

CONTRACT BETWEEN ARGOS THERAPEUTICS, INC. AND THE CITY OF
DURHAM REGARDING INCENTIVES FOR CAPITAL INVESTMENT OUTSIDE
THE COMMUNITY DEVELOPMENT AREA WITHIN THE CITY LIMITS

THIS CONTRACT (“Contract” or “Agreement”) is dated, made, and entered into as of the ____ day of _____, 2014, by the City of Durham (“City”) and Argos Therapeutics, Inc. (“Company”), a corporation organized and existing under the laws of the State of Delaware and authorized to transact business in the State of North Carolina, and the City of Durham (the “City”), a North Carolina municipal corporation.

Background and Purpose. Argos Therapeutics, Inc. is a biopharmaceutical company focused on the development and commercialization of fully personalized immunotherapies for the treatment of cancer and infectious diseases based on its Arcelis™ technology platform. This project includes a retrofit of a 112,000 square foot facility located at 1951 TW Alexander Drive to house the Argos headquarters, manufacturing and R & D. The capital investment to be made by the Company outside of the Community Development Area but within the city limits of Durham falls within the category of investment stipulated in the “Resolution Establishing an Economic Development Financial Assistance and Incentive Policy for Job Creation, Job Retention and Capital Investment” adopted by City Council on April 21, 2014. Through adoption of the Resolution, the City finds that the use of City funds to promote capital investment will increase taxable property, job creation and the business prospects of the City of Durham. The Company represents the incentives proposed by this Agreement constitute a bonafide inducement for the Company to relocate and/or remain in the City of Durham, without which inducements the Company would be less likely to relocate and/or remain in the City.

By authorizing the execution of this Contract, the City Council of the City of Durham finds (i) that in order to aid and encourage capital investment and the creation of jobs in the city, it is necessary and desirable to provide an incentive to the Company for making capital investments inside the corporate limits of the City of Durham (as defined by the Durham City/County Planning Department on the date of the Contract), (ii) that the proposed expansion by the Company is a qualified business for capital investment as defined by the Resolution and increases the business prospects and supports the taxable property of the City, contributes significantly to economic conditions in Durham, provides workers with continuing employment opportunities, diversifies the local economy, and (iii) that this Contract otherwise complies with the Resolution.

THEREFORE, IT IS AGREED AS FOLLOWS:

Sec. 1. Definitions.

(a) “Capital Investment” – facility construction and improvements, including equipment and machinery installation, required for the Project and as defined under Section 3 of the Resolution, including the requirement that all qualifying property improvements be subject to City and County property taxes from the time when the Capital Investment is installed or constructed and continuing until the final incentive payment by the City is made.

(b) “Certificate of Compliance” – shall refer to the official document issued by the local governing authority certifying that a newly constructed or renovated building or structure is in compliance with applicable building codes, regulations and laws, such that said building or structure may be lawfully occupied.

(c) “Community Development Area” or “CDA” –the geographic area identified on the City map entitled “The Durham Community Development Area, Targeted Community Development Areas and the Parrish Street Project Area”, dated December 21, 2006;

(d) “Contract End Date” –the last possible effective day of the life of the Contract, except for termination for other cause.

*Contract Between Argos Therapeutics and The City of Durham Regarding
Incentives for Capital Investment Outside the Community Development Area Within the City Limits*

(e) “Qualified Job” –full-time permanent positions filled by employees that Company has in its employ as of the date of its physical relocation to the City (if Company relocated from outside the County of Durham), plus additional full-time, permanent positions filled by employees that are created after the effective date of this Contract and maintained for at least 1-year after creation, which pay a salary equal to or greater than the City’s livable wage rate (pursuant to Section 18-23 of the City Code), and which are evidenced by the Company’s quarterly wage reports of employee wages filings with the North Carolina Department of Commerce and documentation as necessary to establish such positions and employment for the applicable duration. If the Company is already located in the City of Durham, any Company positions filled by employees and already existing in the City of Durham prior to the execution of this Agreement shall not be counted as “Qualified Jobs”. So long as the Company relocates (from outside the County of Durham), creates and retains a position to the extent required hereunder, the Company may replace the employee filling such position from time to time in Company’s discretion. For all such positions and employment created after the date of Company’s relocation, such jobs shall be posted with the Durham Career Center. Except for the business travel requirements of Company, a Qualified Job under this Contract shall require that the employee holding such job shall spend a majority of his or her working time in the ordinary course of employment outside the CDA inside the corporate City limits.

