

MEMORANDUM OF UNDERSTANDING
MAJOR HEADQUARTERS PROGRAM

THIS **MEMORANDUM OF UNDERSTANDING** (this “Memorandum”), dated November 12, 2018 (the “Effective Date”), is made by and among the **COMMONWEALTH OF VIRGINIA** (the “Commonwealth”), the **VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP AUTHORITY**, a political subdivision of the Commonwealth, along with its successors and assigns (“VEDP”), and **AMAZON.COM SERVICES, INC.**, a Delaware corporation authorized to transact business in the Commonwealth, along with its successors and assigns (the “Company”).

Recitals

The Commonwealth, in consideration of the Company’s plans regarding Capital Investment, Average Annual Wage, and New Jobs, as such capitalized terms are defined below, wishes to offer certain commitments under a Major Headquarters Program (the “Program”) to be used to directly support the establishment by the Company of a Major Headquarters Facility, as defined below, in the County of Arlington, Virginia (the “Eligible County”). The Program consists of a Major Headquarters Workforce Grant (the “Workforce Grant”) and funding for certain transportation improvements (the “Transportation Projects”). The Workforce Grant will be paid to the Company and the Transportation Projects will be funded and implemented based upon the Company’s performance relative to Average Annual Wage and New Jobs, as set forth in this Memorandum.

The stimulation of the additional tax revenue and economic activity to be generated by the Capital Investment, Average Annual Wage, and New Jobs, constitutes a valid public purpose for the expenditure of public funds and is the animating purpose for the Workforce Grant and Transportation Projects.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, receipt of which is hereby acknowledged, the Commonwealth, VEDP, and the Company agree as follows:

Section 1. Definitions.

As used in this Memorandum:

“*Act*” means legislation authorizing or accommodating the Workforce Grant, expected to be originally enacted in the 2019 Session of the General Assembly of Virginia, as such legislation may be amended or supplemented.

“*Affiliate*” means any entity that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with the Company.

“*Application*” means the annual written application for a Grant Payment, including supporting documentation, substantially in the form of Exhibit A hereto, to be filed by the Company with the Secretary of Commerce and Trade, as described in Section 3.

“*Average Annual Wage*” for any calendar year means the quotient of (A) the aggregate payments (defined as “wages” under Virginia Code §60.2-229 exclusive of benefits) made by the Company or an Affiliate to persons holding New Jobs for such calendar year, divided by (B) the number of New Jobs in place as of the end of such calendar year. If any of the persons holding New Jobs are paid “wages” in any calendar year in excess of \$850,000, as escalated 1.5% per year, as shown on Exhibit D, the amount of wages in excess of \$850,000, or the higher escalated amount, shall not be included in clause (A).

“*Average Annual Wage Target*” means the required Average Annual Wage for each calendar year, starting with \$150,000 in 2019, and escalating 1.5% per year, as shown on Exhibit D.

“*Capital Investment*” means an expenditure by or on behalf of the Company or an Affiliate on or after November 1, 2018, in real property, tangible personal property, or both, at the Facility that is properly chargeable to a capital account or would be so chargeable with a proper election. A capital expenditure related to a leasehold interest in real property will be considered to be made “on behalf of the Company or an Affiliate” if the lease between a developer and the Company or an Affiliate is a capital lease, or is an operating lease having a term of at least ten years, and the real property would not have been constructed or improved but for the Company’s or an Affiliate’s interest in leasing some or all of the real property. Further, the purchase or lease of furniture, fixtures, machinery and equipment, including under an operating lease, and expected building up-fit and tenant improvements by or on behalf of the Company or an Affiliate qualify as Capital Investment.

“*Control*” (including the related terms “controlled by” and “under common control with”) shall exist when any one of the three following criteria are met: (i) the possession, directly or indirectly, of the power or shared power to direct or cause the direction of the management and policies of a business entity (whether through the ownership of voting securities or other ownership interest, by contract or otherwise), (ii) the ownership, either directly or indirectly, of 50% or more of the voting stock or other voting equity interest of such business entity, and (iii) the possession, directly or indirectly, of the power or shared power to make decisions regarding the hiring, firing, compensating, and promoting of the employees of such business entity.

“*Facility*” means the building, group of buildings or corporate campus, including any related machinery, furniture, fixtures and equipment, located at or near Crystal City and Pentagon City, also known as National Landing, in the Eligible County, that is owned, leased, licensed, occupied or otherwise operated by the Company or an Affiliate as a Major Headquarters Facility, for use in the administration, management, and operation of its business. The Facility includes both existing buildings and any new building or construction.

“*Federal Government Contract*” means any contract involving the Company or an Affiliate with the United States (or any federal department or agency) to perform a specific job, supply labor and materials, or for the sale of products and services.

“*Fiscal Year*” means the Commonwealth’s fiscal year, which runs from July 1 of one calendar year through June 30 of the following calendar year.

“*Fund*” means the Major Headquarters Workforce Grant Fund created under the Act. Grant Payments will be made to the Company from the Fund.

“*Grant Payment*” means each Workforce Grant payment to be made by the Commonwealth to the Company pursuant to the Act and this Memorandum.

“*Grant Term*” means the period of Fiscal Years beginning with the 2024 Fiscal Year and ending with the 2043 Fiscal Year.

“*Major Headquarters Facility*” means a business establishment engaged in administering, overseeing, and managing other establishments and/or business operations of the Company or its Affiliates.

“*MEI Project Approval Commission*” means the Major Employment and Investment Project Approval Commission created under Virginia Code §30-309, and its successors and assigns.

“*New Jobs*” means positions, in which the employees of the Company or an Affiliate are principally located at the Facility, and are expected to work a minimum of either (i) 35 hours per week for the entire normal year of the Company’s or an Affiliate’s operations, which “normal year” must consist of at least 48 weeks or (ii) 1,680 hours per year. Seasonal or temporary positions shall not qualify as New Jobs. Positions created when a job function is shifted from an existing location in the Commonwealth shall qualify as New Jobs if the Company or an Affiliate certifies to the Commonwealth with respect to such position that it has hired a new employee to fill substantially the same job at the existing location as that held by the transferred position. The aggregate number of hours worked (including paid holidays, vacation, sick leave, and all other paid time off) during a particular calendar year will count toward the New Jobs. New Jobs includes Phase I New Jobs and Phase II New Jobs.

