

MEGA TAX CREDIT AGREEMENT

The effective date of this Agreement is March 12, 1996 as entered into by and between the Michigan Economic Growth Authority, whose address is P.O. Box 30234, Lansing, Michigan, 48909 (hereafter "the MEGA") and Case Systems Incorporated (hereafter, "the Company"), a New York corporation, whose address is 1930 Stark Road, P.O. Box 2044, Midland, Michigan 48641.

RECITALS

WHEREAS, the MEGA has been created by the Michigan Economic Growth Authority Act, Act No.24 of Public Acts of 1995 (the "Act") with the power to

1. tax credits to businesses involved in manufacturing, mining, research,

WHEREAS, the MEGA and the Company desire to set forth the terms and conditions of the MEGA Tax Credit that the MEGA has authorized to the Company.

NOW, THEREFORE, the parties hereto agree as follows:

1.0 DEFINITIONS

- (a) "Agreement" means this written agreement.
- (b) "Application" means any information submitted to the MEGA in support of the Company's request for a Tax Credit.
- (c) "Anniversary Date" means March 31, 1999.
- (d) "Authority" or "MEGA" means the Michigan Economic Growth
Public Act 24 of 1995.

business as defined in Public Act 24 of 1995 upon execution of this Agreement.

(j) "Facility" means the "Project" or the site within this state at which the Company has committed to creating Qualified New Jobs.

(k) "Full-time Job" means a job performed by an individual who is employed by the Company for consideration for 35 hours or more each week and for which the Company withholds income and social security taxes.

(l) "MEGA Business Activity Credit" or "Business Activity Credit" means a credit against the single business tax authorized by Sec. 37d of Public Act 23 of 1995.

(m) "MEGA Employment Credit" or "Employment Credit" means a credit

against the single business tax authorized by Section 37c of Public Act 23 of 1995.

(r) "Statement of Eligibility" or "Statement" means the certified statement required by Section 4.2 of the Agreement.

2.0 REPRESENTATIONS

2.1 Representations by the MEGA. With respect to the Agreement entered into hereunder, the MEGA makes the following representations and warranties as of the time such Agreement is executed:

(a) The MEGA is a public body established and acting pursuant to the Act.

(b) The MEGA has the necessary power under the Act, to grant MEGA

and has duly taken all action on its part required to authorize, execute and

Company of this Agreement have been duly authorized by all necessary corporate action and will not violate any provision of law or of its articles of incorporation or its bylaws.

(c) Full Disclosure. Neither this Agreement, the Company's Application, nor any written statements furnished by the Company to the MEGA in connection with the authorization of a MEGA tax credit, contain any untrue statement of a material fact or omit a material fact.

(d) Misrepresentation. A misrepresentation in an Application, a Statement of Eligibility or a Certificate Application, may result in the revocation of the Company's designation as an authorized business and the refund of any Tax

received by the Company has received.

at no time will the average wage paid for these Qualified New Jobs be less than 150 percent of the federal minimum wage which shall, from time to time, then be in effect.

The Company believes that the Project is economically sound and affirms that the investment capital and/or financing needed to complete the Project is now committed or will soon be available to the Company. As of March 12, 1996, the Company had not begun construction of the project.

(h) Need for MEGA Tax Credits. The Tax Credits authorized by this Agreement address the competitive disadvantages of locating in Michigan instead of a site outside this State; the Project will not occur in Michigan without the tax credits offered by this Agreement.

(i) Site Reuse. The Company has considered the reuse or redevelopment

- (1) 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 nonaffiliation with any collective bargaining organization;
- (2) Will make a good faith effort to employ, if qualified, Michigan residents at the facility;
- (3) Will make a good faith effort to employ or contract with Michigan residents and firms to construct, rehabilitate, develop, or renovate the facility.

The Employment Credit is authorized for 13 consecutive tax years beginning with the Company's 1999 tax year.

(b) No more than 110 Qualified New Jobs may be used in calculating the Employment Credit as provided in Section 37c(2) of Public Act 23 of 1995.

4.0 Conditions of the MEGA Tax Credits

4.1 The Company shall not be eligible for the Tax Credit provided in Section 3 of this Agreement unless;

(a) The statutory minimum of 75 Qualified New Jobs have been created

Anniversary Date

time. The Statement shall contain the following information, as of the end of the pay period in which at least 75 Qualified New Jobs have been created or as of the end of the pay period in which the Anniversary Date falls:

- (a) The number of Qualified New Jobs.
- (b) The average weekly wage paid to employees performing Qualified New Jobs.
- (c) A certification by an authorized officer of the Company that the information provided in the Statement of Eligibility is true.