Sec. 2. Required Capital Investment and Job Creation The City agrees to pay Company up to an overall total of \$924,676.00 in incentive payments (“City Incentive Payments”) in accordance with the schedule provided under Section 3 below. Payments are conditioned upon the Company meeting the following requirements:

- (a) Minimum Capital Investment -- the Company shall complete the installation or construction of at least \$40,900,000.00 in Capital Investment within three (3) years of City Council Approval of this Agreement. Completion of the minimum Capital Investment shall be evidenced by the following:
 - (i) (Certificate of Compliance) -- issuance of a certificate of compliance (sometimes referred to as a Certificate of Occupancy) from the Durham City-County Inspections Department allowing occupancy or use of the facility in which the minimum Capital Investment was made; and
 - (ii) (Accounting) -- Company shall provide to the City a full and accurate accounting of Capital Investment expenditures with such detail as the City may reasonably require to verify that such expenditures qualify as Capital Investment; and,
 - (iii) (Certification) -- If required by the City, Company shall deliver to the City a written certification, in such form as the City reasonably requires, that the Company has satisfied all applicable requirements of this Agreement.

- (b) Job Creation Requirements – the Company shall create at least 118 Qualified Jobs within three (3) years of City Council approval. Company shall create an annual minimum number of Qualified Jobs as specified in Section 3 below to maintain eligibility for each City Incentive Payment. Creation of each Qualified Job is conditioned upon the following:
 - (i) (Workforce Development Plan agreement) -- Upon execution of this Agreement, the Company shall complete, execute and return the document entitled “Workforce Development Plan” (attached hereto as Attachment A) and comply with its provisions.
 - (ii) (Employment Records) -- The number of Qualified Jobs created will be verified by using a listing of Qualified Job positions created and employees which held those positions which comprise the Qualified Jobs. Listing(s) will be created by the Company, must be attested to by the Company and notarized. Verification of wages will be based upon Company’s quarterly wage reports of employee wages as filed with the NC Department of Commerce and any other documentation or evidence as the City reasonably requires to verify the creation of a Qualified Job as defined by this Agreement.
 - (iii) (Healthcare Coverage) --For each Qualified Job, Company shall maintain, at a minimum, the same level of health care benefits or better to its employees throughout

*Contract Between Argos Therapeutics and The City of Durham Regarding
Incentives for Capital Investment Outside the Community Development Area Within the City Limits*

the term of this Contract that it provides at the time of first creating the Qualified Job.

Sec. 3. City Incentive Payment Schedule. The Company's entitlement to each payment from the City under this Agreement is conditioned upon the Company sending an invoice to the City for each payment requested that documents Capital Investment and Qualified Jobs pursuant to this Agreement. By complying with the requirements of Section 2 above and all other applicable provisions of this Agreement, the Company shall be eligible to receive the City Incentive Payments according to the following schedule:

