

MEGA TAX CREDIT AGREEMENT
High-Tech Credit (10% R&D Requirement)
BioDri Michigan, LLC

This Agreement is between the Michigan Economic Growth Authority (MEGA) and BioDri Michigan, LLC, a Michigan Limited Liability Company. As used in this Agreement, the Michigan Economic Growth Authority and BioDri Michigan, LLC are sometimes referred to individually as a "Party" and collectively as "Parties".

The Michigan Economic Growth Authority Act, 1995 PA 24, as amended, created the MEGA with the power to provide tax credits to businesses involved in manufacturing, mining, research and development, wholesale and trade, office operations, qualified high-technology business, film and digital media production, or certain tourism attractions;

The Michigan Legislature determined that it is in the public interest to promote economic growth and to encourage private investment, job creation and job upgrading for Michigan residents;

The MEGA determined that providing tax credits to the Company for job creation will promote and serve the intended purposes of and conform with the Act; and

The MEGA and the Company desire to set forth the terms and conditions of the tax credits that the MEGA authorized for the Company by Resolution dated January 19, 2010.

(h) "Company" means BioDri Michigan, LLC, with the federal employer identification number [REDACTED]. As of the Effective Date, Company is an authorized business under the Act.

(i) "Effective Date" means March 18, 2010.

(j) "Employer-paid Health Care Benefits" means all costs paid for a self-funded health care benefit plan or for an expense-incurred hospital, medical or surgical policy or certificate, nonprofit health care corporation certificate, or health maintenance organization contract. "Employer-paid Health Care Benefits" does not include accident-only, credit, dental, or disability income insurance; long-term care insurance; coverage issued as a supplement to liability insurance; coverage only for a specified disease or illness; worker's compensation or similar insurance; or automobile medical payment insurance.

(k) "Facility" means the Company's location in Michigan identified in Section 2.0(b)(4) at which the Company will create Qualified New Jobs.

(l) "Full-time Job" means a job performed by an individual who is employed for consideration for at least 35 hours of work each week and for whom the Company, an Associated Business, Affiliated Business, Subsidiary Business, an employee leasing company or a professional employer organization on behalf of the Company, or other entity authorized under the Act, withholds income and social security taxes.

(m) "MEGA" means the Michigan Economic Growth Authority created by the Act.

"MEGA Credit" means a credit against the Michigan Business Tax authorized by Section

authorized for a tax year, and the Company's federal employer identification number or Michigan Treasury number.

(u) "Term" means the time period beginning with the Effective Date and ending on the last day of the last tax year in which the Company is eligible to receive a MEGA Tax Credit under this Agreement.

2.0 REPRESENTATIONS

(a) Representations by the MEGA. The MEGA makes the following representations and warranties as of the Effective Date:

(1) *Existence and Power.* The MEGA is a public body established and acting pursuant to the Act;

(2) *Authority.* The MEGA has the necessary authority under the Act to grant MEGA Tax Credits and has taken all action necessary to authorize, execute and deliver this Agreement; and

(3) *Tax Credit Certificate.* The MEGA will issue the Company's initial Tax Credit Certificate, in the form attached to this Agreement, upon execution of this Agreement.

(b) Representations by the Company. The Company makes the following representations and warranties as of the Effective Date:

(7) *Certification.* The Company made the certifications required by Section 8(3)(f) of the Act, which are attached to the Agreement as Schedule B.

3.0 MEGA TAX CREDIT

The MEGA authorized the MEGA Tax Credit described in this Agreement for the Company, subject to the conditions specified in Section 4.0 of this Agreement and the Company's compliance with this Agreement.

(a) MEGA Tax Credit. The MEGA Tax Credit shall be equal to 200 percent for years one through three and 100 percent for years four through five of Michigan's personal income tax rate, as it exists at the beginning of the Company's tax year for which the credit is sought, multiplied by the total Salaries and Wages and Employer-paid Health Care Benefits, of employees performing Qualified New Jobs. The MEGA Tax Credit is authorized for 5 consecutive tax years beginning with the Company's tax year ending December 31, 2011 and ending not later than December 31, 2015, except as provided under Section 3.0(b).

(1) No more than 337 Qualified New Jobs may be used in calculating the MEGA Tax Credit, as provided in Section 431 of 2007 PA 36; and

(2) The maximum amount of total Salaries and Wages that may be used in a single tax year in calculating the MEGA Tax Credit for any one Qualified New Job is 250,000.