“*New Jobs Target*” means the Company’s estimate to create potentially 37,850 New Jobs, with a minimum of 25,000 New Jobs.

“*Phase I New Jobs*” means the 25,000 New Jobs to be created by the Company or an Affiliate for which the Grant Payments will be calculated by the Phase I Methodology.

“*Phase I Methodology*” means the methodology to be used to calculate the Grant Payments related to the Phase I New Jobs, as described in Section 4(a)(1).

“*Phase II New Jobs*” means the 12,850 New Jobs, which are in addition to the 25,000 Phase I New Jobs to be created by the Company or an Affiliate, for which the Grant Payments will be calculated by the Phase II Methodology.

“*Phase II Methodology*” means the methodology to be used to calculate the Grant Payments for the Phase II New Jobs, as described in Section 4(a)(2).

“*Progress Report*” has the meaning set forth in Section 7(d).

“*Secretary of Commerce and Trade*” means the Secretary of Commerce and Trade for the Commonwealth, or his designee.

“*Total Grant Payments*” means the sum of all Grant Payments.

“*Transportation Projects*” include all or part of five projects: (1) Crystal City East Metro Entrance; (2) Potomac Yard Southwest Metro Entrance; (3) mutually agreed upon improvements to Rt. 1; (4) a connector bridge from National Landing (Crystal City) to Reagan National Airport (DCA); and (5) a Pentagon City/Crystal City/Potomac Yard transit expansion. The Board of Directors of VEDP may amend this list, with the consent of the Company.

“*Virginia Code*” means the Code of Virginia of 1950, as amended.

“*Workforce Grant*” means the Major Headquarters Workforce Grant in the maximum amount of \$750 million (\$550 million related to the Phase I New Jobs and \$200 million related to the Phase II New Jobs), as authorized in the Act, and administered and paid under this Memorandum.

Section 2. Major Headquarters Workforce Grant Program; Generally.

(a) Company as Qualified Company. The Company agrees to use its best efforts to: (1) make or cause to be made a Capital Investment of at least \$2 billion; (2) create at least 25,000 Phase I New Jobs; and (3) potentially create an additional 12,850 Phase II New Jobs.

The parties acknowledge and agree that the Company is a “Qualified Company” as defined in the Act.

(b) Memorandum. The parties intend that this Memorandum meet the requirement in the Act that there be a memorandum of understanding between the Company and the Commonwealth, setting forth the requirements for the payment and receipt of proceeds of the Workforce Grant.

(c) Grant Payments Subject to Appropriation. The Commonwealth’s obligations under this Memorandum and the Act to make Grant Payments to the Company shall constitute contractual obligations to make such payments; *provided* that the parties acknowledge that all of the Grant Payments described in this Memorandum are subject to appropriation by the Virginia General Assembly, will be paid from the Fund, and are subject to reduction should there be insufficient moneys in the Fund to make the Grant Payments in full.

Although payments to the Company under this Memorandum are subject to appropriation by the Virginia General Assembly, the Secretary of Commerce and Trade, on behalf of the

Commonwealth, agrees to exercise diligence and use best efforts in seeking the necessary funding from the Virginia General Assembly for the Grant Payments to the Company set forth in this Memorandum. The Secretary of Commerce and Trade will include such funding in the appropriate budget requests to the Governor for the appropriate Fiscal Years. The Governor shall include in the Budget Bill he submits to the General Assembly pursuant to §2.2-1509 of the Virginia Code all appropriations necessary to fulfill the obligations of the Commonwealth pursuant to this Memorandum.

In the event the Commonwealth or VEDP fail to comply with any of their obligations set forth in this Memorandum, including the failure to lawfully secure such appropriated funds as are necessary to fully fund the Grant Payments at the levels specified in this Memorandum, the Company's obligations under this Memorandum shall cease.

(d) No Double-Counting or Additional Discretionary Incentives. For any jobs or expenditures to count as Capital Investments or New Jobs under this Memorandum, they may not be counted by the Company or any of its Affiliates under a prior incentive agreement (*i.e.*, double-counted) with the Commonwealth, the Eligible County or any other Virginia locality, including any memorandum of understanding with respect to the data center sales and use tax exemption under Virginia Code §58.1-609.3 18 or any Special Workforce Grant under Virginia Code §59.1-284.30.

As to the agreements of the Company summarized in subsection 2(a) above relating to the establishment by the Company of a Major Headquarters Facility, the parties acknowledge and agree that there will be no direct Company incentives provided by the Commonwealth in addition to those described in this Memorandum.

(e) Use of Workforce Grant Proceeds. The Company may use the proceeds of the Workforce Grant from the Grant Payments to pay or to reimburse its costs for workforce development, workforce recruitment, workforce instruction or training, or for any other lawful purpose.

(f) Federal Government Contracts. If more than 10% of the New Jobs at the Facility are primarily engaged in supporting Federal Government Contracts, that percentage over 10% will be used to adjust downward the Grant Payment for that calendar year that otherwise would be due to the Company. For example, if 12% of the New Jobs at the Facility were so engaged in calendar year 2026, the Grant Payment due related to the Company's performance in calendar year 2026 shall be reduced by 2%.

Section 3. Workforce Grant Payments; Applications.

(a) Maximum Aggregate Payment. The Total Grant Payments to be made for the Workforce Grant under this Memorandum is a maximum of \$750 million (\$550 million related to the Phase I New Jobs and \$200 million related to the Phase II New Jobs). The Total Grant Payments would be \$750 million only if 37,850 New Jobs meeting the applicable Average Annual Wage Target (including both Phase I New Jobs and Phase II New Jobs) were to be created by December 31, 2038. If, however, 37,850 New Jobs are created prior to December 31, 2034, the Secretary of Commerce and Trade and VEDP, at the request of the Company, will ask the MEI Project Approval Commission to consider recommending additional Grant Payments per additional New Job added through December 31, 2038.

(b) First Application. The first Application may be filed no earlier than the spring of 2020, reflecting performance through December 31, 2019. The first Application may not be filed later than April 1, 2023, reflecting the Company's performance through December 31, 2022.