<u>INCENTIVE PAYMENT YEAR</u>	<u>CITY INCENTIVE PAYMENT AMOUNT</u>	<u>PAYMENT CONDITIONS</u>	<u>EARLIEST TIMING OF PAYMENT</u>
<u>YEAR 1</u>	<u>\$73,708.00</u>	<u>Completion of minimum Capital Investment pursuant to Section 2(a) and creation of at least 16 Qualified Jobs.</u>	<u>July 1st after the first calendar year that begins after Company has complied with the payment conditions for Year 1.*</u>
<u>YEAR 2</u>	<u>\$109,509.00</u>	<u>Creation of at least 16 (for a cumulative total of 32**) Qualified Jobs from the Capital Investment Completion Date pursuant to Section 2(b).</u>	<u>Within 60 days after completion of payment condition for Year 2 but not earlier than the 1-year anniversary for City Incentive Payment for Year 1.</u>
<u>YEAR 3</u>	<u>\$138,794.00</u>	<u>Creation of at least 16 (for a cumulative total of 48**) Qualified Jobs since the Capital Investment Completion Date..</u>	<u>Within 60 days after completion of payment condition for Year 3 but not earlier than the 1-year anniversary for City Incentive Payment for Year 2.</u>
<u>YEAR 4</u>	<u>\$150,716.00</u>	<u>Creation of at least 16 (for a cumulative total of 64**) Qualified Jobs since the Capital Investment Completion Date.</u>	<u>Within 60 days after completion of payment condition for Year 4 but not earlier than the 1-year anniversary for City Incentive Payment for Year 3.</u>
<u>YEAR 5</u>	<u>\$161,835.00</u>	<u>Creation of at least 16 (for a cumulative total of 80**) Qualified Jobs since the Capital Investment Completion Date.</u>	<u>Within 60 days after completion of payment condition for Year 5 but not earlier than the 1-year anniversary for City Incentive Payment for Year 4.</u>
<u>YEAR 6</u>	<u>\$150,730.00</u>	<u>Creation of at least 38 (for a cumulative total of 118**) Qualified Jobs since the Capital Investment Completion Date.</u>	<u>Within 60 days after completion of payment condition for Year 6 but not earlier than the 1-year anniversary for City Incentive Payment for Year 5.</u>
<u>YEAR 7</u>	<u>\$139,384.00</u>	<u>For retention of 118** Qualified Jobs since the Capital Investment Completion Date.</u>	<u>Within 60 days after completion of payment condition for Year 7 but not earlier than the 1-year anniversary for City Incentive Payment for Year 6.</u>

* By way of example, if the Year 1 Payment Conditions are met on March 1, 2016, the Year 1 City Incentive Payment would be made after July 1, 2017 (which is the first July after the 1st anniversary date of the completion of the Year 1 Payment Conditions (i.e., March 1, 2016)). The specified number of Qualified ** Jobs includes all Qualified Jobs created during the current year and in all prior years. For example, if in Year 1, Company creates 16 Qualified Jobs and in Year 2 Company creates 16 new Qualified Jobs, it has created 32 Qualified Jobs since the Capital Investment Date..

*Contract Between Argos Therapeutics and The City of Durham Regarding
Incentives for Capital Investment Outside the Community Development Area Within the City Limits*

Sec 4. Job Posting and Reporting Requirements. Company shall comply with the job posting and reporting requirements of the Workforce Development Plan agreement attached hereto as Attachment A.

Sec. 5. Contract End Date. Time of the Essence. Notwithstanding any other termination provision contained in this Contract, the City shall have no obligation to, and shall not, make any payment to the Company pursuant to this Agreement after December 31, 2027, upon which time the Contract shall terminate, if not terminated earlier. Time is of the essence with respect to all provisions of this Contract.

Addresses. The payments by the City pursuant to this Agreement shall be mailed to:

Mr. Jeff Abbey, President and CEO
Argos Therapeutics
4233 Technology Drive
Durham, North Carolina 27704

Or to such other address as the Company may specify by written notice to the City. When a notice is required or permitted by this Contract, it shall be given by written notice to the City by delivery to:

Mr. Kevin Dick
Director - Office of Economic and Workforce Development
City of Durham
807 E. Main St., Suite 5-100
Durham, North Carolina 27701

and to the Company by delivery to:

Mr. Jeff Abbey, President and CEO
Argos Therapeutics
4233 Technology Drive
Durham, North Carolina 27704

Either party may change the address by giving notice of the change to the other party.