4.3 To obtain a Tax Credit Certificate in connection with the tax credits

for any tax year, the Company shall:

excluding the Qualified New Jobs at the Project for which it is seeking a Tax Credit, as of the last day of each of the four quarters in that tax year. The sum of the results for the four quarters, divided by four, is the Base Employment Level for that year.

(e) Make an Application to the MEGA for a Tax Credit Certificate as provided in Section 5 of in this Agreement.

4.4 Information Subject to Audit and Verification

(a) The information provided in an Application is subject to audit and verification, by the Authority or its designee as provided in subsection (d) of this Section.

The information provided in an Application for a MEGA Tax Credit

4.5 Adjustment of Credits

(a) A Tax Credit authorized by the Authority is subject to adjustment in any tax year following the tax year for which a Tax Credit Certificate was issued, if the information on which the tax credit certification was based is found to be incorrect or cannot be verified.

(b) If the Authority determines that an adjustment is warranted pursuant to 4.5 (a), the Authority may adjust the amount of any future Tax Credit due the Company under this Agreement.

5.0 Annual Application for Tax Credit Certificate

Each year that it seeks a Tax Credit under this Agreement, The Company

(b) The number of Qualified New Jobs at the Project as of the end of each of the four quarters in the applicable tax year.

(c) The number of Full-time Jobs, in Michigan, in the Company other than Qualified New Jobs at the Project for which the Company is seeking a Tax Credit, as of the end of each of the four quarters in the applicable tax year.

(d) The total salaries and wages, before deducting any personal or dependency exemptions, paid to employees who performed Qualified New Jobs at the Project during the applicable tax year.

(e) The total salaries and wages, before deducting any personal or dependency exemptions, paid to employees who performed Full-time Jobs in Michigan for the Company other than Qualified New Jobs at the Project for which

(i) A certification by an Authorized Officer of the Company that the information provided in a Certificate Application is true.

5.4 The information in a Certificate Application is subject to audit and verification by the Authority or its designee in accordance with the provisions of Section 4.4(d) of this Agreement.

5.5 Within 60 days of receiving a complete Certificate Application, the MEGA will review that application to determine whether the requirements of this Agreement have been satisfied and, if so, will calculate the credit authorized under this Agreement and issue a Tax Credit Certificate to the Company.

the Company's designation as an authorized business and notify the Michigan Department of Treasury of that revocation.

7.0 **Reporting.** The Company shall provide the MEGA with such information regarding its participation in the Tax Credit Program as the MEGA may reasonably require for so long as this Agreement is effective.

8.0 **MISCELLANEOUS.**

8.1 **Assignment of Credits.** The Tax Credits authorized by this Agreement shall not be transferred or assigned to any other Person provided, however, that in the

Agreement shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein.

8.3 Notices. All notices, certificates, requests or other communications hereunder shall be sufficiently given when delivered, if delivered by registered or certified mail, postage prepaid, return receipt requested, or by messenger or professional courier service, addressed as follows:

If to the MEGA by mail;

Michigan Jobs Commission
PO Box 30234
Lansing, Michigan 48909

Attention: Jim Paquet

Agreement between the Company and the MEGA, with respect to the matters described herein and supersede any and all previous Agreements. This Agreement may not be amended except with the written consent of the Authority and the Company.

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

8.6 Interpretation. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Michigan.

Case Systems Incorporated

Schedule A: Minimum Employment and Wage Levels

to Qualify for the MEGA Tax Credits

<u>Year of Credit</u>	<u>Tax Year</u>	<u>Minimum # of Qualified New Jobs</u>	<u>Minimum Average Weekly Wage</u>	<u>Minimum Base Employment Level to be maintained</u>
1	1999	75	\$444	106
2	2000	75	444	106
3	2001	75	444	106
4	2002	75	444	106
5	2003	75	444	106
6	2004	75	444	106
7	2005	75	444	106
8	2006	75	444	106

Case Systems Incorporated

Schedule B

Case Systems Incorporated 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.

Certificate Number

022 - 00 - 96

Initial Tax Credit Certificate

*Issued this 11th day of May, 1996 by the
(Date Agreement Signed)*

Michigan Economic Growth Authority

*to Case Systems Incorporated, employer identification number, 38-3139894, which
is an Authorized Business pursuant to Public Act 24 of 1995.*

The MEGA authorizes to Case Systems Incorporated an Employment Credit of 50