(c) Last Application. The last Application may be filed by April 1, 2039, reflecting the Company's performance through December 31, 2038.

(d) Annual Application for Grant Payment. On or before April 1 of each year, commencing no earlier than 2020, the Company shall provide an Application for a Grant Payment providing evidence, satisfactory to the Secretary of Commerce and Trade, of:

(i) the number of New Jobs created in the prior calendar year (or from November 1, 2018, as to the first Application),

the total number of New Jobs created from November 1, 2018 through the end of the prior calendar year, and

if the Company has counted as a New Job any position shifted from an existing location in the Commonwealth, the Company or the Affiliate has hired a new employee to fill substantially the same job at the existing location as that held by the transferred position;

(ii) the Average Annual Wage paid in the prior calendar year for the aggregate number of New Jobs, as of the end of the prior calendar year, and

if the Average Annual Wage is less than the Average Annual Wage Target for the appropriate calendar year, as shown in Exhibit D, the number of New Jobs that would remain if the Application included only those New Jobs necessary to meet the Average Annual Wage Target ("Qualifying New Jobs");

(iii) the Capital Investment made or caused to be made in the prior calendar year (or from November 1, 2018, as to the first Application); and

(iv) a certification as to whether more than 10% of the New Jobs at the Facility during the prior calendar year were primarily engaged in supporting Federal Government Contracts, and, if so, the percentage of New Jobs so engaged.

Failure to meet the April 1 filing deadline shall result in a deferral of the Grant Payment, as set forth in Section 6(a). For filings by mail, the postmark cancellation shall govern the date of the filing determination.

(e) Verification of New Jobs, Average Annual Wage and Capital Investment. Following receipt of each Application, the Secretary of Commerce and Trade, in consultation with VEDP, will verify the New Jobs, the Average Annual Wage, and the number of Qualifying New Jobs. For the first Application, VEDP will determine the aggregate number of New Jobs created by the Company and its Affiliates from November 1, 2018 through the end of the previous calendar year, with the corresponding Average Annual Wage. For subsequent Applications, VEDP will determine the number of New Jobs created by the Company and its Affiliates in the previous calendar year, and for which the Company has not yet received a Grant Payment, with the corresponding Average Annual Wage.

If requested by VEDP, the Company shall provide VEDP copies of the Company's quarterly filings with the Virginia Employment Commission, including the filing covering November 1, 2018 that includes the Eligible County. Such information shall be marked and considered confidential and proprietary and shall be used by VEDP solely for verifying the New Jobs and the Average Annual Wage, after which, VEDP shall return the copies to the Company.

To the extent that VEDP or the Commonwealth have questions about the data supplied by the Company in any report, Application, filing or other document provided under this Memorandum, the parties will engage in good faith efforts to resolve such questions and, upon VEDP's or the Commonwealth's reasonable request, the Company will provide access to back-up documentation reasonably sufficient to verify the accuracy and completeness of the report, Application, filing or other document, and to demonstrate the manner in which such items or their contents were calculated or prepared. Notwithstanding the foregoing or any other provision of this Memorandum, the Company shall not be required to disclose, permit the inspection of or examination of, or discuss, any document, information or other matter that (a) constitutes trade secrets or proprietary information, (b) in respect of which disclosure is prohibited by law or any binding agreement or (c) is subject to attorney-client or similar privilege, employee privacy or constitutes attorney work product.

The parties agree that any documents to which VEDP receives access, but not copies, under this Section 3(e) are and remain documents in the Company's possession, custody, and control and that any public record request for those documents will be treated in accordance with Section 7(c).

(f) Termination. Unless terminated earlier pursuant to its terms, this Memorandum shall be effective as of the Effective Date and remain in effect until September 30, 2042, which is in Fiscal Year 2043 (the "End Date"), after which this Memorandum and the obligations of all parties hereto shall terminate. The Company has the right to terminate this Memorandum at any time prior to the End Date for any reason or no reason by delivering notice to VEDP at least five

(5) business days prior to the desired termination date. Unless otherwise provided herein, the Company shall be entitled to retain in full all Grant Payments received under this Memorandum prior to its termination.

Section 4. Annual Workforce Grant Payment.

(a) Calculation of Grant Payment. On or before each September 1st occurring during the Grant Term, following receipt of a timely-filed and verified Application for a Grant Payment, the Commonwealth will make a Grant Payment to the Company. The amount of the Grant Payment will be calculated as follows:

(1) *Phase I Methodology:* The Grant Payment will equal \$22,000 per Phase I Qualifying New Job reported in the Application (the “Base Year Application”) four years prior to the most recent Application or Progress Report (the “Latest Application/Progress Report”) and for which the Company has not yet received a Grant Payment. Notwithstanding the generality of the forgoing, if the average of the number of Phase I Qualifying New Jobs shown in the Latest Application/Progress Report and the three prior Applications/Progress Reports is not at least equal to the Phase I Qualifying New Jobs shown in the Base Year Application, the Grant Payment will be \$22,000 times the average number of such Phase I Qualifying New Jobs for which the Company has not yet received a Grant Payment.

(2) *Phase II Methodology:* The Grant Payment will equal \$15,564 per Phase II Qualifying New Job reported in the Base Year Application four years prior to the Latest Application/Progress Report and for which the Company has not yet received a Grant Payment. Notwithstanding the generality of the forgoing, if the average of the number of Phase II Qualifying New Jobs shown in the Latest Application/Progress Report and the three prior Applications/Progress Reports is not at least equal to the Phase II Qualifying New Jobs shown in the Base Year Application, the Grant Payment will be \$15,564 times the average number of such Phase II Qualifying New Jobs for which the Company has not yet received a Grant Payment.