Sec. 6. Change of Address. Date Notice Deemed Given. A change of address, fax number, or person to receive notice may be made by either party by notice given to the other party. Any notice or other communication under this Contract shall be deemed given at the time of actual delivery, if it is personally delivered or sent by fax. If the notice or other communication is sent by United States mail, it shall be deemed given upon the third calendar day following the day on which such notice or other communication is deposited with the United States Postal Service or upon actual delivery, whichever first occurs.

Sec. 7. EEO Provisions. During the performance of this Agreement the Company agrees as follows: (1) The Company shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, political affiliation or belief, age, or handicap. The Company shall take affirmative action to insure that applicants are employed and that employees are treated equally during employment, without regard to race, color, religion, sex, national origin, political affiliation or belief, age, or handicap. Such action shall include but not be limited to the following: employment, upgrading, demotion, transfer, recruitment or advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Company shall post in conspicuous places, available to employees and applicants for employment, notices setting forth these EEO provisions. (2) The Company shall in all solicitations or advertisement for employees placed by or on behalf of the Company, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, political affiliation or belief, age, or handicap. (3) The Company shall send a copy of the EEO provisions to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding. (4) In the event of the Company's noncompliance with these EEO

*Contract Between Argos Therapeutics and The City of Durham Regarding
Incentives for Capital Investment Outside the Community Development Area Within the City Limits*

provisions, the City may cancel, terminate, or suspend this Contract, in whole or in part, and the City may declare the Company ineligible for further City contracts. (5) Unless exempted by the City Council of the City of Durham, the Company shall include these EEO provisions in every purchase order for goods to be used in performing this Contract and in every subcontract related to this Contract so that these EEO provisions will be binding upon such subcontractors and vendors.

Sec. 8. City Policy. THE CITY OPPOSES DISCRIMINATION ON THE BASIS OF RACE AND SEX AND URGES ALL OF ITS CONTRACTORS TO PROVIDE A FAIR OPPORTUNITY FOR MINORITIES AND WOMEN TO PARTICIPATE IN THEIR WORK FORCE AND AS SUBCONTRACTORS AND VENDORS UNDER CITY CONTRACTS.

Sec. 9. Default. Termination. Clawback Provision.

(a) If the Company fails to fulfill any of its material obligations under the Contract, the City may hold the Company in default and terminate this Agreement and make no further payments to Company.

(b) If, however, any required certification or representation made by the Company is materially false when made and known to be false by the Company, the City may hold the Company in default and (i) terminate this Agreement and make no further payments to Company and (ii) recover all prior payments, and reasonable direct expenses incurred by the City including reasonable attorney's fees for the alleged, falsified Capital Investment or Qualified Jobs. If, after removing said falsely represented Capital Investment or Qualified Jobs from the level of Capital Investment or Qualified Jobs required by the Contract, the Company fails to meet the thresholds required under this Agreement, the Company shall reimburse the City all prior payments made during that relevant period. If the Company does not deliver to the City the certification(s) and information required under Section 2 above, and does not seek payment under Sections 2, the Company shall not be considered in default for failing to deliver the certification. The aforementioned clawback requirement is intended to apply only in the case where the Company has knowingly provided such materially false certification.

(c) In the event the Company shall fail to meet certain target numbers for the creation, relocation or retention of Qualified Jobs and (i) such failure is due to general economic conditions and (ii) the Company has otherwise previously qualified for certain payments hereunder, the City and the Company agree to enter into good faith negotiations to amend this Contract (with City Council approval, if necessary) in order to preserve the economic benefits and incentives created by this Agreement.

Sec. 10. Agreement Subject to Resolution. This Agreement is made pursuant to the Resolution, and is subject to the procedures, limitations, and restrictions set forth therein.

Sec. 11. Attachments. The following attachments are made a part of this Contract:

Attachment A, "Workforce Development Plan," containing 4 pages.

