



**MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**

300 N. WASHINGTON SQ.  
LANSING, MI 48913

CUSTOMER  
ASSISTANCE CENTER  
517 373 9608

WWW.THEMEDC.ORG

June 8, 2010

Mr. Kurt M. Brauer  
Gordon Food Service, Inc.  
420 50<sup>th</sup> Street  
Grand Rapids, Michigan 49501

Dear Mr. Brauer:

This is to inform you that your request for confidentiality with respect to information submitted with your application for the Michigan Economic Growth Authority (MEGA) tax credits has been granted in part and denied in part.

The following information is designated as confidential:

- Project Description, Item 2. Final sentence only
- Project Description, Item 4. Years 2, 3 and 4
- Project Description, Item 5. Paragraphs 2 and 3 only
- Employment History Form
- Project Budget Form, Line Items Only
- Financial Statements
- Cross State Comparison Form

Your request for confidentiality treatment of the following information is denied:

- Project Description, Item 3.
- Project Description, Item 4. Project Timeline and Years 1 and 5
- Project Description, Item 5. Paragraphs 1 and 4
- Estimated Employment Creation Form
- Project Budget Form, Total Project Costs

Confidential treatment for the aforementioned items has been denied because this information must be provided to the MEGA Board so it can make an informed decision on granting MEGA tax credits. Information that has been made public, or will be made public at the MEGA Board meeting, cannot be granted confidentiality.

Sincerely,

Peter Anastor  
Secretary to the MEGA Board

Enclosure

**EXECUTIVE COMMITTEE**

**MATTHEW P. CULLEN**  
Chair  
Rock Ventures

**PHILIP H. POWER**  
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DTE Energy Company

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Growth Corporation

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The Right Place, Inc.

**F. THOMAS LEWAND**  
Bodman LLP

**JEFF METTS**  
Dowding Industries, Inc.

**STANLEY "SKIP" PRUSS**  
Michigan Department of Energy,  
Labor & Economic Growth

**DR. IRVIN D. REID**  
Wayne State University

**SANFORD "SANDY" RING**  
Hino Motors  
Manufacturing U.S.A., Inc.

**MICHAEL B. STAEBLER**  
Pepper Hamilton LLP

**TODD A. WYETT**  
Versa Development, LLC

**Michigan Economic Growth Authority (MEGA)  
Michigan Economic Development Corporation**

**Standard Credits  
Confidentiality Form**

Applicant Entity Legal Name (business entity to receive tax credit)		Applicant Employer Tax Identification Number (EIN)	
Gordon Food Service, Inc.		[REDACTED]	
Address (Street/P.O. Box/City, State and Zip Code)		Applicant Contact	
420 50 <sup>th</sup> Street		Kurt M. Brauer	
Grand Rapids, Michigan 49501		Contact Phone	E Mail Address
		(248)784-5182	kbrauer@wnj.com

**BACKGROUND**

Section 5(3) of the Michigan Economic Growth Authority Act provides that "financial or proprietary information" submitted to the Authority can be exempted from disclosure under the Freedom of Information Act if confidentiality is requested and if the chairperson of the Authority acknowledges such information as confidential.

Confidentiality cannot be granted on information that is public. Any information that will be disclosed at a MEGA Board Meeting becomes part of the public record. Information that is available from other public sources is also not eligible for confidentiality. Note that financial statements of publicly traded companies are not eligible for confidentiality.

To receive confidentiality, the applicant must make a case that release of the specific information will cause **significant competitive harm**. To cause significant competitive harm, the information must be usable by a competing business to gain an advantage over the applicant in the marketplace. For purposes of the MEGA act, "financial or proprietary information" is defined as "information that has not been publicly disseminated or is unavailable from other sources, the release of which might cause the applicant significant competitive harm. Financial or proprietary information does not include a written agreement under this act."

The Authority will review all confidentiality requests. Each potentially confidential item must have its own exhibit, and each exhibit will be reviewed on its own merits. The Authority will notify the applicant of the eligibility determination of each item requested.

**DIRECTIONS**

- Check 'Yes' if you are requesting confidentiality for the application item.
- For each item requested, attach a **separate exhibit** that explains the necessity and justification for your request. The exhibit(s) must explain how or why the release of the specific information on which confidentiality is requested will cause significant competitive harm.

Application Item	Confidentiality Requested?		Attached Exhibit Number
Project Description Item 2. Michigan Property Details	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	1
Project Description Item 3. Project Impact on Michigan Operations	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	1
Project Description Item 4. Project Timeline	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	1
Project Description Item 5. Other Project Considerations	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	2
Estimated Employment Creation Form	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	3
Employment History Form	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	4
Project Budget Form	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	5
Financial Statements Financial statements of publicly traded companies are not eligible for confidentiality	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	n/a
Cross State Comparison Form	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	6

**Gordon Food Service, Inc.**  
**MEGA Standard Credits Confidentiality Form**  
**Exhibit 1**

*Confidential Material:* Project Description Item 2 (Michigan Property Details), Project Description Item 3 (Project Impact on Michigan Operations) and Project Description Item 4 (Project Timeline)

*Justification for Confidentiality of Material:*

The above named items contain highly confidential, proprietary and non-public information, which is not available from other public sources. Release of this confidential information would cause significant harm to Gordon Food Service, Inc., as it would reveal confidential and proprietary information that could be used by GFS' competitors, including but not limited to, 1) GFS' highly confidential plans to lease the proposed facility and restructure its current campus, 2) GFS' highly confidential plans to transfer employees from existing buildings to the proposed facility, 3) the type of machinery and equipment GFS expects to purchase for the proposed facility, 4) the highly confidential project timeline, including the planned operations start date for the facility, and 5) GFS' estimated employee hiring schedule. In the highly competitive food distribution market, release of the above information has the potential to have a significant adverse effect on GFS' ability to operate its business successfully. Further, the premature disclosure of certain of the above information could cause unnecessary confusion amongst GFS employees and/or have a detrimental effect on employee morale.