(b) Maximum Annual Grant Payment. The maximum aggregate amount of Grant Payments to be made under this Memorandum through a Fiscal Year will not exceed the aggregate amount shown below:

Fiscal Year of Payment	Reflecting Performance Through Calendar Year	Maximum Aggregate Amount of Grant Payments Available Through Fiscal Year of Payment*
2024	2019	\$200,000,000
2025	2020	300,000,000
2026	2021	350,000,000

2027	2022	400,000,000
2028	2023	450,000,000
2029	2024	500,000,000
2030	2025	550,000,000
2031	2026	600,000,000
2032	2027	650,000,000
2033	2028	700,000,000
2034	2029	750,000,000
2035	2030	750,000,000
2036	2031	750,000,000
2037	2032	750,000,000
2038	2033	750,000,000
2039	2034	750,000,000
2040	2035	750,000,000
2041	2036	750,000,000
2042	2037	750,000,000
2043	2038	750,000,000

* No more than \$550,000,000 is for Grant Payments related to Phase I New Jobs, calculated pursuant to the Phase I Methodology. The remaining \$200,000,000 is for Grant Payments related to Phase II New Jobs, calculated pursuant to the Phase II Methodology.

If the Company, under this Section 4, qualifies for a Grant Payment in any Fiscal Year which would cause the aggregate of Grant Payments through that Fiscal Year to exceed the aggregate amount shown above, the Company will receive a credit for the excess on a dollar-for-dollar basis, which may be added to the Grant Payment in any future year as long as the aggregate amount of that Grant Payment plus the credit does not cause the aggregate amount of Grant Payments to exceed the aggregate amount shown above.

(c) Grant Payments Earned When Received. The Company will be deemed to have fully earned each Grant Payment when received.

(d) Expected Grant Payment Schedule. Based upon the information provided by the Company to VEDP, as of the date of this Memorandum, the parties anticipate that Grant Payments will be made in the amounts as shown in Exhibit C attached hereto, provided, however, that the illustrative chart does not cap or otherwise limit any Grant Payment.

Section 5. Transportation Projects.

(a) Commitment to Transportation Projects. Subject to the Transportation Projects Funding Schedule attached hereto as Exhibit E, the Commonwealth commits its best efforts, in collaboration with local officials in the Eligible County, to expeditiously evaluate and implement opportunities to improve safety, accessibility, and the pedestrian experience crossing Rt. 1, as well as to help secure the various approvals required to design and construct a connector bridge to Reagan National Airport (DCA) from National Landing (Crystal City) at a location that is mutually agreeable to the property owners, the Eligible County, the Commonwealth, and the Company. These two projects are among the five (5) projects defined collectively as “Transportation Projects”

in the definitional section of this Memorandum. In funding the Transportation Projects, the Commonwealth will make available a maximum of \$295 million in non-General Funds to fund the Transportation Projects in accordance with the Transportation Projects Funding Schedule.

(b) State and State-Controlled Federal Funding for Transportation Projects Subject to Applicable Law. The Commonwealth's obligations under this Memorandum to fund Transportation Projects shall constitute contractual obligations; *provided* that the parties acknowledge that (1) all such funding described in this Memorandum is subject to reduction should there be insufficient moneys to fund the Transportation Projects in full; and (2) state funding made available for the Transportation Projects must comply with any applicable state or federal law.

(c) Other Project. The Commonwealth will provide assistance to the Company in its efforts to obtain Eligible County, Commonwealth and Federal approvals required for the development, construction, and operation (at the Company's expense) of a helipad at the Facility.

Section 6. Deferred Grant Payments.

(a) Deferral for Late Application. If an Application that otherwise would have demonstrated compliance with the conditions for a Grant Payment is submitted after an April 1 deadline date, the Grant Payment will not be made in the applicable Fiscal Year, but will be made in the next succeeding Fiscal Year on or before September 1, together with any other Grant Payment that may be due in that succeeding Fiscal Year.

(b) Deferral for Lack of Moneys in Fund. Grant Payments are to be made from the Fund. If there are insufficient moneys in the Fund to make a Grant Payment in full in the Fiscal Year in which the Grant Payment is due, the Grant Payment shall be made to the extent moneys are available in the Fund. The unpaid balance of such Grant Payment shall be deferred until the next Fiscal Year in which there are moneys available in the Fund to fully pay the outstanding balance due the Company. The maximum aggregate amount of Grant Payments to be made through a Fiscal Year will not exceed the amounts shown in the table in Section 4(b). The Secretary of Commerce and Trade and the Governor will fulfill their obligations described in Section 2(c) to seek appropriations sufficient to make each Grant Payment in full in the Fiscal Year in which the Grant Payment is due.

Section 7. Reporting and Tracking.

(a) Pre-Submission Evaluation. In advance of submitting any Application, the Company may request of the Secretary of Commerce and Trade and/or VEDP a pre-submission evaluation for the purpose of determining the adequacy of records and other documentation proposed to be submitted.

(b) Secretary of Commerce and Trade's Report on Application. Within sixty (60) days after receiving an Application, the Secretary of Commerce and Trade shall certify to (i) the Comptroller of the Commonwealth, and (ii) the Company, the verification of the information contained in the Application and the resulting amount of the Grant Payment to which the Company is entitled under this Memorandum. Such Grant Payment will be paid to the Company from the

Fund on or before September 1 of the next Fiscal Year. The Comptroller shall not draw any warrants to issue checks to the Company without a specific legislative appropriation, as specified in the conditions and restrictions on expenditures in the applicable appropriation act.

(c) Confidential and Proprietary Information. Any documents containing confidential proprietary information made available and identified as such by the Company shall be maintained as confidential by VEDP and the Commonwealth, to the maximum extent permitted by law. The Company acknowledges that all such documents may be shared with the Joint Legislative Audit and Review Commission and with VEDP's internal auditor. VEDP and the Commonwealth will use adequate safeguards to maintain the security and confidentiality of all materials, communications, data, and information related to this Memorandum or supplied by the Company in connection with this Memorandum. Staff, representatives, and agents of the VEDP or Commonwealth will exercise the utmost discretion in oral and written communications regarding the Program and will provide information internally only to those individuals who need the information to facilitate the parties' performance under this Memorandum.

VEDP and the Commonwealth will use adequate physical and technical measures to maintain the security of all electronic and tangible records relating to this Memorandum. VEDP and the Commonwealth each agree to promptly notify the Company in the event of a security breach that could have impacted any electronic or tangible records relating to this Memorandum. VEDP and the Commonwealth acknowledge and agree that the Company must comply with its information security policies in performing its obligations under this Memorandum and that to the extent the Company is required to deliver certain sensitive information in connection with this Memorandum, the Company may deliver such information in password protected and encrypted files.