Attachment B, "Durham-Based Business Plan," containing 5 pages.

In case of conflict between an attachment and the text of this Contract excluding the attachment, the text of this Contract shall control.

Sec. 12 Indemnification. (a) To the maximum extent allowed by law, the Company shall defend, indemnify, and save harmless Indemnitees from and against all Charges that arise in any manner from, in connection with, or out of this Contract as a result of acts or omissions of the Company that may arise out of this Agreement. In performing its duties under this subsection "a," the Company shall at its sole expense defend Indemnitees with legal counsel reasonably acceptable to City. (b) Definitions. As used in subsections "a" above and "c" below -- "Charges" means claims, judgments, costs, damages, losses, demands, liabilities, duties, obligations, fines, penalties, royalties, settlements, and expenses (included without limitation within "Charges" are interest and reasonable attorneys' fees assessed as part of any such item. "Indemnitees" means City and its officers, officials, independent contractors, agents, and employees, excluding the Company. (c) Other Provisions Separate. Nothing in this section shall affect any warranties in favor of the City that are otherwise provided in or arise out of this Contract. This section is in addition to and shall be construed separately from any other indemnification provisions that may be in this Contract.

*Contract Between Argos Therapeutics and The City of Durham Regarding
Incentives for Capital Investment Outside the Community Development Area Within the City Limits*

(d) Survival. This section shall remain in force despite termination of this Contract (whether by expiration of the term or otherwise) and termination of the services of the Company under this Contract for three (3) years following such expiration or termination. (e) Limitations of the Company's Obligation. If this section is in, or is in connection with, a contract relative to the design, planning, construction, alteration, repair or maintenance of a building, structure, highway, road, appurtenance or appliance, including moving, demolition and excavating connected therewith, then subsection "a" above shall not require the Company to indemnify or hold harmless Indemnitees against liability for damages arising out of bodily injury to persons or damage to property proximately caused by or resulting from the negligence, in whole or in part, of Indemnitees. Notwithstanding the foregoing, in no event shall Company be liable to Indemnitees hereunder to the extent of any negligence on the part of any Indemnitees or for any consequential, special or indirect damages.

Sec. 13. Choice of Law and Forum. This Contract shall be deemed made in Durham County, North Carolina. This Contract shall be governed by and construed in accordance with the law of North Carolina. The exclusive forum and venue for all actions arising out of this Contract shall be the North Carolina General Court of Justice, in Durham County. Such actions shall neither be commenced in nor removed to federal court. This section shall not apply to subsequent actions to enforce a judgment entered in actions heard pursuant to this section.

Sec. 14. Waiver. No action or failure to act by the City shall constitute a waiver of any of its rights or remedies that arise out of this Contract, nor shall such action or failure to act constitute approval of or acquiescence in a breach thereunder, except as may be specifically agreed in writing.

Sec. 15 Performance of Government Functions. Nothing contained in this Contract shall be deemed or construed so as to in any way estop, limit, or impair the City from exercising or performing any regulatory, policing, legislative, governmental, or other powers or functions.

Sec.16. Severability. If any provision of this Contract shall be unenforceable, the remainder of this Contract shall be enforceable to the extent permitted by law.

Sec. 17. Assignment. Successors and Assigns. Without the City's written consent, the Contractor shall not assign (which includes to delegate) any of its rights (including the right to payment) or duties that arise out of this Contract. The City Manager may consent to an assignment without action by the City Council. Unless the City otherwise agrees in writing, the Company and all assignees shall be subject to all of the City's defenses and shall be liable for all of the Company's duties that arise out of this Contract and all of the City's claims that arise out of this Contract. Without granting the Company the right to assign, it is agreed that the duties of the Company that arise out of this Contract shall be binding upon it and its heirs, personal representatives, successors, and assigns.

Sec. 18. Compliance with Law. In performing all of its obligations under the Contract, the Company shall comply with all applicable laws.

