved in accordance with the procedures for resolving disputes regarding property taxes then in effect as though the Company were the holder of the legal title to the Project and the Project were subject to taxation. It is specifically understood and agreed that the Company and the Board shall have recourse to the State Board of Tax Equalization with respect to any determination of the amount of the Payments to be made hereunder and/or the Company or the Board may file a declaratory judgment action or other action in the Chancery Court of Davidson County, Tennessee, or in other courts of competent jurisdiction in Davidson County, Tennessee, with respect to such matters or other matters arising under this Agreement. The parties acknowledge and agree that the preceding sentence is subject to the jurisdictional limitations of the State Board of Equalization and the Chancery Court and other courts sitting in Davidson County, Tennessee, and that this Agreement does not obligate such Board or any such court to accept jurisdiction over matters as to which it has no lawful jurisdiction.

(g) As used in this Agreement, the following terms shall have the following meanings:

(i) The term "Applicable Ad Valorem Taxes" shall mean the amount of ad valorem real property tax that, but for ownership of the Project by the Board, would have been due and payable to the Metropolitan Government with respect to the Project. Keystone shall be permitted to challenge the assessment of any real property that is then subject to the payment in lieu of tax arrangement authorized hereby in the same manner as if Keystone owned such property. In determining the Applicable Ad Valorem Taxes, the Company shall be entitled to any and all exemptions, credits, etc., to which it otherwise would be entitled were it the actual owner of the Project (or any applicable portion thereof).

(ii) The term "Company Entity" shall mean (A) the Company, (B) any successor to the Company, including, without limitation, any corporation, partnership, limited liability company or other entity (1) that acquires, directly or indirectly, a controlling interest in the Company (whether through merger, stock purchase, stock swap or otherwise), (2) that merges or consolidates with the Company, or (3) that acquires substantially all of the assets of the Company, (C) any corporation, partnership, limited liability company or other entity that is controlled by, or is under common control with, any of the foregoing, and/or (D) an entity that is occupying the space primarily to provide outsourced services to another Company Entity.

(iii) The term "Non-Company Entity" shall mean an entity that it is not a Company Entity.

(iv) The term "Non-Company Office Building Space" means the portion of the Office Building being leased or subleased to a Non-Company Entity. With respect to the common areas in the Office Building, the Non-Company Office Building Space will be deemed to include the percentage of such common areas equal to the number of rentable square

feet of the Office Building leased or subleased to a Non-Company Entity divided by the total number of rentable square feet of the entire Office Building.

(h) All Payments hereunder with respect to any calendar year shall be due on or before the last day of February during the following year and shall be made to the Trustee of the Metropolitan Government.

4. Term. This Agreement shall become effective and its term (the "Term") shall begin as of the date of this Agreement. This Agreement and its Term shall expire at such earlier time as either (a) the Company or its assignee shall have taken legal title to all of the Project by the exercise of its purchase option under the Lease or (b) the Lease otherwise shall have expired and not been renewed or replaced.

5. Diversified Business Enterprise and Workforce Development. In satisfaction of its obligations under the Ordinance, the Company will produce and manage a diversified business enterprise program to assist small, minority owned, and women owned business enterprises ("DBEs") with respect to their participation in construction at the Project site. Such program will be designed with a DBE participation target of not less than twenty percent (20%) of the Project's hard construction costs and shall be subject to the reasonable approval of the Metropolitan Government through the Mayor's Office of Economic and Community Development ("ECD") and will provide for submission of reports to ECD in the form reasonably requested by ECD, which shall be sufficient for ECD to provide quarterly reports to the Metropolitan Council and the Minority Caucus of the status of DBE participation in the construction of the Project. The program will include a process to document all (i) good faith efforts with prospective bidders to reach out to DBE companies, (ii) joint venture or partnership participation by DBE companies, (iii) DBE participation by subcontractors, suppliers, or joint ventures proposed by each bidder, (iv) any increases or decreases from an anticipated DBE participation by successful bidders, and (v) the level of payments to DBEs of hard construction costs. Additionally, Keystone will utilize the Metropolitan Government's workforce development program with the goal of ensuring that reasonable efforts are made to hire or utilize residents of Davidson County for the construction of the Project.

6. Representations and Warranties. (a) The Company hereby represents and warrants that (i) it is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has all requisite power and authority to enter into this Agreement, (ii) this Agreement and the transactions contemplated hereby have been duly and validly authorized by all necessary action on the part of the Company, and (iii) this Agreement constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with the terms hereof.

(b) The Board hereby represents and warrants that (i) it is a public corporation duly organized and validly existing under the laws of the State of Tennessee and has all requisite corporate power and authority to enter into this Agreement, (ii) this Agreement and the transactions contemplated hereby have been duly and validly authorized by all necessary corporate, governmental or other action on its part, and (iii) this Agreement constitutes the valid

and binding obligation of the Board, enforceable against the Board in accordance with the terms hereof

7. Further Acts; Enforceability. The parties hereto agree to take such actions, adopt such resolutions and enter into such further agreements as may be necessary, or reasonably requested by any party to this Agreement, to effect the intent of this Agreement. The parties recognize and acknowledge that it is their intention that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of the State of Tennessee, but that the unenforceability (or the modification to conform with such laws or public policies) of any provisions hereof shall not render unenforceable or impair the remainder of this Agreement. Accordingly, if any provision of this Agreement shall be determined to be invalid or unenforceable, either in whole or in part, this Agreement shall be deemed amended to delete or modify, as necessary, the offending provisions and to alter the balance of this Agreement in order to render the same valid and enforceable to the fullest extent permissible as aforesaid.

8. Assignment and Use. The Company, at its election, may assign its interest in this Agreement or the benefits hereunder, in whole or in part, to its successors and assigns. Additionally, the parties agree that (a) any Keystone Entity that leases, subleases or otherwise holds an interest in any portion of the Project, (b) any third party that leases any portion of the Project and subleases or otherwise makes such portion of the Project available to a Keystone Entity (in connection with a lease financing or similar arrangement), and (c) subject to the limitations set forth in Section 3(b)(ii), any Keystone Supplier that leases, subleases or otherwise holds an interest in any portion of the Project shall be a third party beneficiary of this Agreement. Notwithstanding the foregoing, the Company acknowledges that the amount of the annual Payment that the Company or its successors or assigns shall be required to make with respect to a given year is subject to the provisions of Section 3 hereof.

9. Operation of Facility. The parties acknowledge and agree that by entering into this Agreement, the Company is not agreeing to continuously operate the Office Building during the term of the Lease and that the Company may discontinue operations at the Facility at any time. Notwithstanding the foregoing, the Company acknowledges that the amount of the annual Payment that the Company or its successors or assigns shall be required to make with respect to a given year is subject to the provisions of Section 3 hereof.

10. Headings. The headings herein are for convenience of reference only and shall not be deemed to be part of the substance of this Agreement.

11. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Tennessee.

12. Counterparts. This Agreement may be executed in two or more counterparts which together shall constitute a single instrument.

13. Entire Agreement; Amendment. This Agreement sets forth the entire agreement among the parties with respect to the subject matter hereof. This Agreement may be changed or supplemented only by a written agreement signed by all parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY, TENNESSEE

KEYSTONE AUTOMOTIVE INDUSTRIES,
INC.

By: _____
Name: _____
Title: _____

Name: _____
Title: _____

ATTEST:

KP Nashville, LLC
By: _____
Name: _____
Title: _____

Name: _____
Title: _____

APPROVED AS TO FORM AND
LEGALITY:

Assistant Metropolitan Attorney