The Company acknowledges that this Memorandum is a public record subject to disclosure under the Commonwealth's public records laws, and that portions of certain materials, communications, data, and information related to this Memorandum may constitute public records subject to disclosure under the Commonwealth's public records laws and agrees that VEDP and the Commonwealth will disclose this Memorandum and such portions of the materials, communications, data, and information related to this Memorandum as required by law, provided that VEDP and the Commonwealth (a) except as to the disclosure of this Memorandum, give the Company prior written notice sufficient (in no event less than 2 business days) to allow the Company to seek a protective order or other appropriate remedy, (b) disclose only such information as is required under the applicable law, (c) cooperate with the Company in responding to any such records request, and (d) limit disclosure, refuse to disclose, and redact and/or omit portions of materials to the maximum extent permitted by applicable law. The Company acknowledges that the amount of each Grant Payment, the basic information required to calculate the amount of each Grant Payment and the fact that the Company did or did not timely file an Application for a Grant Payment or a Progress Report, reflect public records or information that may be disclosed by the Commonwealth and VEDP, without notice to the Company.

(d) Progress Reports in Years in Which Applications are Not Filed. The Company, for each year it does not file an Application, shall file with the Secretary of Commerce and Trade a progress report (the "Progress Report"), substantially in the form of Exhibit B hereto. The

Company is not required to file a Progress Report in any year for which an Application is being submitted. The Progress Report, as described in Exhibit B, details the Company's progress on achieving the targets set forth in Exhibit C, and covers the period through the end of the previous calendar year. VEDP may also request a Progress Report from the Company, by providing the Company with ninety (90) days written notice with time for the Company to comply in advance of the End Date or the date on which the Memorandum is otherwise terminated, whichever comes first.

Section 8. Miscellaneous.

(a) Regulatory Assistance. VEDP agrees to designate a qualified person with appropriate authority as its senior project coordinator. This senior project coordinator will work directly with the Company to endeavor to ensure that all administrative details relating to the Commonwealth and the development of the Facility are processed in the most efficient and expeditious fashion possible. The senior project coordinator may designate subject-matter specialist coordinators and additional coordinators as needed. The senior project coordinator will also work with the Steering Committee, established pursuant to subsection (d) below, to provide necessary and desired support to the Committee and its activities.

(b) Regulatory Flexibility. The Secretary of Commerce and Trade and VEDP acknowledge that a key component of the long-term success of the Facility, as well as the Commonwealth as a whole, will be the Commonwealth's ability to foster an innovative economy. Therefore, the Secretary of Commerce and Trade and VEDP will actively encourage the Commonwealth's regulatory authorities to implement forward-looking regulatory frameworks that, to the extent appropriate: (i) increase consumer choice and allow new and innovative forms of technologies and services to enter the marketplace; (ii) reassess existing laws and regulations to assure they are not unduly harming innovation and competition in pursuit of their objectives; (iii) are performance-based and technology neutral; (iv) limit prescriptive conditions on the design and operation of new technologies or devices; and (v) support environmentally-sustainable technologies and cost-competitive renewable energy.

(c) Further Assurances. The Secretary of Commerce and Trade and VEDP agree to do all things and take all actions reasonably required after the date hereof to fulfill their obligations hereunder, including the obtaining, execution, and delivery of all necessary or desirable signatures, filings, consents, authorizations, or approvals.

VEDP, and the senior project coordinator designated pursuant to subsection (a) above, will (through their work with the Steering Committee or other methodologies) encourage the fulfillment by all Commonwealth and Eligible County agencies, institutions and entities of their obligations in this Memorandum or under any other documents related to the Facility to which the Company is a party.

The Secretary of Commerce and Trade acknowledges that the Commonwealth has coordinated all commitments made by the Commonwealth, VEDP, the Eligible County, and the Industrial Development Authority of Arlington County, Virginia (collectively, the "Public Authorities" and, each individually, a "Public Authority") as a collaborative incentive package designed to induce the Company to locate the Facility within the Eligible County. The Secretary

of Commerce and Trade is prepared and willing and agrees to use diligence and the best efforts of his office to collaborate with and encourage each Public Authority to fulfill each and every commitment made by that Public Authority to the Company in the course of recruiting the Facility.

(d) Partnership Steering Committee. Recognizing the transformational impact of the project on Northern Virginia, a special steering committee (the “Steering Committee”) will be created and administered by VEDP to steward the partnership among the Company, the Commonwealth and Northern Virginia communities, including the Eligible County. The Steering Committee is envisioned to meet regularly to ensure that the various partnership commitments stay on track and to periodically recommend adjustments to implementation plans; provided, that the Steering Committee shall not have the right to bind the Company, the Commonwealth or any other entity to any amendments to any partnership agreements without the express approval of the Company, the Commonwealth or such other entity, as appropriate. The Steering Committee will consist of three Company representatives, the Secretary of Commerce and Trade or designee, one or two Eligible County representatives, a City of Alexandria representative, the JBG Smith CEO or designee, the VEDP CEO or designee, the State Council for Higher Education in Virginia director or designee, a Virginia Polytechnic Institute and State University representative, a George Mason University representative, and a Northern Virginia Community College representative. VEDP may appoint another person to the Steering Committee who will represent a regional focus, subject to the reasonable approval of Company.

(e) Support for Virginia’s and Eligible County’s Economic Development Efforts. Recognizing that it is in the best interest of all parties for the Commonwealth to achieve sustained economic growth, the Company will periodically engage with VEDP to advise on Virginia’s economic development strategies, such as highlighting important industry trends and/or business development opportunities (e.g., target companies or projects) that the Commonwealth may wish to pursue. Such engagement may occur through the Steering Committee and/or some other means.

The Company covenants and agrees to use its reasonable efforts to assist the Eligible County from time-to-time in promoting the Eligible County’s attributes as a place to do business.

(f) Assignments. None of the Company’s rights or responsibilities under this Memorandum shall be transferred or assigned, including by operation of law, without the prior written consent of the Secretary of Commerce and Trade, which shall not be unreasonably withheld, except that the Company may assign this Memorandum to an Affiliate or in connection with any merger, reorganization, sale of all or substantially all of the Company’s assets or any similar transaction. Nothing in this Memorandum shall be deemed to constitute any restriction or condition on the Company’s ability to freely sell, transfer or assign ownership or other interest in the Facility, the underlying land or any portion thereof or any ownership interest in the Company at any time.