Sec.19. No Third Party Rights Created. This Contract is strictly intended for the benefit of the City and the Company and not any other third party, person or entity. Nor shall any contractual or other rights of any kind arise under law as to any such third parties, persons or entities as to this Contract.

Sec. 20. Principles of Interpretation and Definitions. In this Contract, unless the context requires otherwise: (1) The singular includes the plural and the plural the singular. The pronouns "it" and "its" include the masculine and feminine. References to statutes or regulations include all statutory or regulatory provisions consolidating, amending, or replacing the statute or regulation. References to contracts and agreements shall be deemed to include all amendments to them. The words "include," "including," etc. mean include, including, etc. without limitation. (2) References to a "Section" or "section" shall mean a section of this Contract. (3) "Contract" and "Agreement," whether or not capitalized, refer to this instrument. (4) Titles of sections, paragraphs, and articles are for convenience only, and shall not be construed to affect the meaning of this Contract. (5) "Duties" includes obligations. (6) The word "person" includes natural persons, firms, companies, associations, partnerships, trusts, corporations, governmental

*Contract Between Argos Therapeutics and The City of Durham Regarding
Incentives for Capital Investment Outside the Community Development Area Within the City Limits*

agencies and units, and other legal entities. (7) The word “shall” is mandatory. (8) The word “day” means calendar day.

Sec. 21. Modifications. Entire Contract. A modification of this Contract is not valid unless signed by both parties and otherwise in accordance with requirements of law. Further, a modification is not enforceable against the City unless the City Manager or a deputy or assistant City Manager signs it for the City. This Contract contains the entire Agreement between the parties pertaining to the subject matter of this Contract. With respect to that subject matter, there are no promises, Contracts, conditions, inducements, warranties, or understandings, written or oral, expressed or implied, between the parties, other than as set forth or referenced in this Contract.

Sec. 22. City’s Manager’s Authority. To the extent, if any, the City has the power to suspend or terminate this Contract or the Company’s services under this Contract, that power may be exercised by City Manager or a deputy or assistant City Manager without City Council action.

Sec. 23. No Joint Venture. Nothing in this Contract shall create a joint venture or partnership between the City and the Company.

Sec. 24. E-Verify Compliance. For purposes of this E-Verify section, the term “Contractor” shall mean the “Company”. Section ____ . E-Verify Compliance. The contractor represents and covenants that the contractor and its subcontractors comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes (NCGS). In this E-Verify Compliance section, "contractor," "its subcontractors," and "comply" shall have the meanings intended by NCGS 160A-20.1(b). The City is relying on this section in entering into this contract. The parties agree to this section only to the extent authorized by law. If this section is held to be unenforceable or invalid in whole or in part, it shall be deemed amended to the extent necessary to make this contract comply with NCGS 160A-20.1(b).

IN WITNESS WHEREOF, the City and the Contractor have caused this Contract to be executed under seal themselves or by their respective duly authorized agents or officers.

CITY OF DURHAM

ATTEST:

By: _____

Preaudit certificate

*Contract Between Argos Therapeutics and The City of Durham Regarding
Incentives for Capital Investment Outside the Community Development Area Within the City Limits*

ARGOS THERAPEUTICS, INC.

By: _____ (SEAL)

Title of officer: _____

(Affix corporate seal.)

State of _____
County of _____

ACKNOWLEDGEMENT BY
ARGOS THERAPEUTICS, INC.

I, a notary public in and for the aforesaid county and state, certify that _____ personally appeared before me this day and stated that he or she is (~~strike through the inapplicable:~~) chairperson/ president/ chief executive officer/ vice-president/ assistant vice-president/ treasurer/ chief financial officer of ARGOS THERAPEUTICS, INC., a corporation, and that by authority duly given and as the act of the corporation, he or she signed the foregoing Contract with the City of Durham and the corporate seal was affixed thereto. This the _____ day of _____, 20_____.

My commission expires:

Notary Public