(b) Advancing the Scheduled Years of the Credit. The Company may elect to begin the MEGA Tax Credit for any tax year ending December 31, 2010. If the Company elects to begin the MEGA Tax Credit for any tax year ending December 31, 2010, the Company may

- (7) The Company obtains a Tax Credit Certificate, as provided in Section 5.0;
- (8) The Village of Blissfield approves a tax abatement for new property related to the Project;
- (9) The local unit of government of an additional location related to the Project approves a tax abatement for new property related to the Project; and
- (10) The Company participates in a MEGA technical assistance meeting with representatives of the MEDC, at a mutually agreed upon time, unless waived by the MEDC.
- (b) *Administrative Fee.* The Company shall pay a one-time administrative fee of \$15,894 upon the submission of its first Certificate Application.

5.0 TAX CREDIT CERTIFICATE

To obtain a Tax Credit Certificate in connection with the MEGA Tax Credit described in this Agreement, the Company shall:

- (a) Achieve and maintain the minimum number of Qualified New Jobs, as required by Schedule A of this Agreement, for the applicable tax year;
- To compute the number of Qualified New Jobs in any tax year, except the first and fifth year of Schedule A, the Company shall determine the number of

(f) Provide a Certificate Application to the MEGA that satisfies the requirements of Section 7.0 of this Agreement.

Provided that the Company satisfied the requirements of Section 4.0, the Company's failure to satisfy the requirements of this Section in any given year does not preclude the Company for qualifying for and obtaining a MEGA Tax Credit in any other year during the Term.

6.0 AUDIT AND VERIFICATION

The information provided by the Company in connection with the MEGA Tax Credit is subject to audit and verification by the MEGA or its designee both prior to and after receiving a Tax Credit Certificate. Upon reasonable advance notice to the Company by the MEGA, the Company shall permit the MEGA or its designee, at the MEGA's sole expense and during normal business hours, to inspect the Company's files solely for the purpose of verifying eligibility for the MEGA Tax Credits authorized for the Company. The files subject to inspection include, but are not limited to, those relevant to wage and hour records, Employer-paid Health Care Benefits records, job classification, job assignments and employment histories. To the extent permitted under Section 5(3) of the Act, the Company may request confidential treatment of its financial or proprietary information retained by the MEGA in the course of its inspection.

7.0 ANNUAL CERTIFICATE APPLICATION

(a) For each year in which the Company seeks a MEGA Tax Credit under this Agreement, the Company shall complete a Certificate Application.

(6) A certification by an authorized officer of the Company that the information provided in the Certificate Application is accurate;

(7) The total capital investment related to the Project for the applicable tax year; and

(8) Any other information reasonably related to determining the MEGA Tax Credit.

(d) Within 90 days of its receipt of the Certificate Application, the MEGA shall determine whether the requirements of this Agreement and the Act have been met and, if so, will calculate the amount of the MEGA Tax Credit and issue a Tax Credit Certificate to the Company.

(e) For each year during the Term, the Company must submit a completed Certificate Application even if the requirements described in Section 5.0 are not satisfied for that year. If the Company does not satisfy the requirements in Section 5.0 for a particular tax year, the MEGA will not issue a Tax Credit Certificate for that year and said year of the MEGA Tax Credit is forfeited. The Company, however, will continue to be eligible for the MEGA Tax Credit in any remaining years of the Term in which the requirements of Section 5.0 are met.

(f) The Company shall not use Social Security Numbers for documentation purposes at any time. Documents containing Social Security Numbers may not be used to satisfy any of the reporting requirements contained in this Agreement and the MEDC will destroy any documents provided by the Company that contain Social Security Numbers.

Should a Relocation occur, the following shall apply:

(a) If the Relocation occurs on or before the end of the fourth year from the year in which the Company may first receive a MEGA Tax Credit under Section 3.0 and Schedule A of this Agreement, the Company shall repay 100 percent of the total amount of the MEGA Tax Credit received;

(b) If the Relocation occurs after the end of the fourth year and on or before the end of the fifth year from the year in which the Company may first receive a MEGA Tax Credit under Section 3.0 and Schedule A of this Agreement, the Company shall repay up to 50 percent, as determined by MEGA, of the total amount of the MEGA Tax Credit received;

(c) If the Relocation occurs within 12 months after the end of the fifth year from the year in which the Company may first receive a MEGA Tax Credit under Section 3.0 and Schedule A of this Agreement, the Company shall repay up to 50 percent, as determined by MEGA, of the total amount of the MEGA Tax Credit received.