(g) Successors and Assigns. Subject to Section 8(f), all of the provisions of this Memorandum shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto, to the same extent as if each successor and assign were in each case named as a party to this Memorandum.

(h) Completeness; Modification. This Memorandum, including its exhibits and documents incorporated by reference, constitutes the entire agreement and understanding of the

parties with respect to its subject matter and supersedes all prior written or verbal agreements, discussions, understandings, representations and negotiations among the parties, except the Act. This Memorandum may be modified only by a written instrument duly executed by all parties and any such modification must be in accordance with the Act. Any modification to this Memorandum shall be submitted by the Secretary of Commerce and Trade to the chairmen of the House Committee on Appropriations and the Senate Committee on Finance no later than 30 days after being executed by the Secretary of Commerce and Trade. To the extent any inconsistency between the Act and this Memorandum exists, the terms of the Act shall control.

(i) Numbers; Gender. Whenever in this Memorandum the singular number is used, the same shall include the plural where appropriate, and vice versa. Words of any gender used in this Memorandum shall include each other gender where appropriate.

(j) Notices. All notices, communications, reports and other information provided under this Memorandum shall be in writing and shall be given by (i) personal delivery, (ii) a nationally recognized overnight courier (providing confirmation receipts) for delivery on the following business day, or (iii) certified or registered mail, postage prepaid to the following addresses of the parties or to such other address as any party may hereafter furnish by written notice to the other parties:

If to the Commonwealth:

Commonwealth of Virginia
Address: 1111 East Broad Street, 4th Floor (zip code: 23219)
P.O. Box 1475
Richmond, VA 23218
Attention: Secretary of Commerce and Trade

If to VEDP:

Virginia Economic Development Partnership
Address: One James Center, Suite 900
901 East Cary Street
Richmond, VA 23219
Attention: President and Chief Executive Officer

If to the Company:

Amazon.com Services, Inc.
Address: Attn: Director of Economic Development
410 Terry Avenue North
Seattle, WA 98109-5210

With a copy to:

Amazon.com Services, Inc.

Address: Attn: General Counsel (Real Estate)
P.O. Box 81226
Seattle, WA 98108

And a copy to:

Address: Bradley Arant Boult Cummings LLP
1819 Fifth Avenue North
Birmingham, AL 35203
Attention: Alex B. Leath

Any notice shall be deemed given when received or first refused by the addressee.

(k) Governing Law; Venue. This Memorandum shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without reference to its choice of law rules. Jurisdiction and venue for any litigation arising out of or involving this Memorandum shall lie in the Circuit Court of the City of Richmond, and such litigation shall be brought only in such court.

(l) Force Majeure. Notwithstanding the foregoing provisions of this Memorandum, if the Company fails to take any action required under this Memorandum because of an “Event of Force Majeure” (as defined below), the time for taking such action will be extended day-for-day by the delay in taking such action caused by the Event of Force Majeure. “Event of Force Majeure” means without limitation, any of the following: any act of God; act of a public enemy; war; riot; sabotage; blockage; embargo; failure or inability to secure materials, supplies or labor through ordinary sources by reason of shortages or priority; labor strike, lockout or other labor or industrial disturbance (whether or not on the part of agents or employees of either party); civil disturbance; terrorist act; power outage; fire, flood, windstorm, hurricane, earthquake; landslides; lightning; tornadoes; storms; washouts; droughts; or other casualty; insurrection, epidemic, arrests; restraint of government and people; explosions; breakage or accident to machinery, transmission pipes or canals not caused by the Company; partial or entire failure of utilities; any change in law, order, regulation or other action of any governing authority other than those governing authorities that are a party to this Memorandum; or any other cause or event not reasonably within the control of the Company or an Affiliate.

(m) Dispute Resolution. In the event of any dispute, controversy or claim of any kind or nature arising under or in connection with this Memorandum (including disputes as to the creation, validity, or interpretation of this Memorandum) (a “Dispute”), then upon the written request of any party, each of the parties will appoint a senior representative whose task it will be to meet for the purpose of endeavoring to resolve the Dispute. The representatives will meet as often as the parties reasonably deem necessary in order to gather and furnish to the others all information with respect to the matter in issue which the parties believe to be appropriate and germane. Such representatives will discuss the Dispute and will negotiate in good faith in an effort to resolve the Dispute without the necessity of any formal proceeding. The specific format for such discussions will be left to the discretion of the representatives but may include the preparation of agreed upon statements of fact or written statements of position furnished to the other parties. No

formal proceedings for the resolution of the Dispute may be commenced until the earlier to occur of (1) a good faith mutual conclusion by the representatives that amicable resolution through continued negotiation of the matter in issue does not appear likely or (2) the 120th day after the initial request to negotiate the Dispute. If the resolution of the Dispute requires any party to take, or cause to be taken or to cease taking, some action, such party shall be provided a reasonable period of time, not less than one hundred twenty (120) days, to take, to cause, or to cease taking, such action. If the parties are unable to resolve the Dispute pursuant to the process set forth above, any party may seek to resolve the Dispute by filing an action in the jurisdiction and venue stipulated in Section 8(k) or by pursuing any other remedy available at law.

(n) Limitation of Remedy/Liability. Notwithstanding anything to the contrary in this Memorandum, neither the Company nor any of its Affiliates shall be liable for: (a) any indirect, reliance, exemplary, incidental, speculative, punitive, special, consequential or similar damages that may arise in connection with this Memorandum, (b) any lost or foregone tax revenues, or (c) any damages, liabilities, fees, costs, expenses, penalties, diminishments in value, losses or payments (including any lost or foregone tax revenues) that exceed, in the aggregate, the lesser of (i) the Total Grant Payments received by the Company from the Commonwealth under this Memorandum or (ii) \$1,000,000. The parties also expressly waive any right or claim to attorneys' fees.

(o) Effect of Breach. A party will be deemed to be in "Breach" of this Memorandum only if: (1) it fails to substantially comply with any material provision of this Memorandum; and (2) it does not cure such failure within a reasonable period of time following delivery to it of notice by the other party describing such failure in reasonable detail, which period will not be less than 120 days. In the event of a Breach for which this Memorandum does not provide a specific remedy, either party may pursue any legal or equitable remedies they may have under this Memorandum or applicable law.

(p) Severability. Whenever possible, each provision of this Memorandum will be interpreted in such a manner as to be valid, legal and enforceable under applicable law. If any term of this Memorandum is to any extent invalid, illegal, or incapable of being enforced, such term shall be excluded to the extent of such invalidity, illegality, or unenforceability, while all other terms of this Memorandum shall remain in full force and effect.

(q) No Third-Party Beneficiary. The parties intend that this Memorandum shall not benefit or create any right or cause of action in or on behalf of any third-party beneficiary, or any individual or entity other than the parties, or their permitted assignees.

(r) No Joint Venture. It is acknowledged and agreed by the parties that the terms hereof are not intended to and shall not be deemed to create a partnership or joint venture among the parties.

(s) Counterparts. This Memorandum may be executed in counterparts. Each counterpart shall be deemed an original, and the counterparts together shall constitute one and the same instrument.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

WITNESS the following signatures as of the day and year first written above.

COMMONWEALTH OF VIRGINIA

DocuSigned by:
R. Brian Ball
By _____
221304704F09472...
Name: R. Brian Ball
Title: Secretary of Commerce and Trade

AMAZON.COM SERVICES, INC.

DocuSigned by:
Brian Huseman
By _____
43771361E6CD46C...
Name: Brian Huseman
Title: Authorized Representative

**VIRGINIA ECONOMIC DEVELOPMENT
PARTNERSHIP AUTHORITY**

DocuSigned by:
Stephen Moret
By _____
50D2D885376F4BD...
Name: Stephen Moret
Title: President and Chief Executive Officer

- Exhibit A: Application Form
- Exhibit B: Progress Report Form
- Exhibit C: Expected Grant Payment Schedule
- Exhibit D: Criteria Related to New Jobs, by Calendar Year
- Exhibit E: Transportation Projects Funding Schedule

Exhibit A

APPLICATION FOR MAJOR HEADQUARTERS WORKFORCE GRANT PAYMENT

PROJECT SUMMARY:

Project	Amazon.com Services, Inc. NoVa Headquarters
Location	Arlington County
Performance Reporting Period	November 1, 2018 / January 1, 20__ Through December 31, 20__

OVERALL PROJECT PERFORMANCE:

Performance Measurement	Program Target	As of December 31, 20__	% Complete
New Jobs¹	37,850		
Confidence level New Jobs Target will be reached by December 31, 2038 (check one)	High <input type="checkbox"/>	Moderate <input type="checkbox"/>	Low <input type="checkbox"/>
Capital Investment (provide breakdown below)	\$_____		
Average Annual Wage (See Exhibit D)	\$_____	\$_____	N/A
Standard Fringe Benefits (check one)	Yes <input type="checkbox"/>	No <input type="checkbox"/>	

¹Data will be verified using Virginia Employment Commission records.

GRANT PAYMENT REQUESTED:

Based on the following criteria, the Company requests a Grant Payment of \$_____, under the Phase I Methodology set forth in Section 4(a)(1), based upon \$22,000 per Phase I Qualifying New Job, and for which the Company has not yet received a Grant Payment.

Based on the following criteria, the Company requests a Grant Payment of \$_____, under the Phase II Methodology set forth in Section 4(a)(2) based upon \$15,564 per Phase II Qualifying New Job, and for which the Company has not yet received a Grant Payment.

New Jobs:

- The number of New Jobs created in calendar year 20__ (or from November 1, 2018 through December 31, 20__, as to the first Application) is _____.
- The total number of New Jobs created and in place from November 1, 2018 through calendar year 20__ is _____.

- If the Company has counted as a New Job any position shifted from an existing location in the Commonwealth, the Company or the Affiliate has hired a new employee to fill substantially the same job at the existing location as that held by the transferred position.
- The Company has previously received Grant Payments for _____ Phase I New Jobs and _____ Phase II New Jobs.

Average Annual Wage:

- The Average Annual Wage paid for the aggregate number of New Jobs, as of the end of calendar year 20___, is \$_____.
- In making its calculation of Average Annual Wage, the Company counted only the first \$850,000 in wages paid for each New Job, escalated as shown in Exhibit D.

If the Average Annual Wage paid for the aggregate number of New Jobs, as of the end of calendar year 20___, is less than the Average Annual Wage Target, the number of New Jobs that would remain if this Application includes only Qualifying New Jobs; is _____.

Capital Investment:

- The Capital Investment made or caused to be made in calendar year 20__ (or from November 1, 2018 through December 31, 20___, as to the first Application) is \$_____. The Capital Investment can be broken down into these categories:

Capital Investment Breakdown	Amount
Land	\$
Land Improvements	\$
New Construction or Expansion	\$
Renovation or Building Up-fit / Tenant Improvements	\$
Machinery and Tools	\$
Furniture, Fixtures and Equipment	\$
Other	\$
Total	\$

Percentage of New Jobs at the Facility Primarily Engaged in Supporting Federal Government Contracts:

- In calendar year 20___, the percentage of New Jobs at the Facility that were primarily engaged in supporting Federal Government Contracts [did / did not] exceed 10%. If the percentage of New Jobs so engaged was more than 10%, the actual percentage of New Jobs so engaged was ___%.

COMMENTS:

Discuss the current level of Average Annual Wage, New Jobs, and Capital Investment, and changes or likely changes in the nature of the Facility that may impact the Company’s performance. If the Company is not on track to earn the full amount of the Workforce Grant, please provide an explanation.

TO BE CERTIFIED BY AN AUTHORIZED SIGNATORY OF THE COMPANY:

I certify that I have examined this report and to the best of my knowledge and belief, it is true, correct, and complete.

Company: Amazon.com Services, Inc.