This Section shall survive the termination of this Agreement.

10.0 MISCELLANEOUS

(a) *Reporting.* The Company shall provide the MEGA with information regarding its MEGA Tax Credit as the MEGA may reasonably require.

(b) *Assignment of MEGA Tax Credit.* The MEGA Tax Credit described in this Agreement shall not be transferred or assigned provided, however, that in the event of a

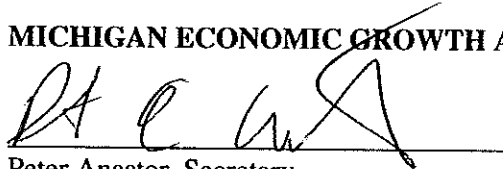
324 Sherman Street
Blissfield, Michigan 49228
ATTN: Dan Young, Vice-President of Business Development
E-mail address: dyoung@biodri.com

(e) *Entire Agreement and Amendment.* Subject to the Act, this Agreement, including the attached Schedules, is the entire agreement between the Parties with respect to the subject matter described herein and supersedes any previous agreements. This Agreement may not be amended without the written consent of the Parties.

(f) *Captions.* The captions in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

(g) *Interpretation.* This Agreement shall be governed by and interpreted in accordance with the laws of the State of Michigan.

MICHIGAN ECONOMIC GROWTH AUTHORITY



Peter Anastor, Secretary

BIODRI MICHIGAN, LLC

BioDri Michigan, LLC
Schedule A

Minimum Employment and Wage Levels to Qualify for the MEGA Tax Credits

<u>Year of Credit</u>	<u>Company's Tax Year Ending December 31</u>	<u>Minimum # of Qualified New Jobs Created/Maintained</u>	<u>Minimum Average Weekly Wage</u>	<u>Minimum Base Employment Level</u>
1	2011*	5		
2	2012	5	\$899	0
3	2013	5	\$899	0
4	2014	5	\$899	0
5	2015	25	\$899	0

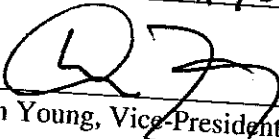
*Should the Company elect to advance the scheduled years of the MEGA Tax Credit, as permitted under Section 3.0(b) of the Agreement, the Company's Tax Year Ending years listed on this table shall be considered advanced, accordingly.

BioDri Michigan, LLC
Schedule B

BioDri Michigan, LLC certifies that:

- 1 It will follow a competitive bid process, open to all Michigan residents and firms, for the construction, rehabilitation, development or renovation of the Facility, and that it will not discriminate against any contractor on the basis of its affiliation or non-affiliation with any collective bargaining organization.
- 2 It will make a good faith effort to employ, if qualified, Michigan residents at the Facility.
- 3 It will make a good faith effort to employ or contract with Michigan residents and firms to construct, rehabilitate, develop, or renovate the Facility.
- 4 It is encouraged to make a good faith effort to utilize Michigan-based suppliers and vendors when purchasing goods and services.

Certified on March 16, 2010



Dan Young, Vice-President of Business Development

Certificate Number
00-610-10

Initial Tax Credit Certificate
BioDri Michigan, LLC

Issued this 18 day of March, 2010, by the

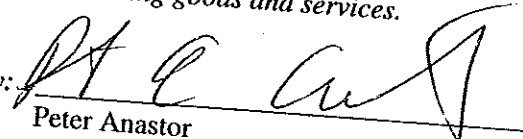
Michigan Economic Growth Authority

To BioDri Michigan, LLC, Employer Identification Number [REDACTED] an Authorized Business pursuant to Public Act 24 of 1995, as amended.

The MEGA authorizes to BioDri Michigan, LLC a MEGA Tax Credit of 200 percent for tax years one through three and a credit of 100 percent for tax years four through five, beginning with the Company's tax year ending on December 31, 2011, under Section 431 of Public Act 36 of 2007.

The Michigan Legislature encourages recipients of MEGA Tax Credits to make a good faith effort to use Michigan-based suppliers and vendors when purchasing goods and services.

By:


Peter Anastor

Secretary to the MEGA Board