Submitted By: _____
Signature of Official

Name and Title: _____
Print Name and Title

Date: _____

Please return to:

Secretary of Commerce and Trade, Commonwealth of Virginia, 1111 East Main Street, 4th Floor,
Richmond, Virginia 23219

-and-

Kim Ellett, Incentives Coordinator, Virginia Economic Development Partnership, 804.545.5618,
kellett@vedp.org

**PROGRESS REPORT
FOR MAJOR HEADQUARTERS
WORKFORCE GRANT**

PROJECT SUMMARY:

Project	Amazon.com Services, Inc. NoVa Headquarters
Location	Arlington County
Performance Reporting Period	November 1, 2018 / January 1, 20__ Through December 31, 20__

OVERALL PROJECT PERFORMANCE:

Performance Measurement	Program Target	As of December 31, 20__	% Complete
New Jobs¹	37,850		
Confidence level New Jobs Target will be reached by December 31, 2038 (check one)	High <input type="checkbox"/>	Moderate <input type="checkbox"/>	Low <input type="checkbox"/>
Capital Investment (provide breakdown below)	\$_____		
Average Annual Wage	\$_____	\$_____	N/A
Standard Fringe Benefits (check one)	Yes <input type="checkbox"/>	No <input type="checkbox"/>	

¹Data will be verified using Virginia Employment Commission records.

Capital Investment Breakdown	Amount
Land	\$
Land Improvements	\$
New Construction or Expansion	\$
Renovation or Building Up-fit / Tenant Improvements	\$
Machinery and Tools	\$
Furniture, Fixtures and Equipment	\$
Other	\$
Total	\$

COMMENTS:

Discuss the current level of Average Annual Wage, New Jobs, and Capital Investment, and changes or likely changes in the nature of the Facility that may impact the Company’s performance. If the Company is not on track to earn the full amount of the Workforce Grant, please provide an explanation.

TO BE CERTIFIED BY AN AUTHORIZED SIGNATORY OF THE COMPANY:

I certify that I have examined this report and to the best of my knowledge and belief, it is true, correct, and complete.

Company: Amazon.com Services, Inc.

Submitted By: _____
Signature of Official

Name and Title: _____
Print Name and Title

Date: _____

Please return to:

Secretary of Commerce and Trade, Commonwealth of Virginia, 1111 East Main Street, 4th Floor,
Richmond, Virginia 23219

-and-

Kim Ellett, Incentives Coordinator, Virginia Economic Development Partnership, 804.545.5618,
kellest@vedp.org

Exhibit C

**EXPECTED MAJOR HEADQUARTERS WORKFORCE GRANT
PAYMENT SCHEDULE**

Calendar Year of Performance	Expected New Jobs for Phase One over prior calendar year total (Dec 31)	Potential New Jobs for Phase Two over prior calendar year total (Dec 31)	Expected Grant Payment Related to New Jobs (\$ Million)		Fiscal Year of Payment
			Phase I	Phase II	
2019	400	-	8.8	-	2024
2020	1,180	-	26.0	-	2025
2021	1,964	-	43.2	-	2026
2022	1,439	-	31.7	-	2027
2023	2,665	-	58.6	-	2028
2024	2,352	-	51.7	-	2029
2025	1,643	-	36.1	-	2030
2026	2,207	-	48.6	-	2031
2027	3,000	-	66.0	-	2032
2028	3,000	-	66.0	-	2033
2029	2,305	-	50.7	-	2034
2030	2,845	750	62.6	11.7	2035
2031	-	2,100	-	32.7	2036
2032	-	3,900	-	60.7	2037
2033	-	3,100	-	48.2	2038
2034	-	3,000	-	46.7	2039
2035	-		-	-	2040
2036	-		-	-	2041
2037	-		-	-	2042
2038	-		-	-	2043

Exhibit D

**SCHEDULE OF AVERAGE ANNUAL WAGE RATES, AND MAXIMUM WAGES TO
COUNT TOWARD AVERAGE ANNUAL WAGE FOR ANY ONE NEW JOB**

Calendar Year	Average Annual Wage Target	Maximum Amount of Wages to Count Toward “Average Annual Wage” for any one New Job
2019	\$150,000	\$ 850,000
2020	152,250	862,750
2021	154,534	875,691
2022	156,852	888,827
2023	159,205	902,159
2024	161,593	915,691
2025	164,016	929,427
2026	166,477	943,368
2027	168,974	957,519
2028	171,508	971,881
2029	174,081	986,460
2030	176,692	1,001,257
2031	179,343	1,016,275
2032	182,033	1,031,520
2033	184,763	1,046,992
2034	187,535	1,062,697
2035	190,348	1,078,638
2036	193,203	1,094,817
2037	196,101	1,111,240
2038	199,043	1,127,908

**TRANSPORTATION PROJECTS
FUNDING SCHEDULE**

Cumulative New Jobs Created	Minimum Cumulative Available Transportation Funds* **
400	\$ 3,120,000
1,580	12,324,000
3,544	27,643,200
4,983	38,867,400
7,648	59,654,400
10,000	78,000,000
11,643	90,815,400
13,850	108,030,000
16,850	131,430,000
19,850	154,830,000
22,155	172,809,000
25,750	200,850,000
27,850	217,230,000
31,750	247,650,000
34,850	271,830,000
37,850	295,000,000

* Notwithstanding this Schedule, it is the intention of the Commonwealth to provide funding on an accelerated basis to support the development and construction of the Crystal City East Metro Entrance and the Potomac Yard Southwest Metro Entrance Transportation Projects. Notwithstanding this Schedule, it is the intention of the Commonwealth to provide up to \$20 million of funding on an accelerated basis to support the planning of the other Transportation Projects, described in clauses (3), (4) and (5) in the definition of Transportation Projects. Further, notwithstanding this Schedule, it is the intention of the Commonwealth to provide funding on an accelerated basis to support the development and construction of the connector bridge from National Landing (Crystal City) to Reagan National Airport (DCA), once the Company has created at least 2,500 New Jobs having an Average Annual Wage at least equal to the Average Annual Wage Target. These investments in Transportation Projects will benefit the National Landing neighborhood and the surrounding areas.

** This Schedule, together with the paragraph immediately above, reflect the slowest rate at which the Commonwealth will commit funding for the Transportation Projects. Should the Company wish for the Commonwealth to support the development of other Transportation Projects on an accelerated basis, the Commonwealth agrees to establish with the Company a set of written conditions upon which the Commonwealth will agree to undertake the desired Transportation Project(s).