**Gordon Food Service, Inc.**  
**MEGA Standard Credits Confidentiality Form**  
**Exhibit 2**

*Confidential Material:* Project Description Item 5 (Other Project Considerations)

*Justification for Confidentiality of Material:*

The above named item contains highly confidential, proprietary and non-public information, which is not available from other public sources. Release of this confidential information would cause significant harm to Gordon Food Service, Inc., as it would reveal confidential and proprietary information that could be used by GFS' competitors, including but not limited to the following: 1) GFS' highly confidential plans to lease the proposed facility and restructure its current campus, 2) GFS' highly confidential plans to transfer employees from existing buildings to the proposed facility, 3) GFS' hiring needs if Ontario is the chosen site for this project, and 4) the predicted location of future GFS expansions. In the highly competitive food distribution market, release of the above information has the potential to have a significant adverse effect on GFS' ability to operate its business successfully. Further, the premature disclosure of certain of the above information could cause unnecessary confusion amongst GFS employees and/or have a detrimental effect on employee morale.

**Gordon Food Service, Inc.**  
**MEGA Standard Credits Confidentiality Form**  
**Exhibit 3**

*Confidential Material:* Estimated Employment Creation Form

*Justification for Confidentiality of Material:*

The above named item contains highly confidential, proprietary and non-public information, which is not available from other public sources. Release of this confidential information would cause significant harm to Gordon Food Service, Inc., as it would reveal confidential and proprietary information that could be used by GFS' competitors, including but not limited to the following: 1) GFS' estimated employee hiring schedule, 2) the wages paid by GFS in a highly competitive market environment, 3) the amount of health care paid by GFS in a highly competitive market environment, and 4) the benefits package GFS provides to employees in a highly competitive market environment. In the highly competitive food distribution market, release of the above information has the potential to have a significant adverse effect on GFS' ability to operate its business successfully.

**Gordon Food Service, Inc.**  
**MEGA Standard Credits Confidentiality Form**  
**Exhibit 4**

*Confidential Material:* Employment History Form

*Justification for Confidentiality of Material:*

The above named item contains highly confidential, proprietary and non-public information, which is not available from other public sources. Release of this confidential information would cause significant harm to Gordon Food Service, Inc., as it would reveal confidential and proprietary information that could be used by GFS' competitors, including but not limited to the number of GFS' Michigan employees and their distribution amongst GFS' privately held companies. In the highly competitive food distribution market, release of the above information has the potential to have a significant adverse effect on GFS's ability to operate its business successfully.

Gordon Food Service, Inc.  
MEGA Standard Credits Confidentiality Form  
Exhibit 5

*Confidential Material:* Project Budget Form

*Justification for Confidentiality of Material:*

The above named item contains highly confidential, proprietary and non-public information, which is not available from other public sources. Release of this confidential information would cause significant harm to Gordon Food Service, Inc., as it would reveal confidential and proprietary information that could be used by GFS' competitors, including but not limited to, 1) GFS' estimated annual lease cost, 2) the expected term of GFS' building lease, and 3) the cost of the machinery, equipment, and fixtures GFS intends to purchase for the proposed facility. In the highly competitive food distribution market, release of the above information has the potential to have a significant adverse effect on GFS' ability to operate its business successfully.

**Gordon Food Service, Inc.**  
**MEGA Standard Credits Confidentiality Form**  
**Exhibit 6**

*Confidential Material:* Cross-State Comparison Form

*Justification for Confidentiality of Material:*

The above named item contains highly confidential, proprietary and non-public information, which is not available from other public sources. Release of this confidential information would cause significant harm to Gordon Food Service, Inc., as it would reveal confidential and proprietary information that could be used by GFS' competitors, including but not limited to, the following: 1) GFS' estimated employee hiring schedule for the proposed facility 2) the wages paid by GFS in a highly competitive market environment, 3) the amount of health care and other benefits paid by GFS in a highly competitive market environment, 4) confidential and proprietary information regarding GFS' operating costs, insurance costs, and revenues, 5) confidential information regarding the lease cost of the proposed facility both in Michigan and Ontario, 6) confidential and proprietary information regarding the cost of machinery and equipment GFS would install in the proposed facility, and 7) GFS' estimated relocation and recruitment costs, including the severance cost associated with paying Canadian employees who elect not to transfer to the proposed facility. In the highly competitive food distribution market, release of the above information has the potential to have a significant adverse effect on GFS' ability to operate its business successfully. Further, the premature disclosure of certain of the above information could cause unnecessary confusion amongst GFS employees and/or have a detrimental effect on employee morale.



**Gordon Food Service, Inc.**  
**MEGA Standard Credits Confidentiality Form**  
**Exhibit 7**

*Confidential Material:* Gordon Food Service, Inc. Organization Chart

*Justification for Confidentiality of Material:*

The above named item contains highly confidential, proprietary and non-public information, which is not available from other public sources. Release of this confidential information would cause significant harm to Gordon Food Service, Inc., as it would reveal confidential and proprietary information that could be used by GFS' competitors, including but not limited to the identity of GFS' privately held entities, their ownership structure, and relationship to one another. The above information is not available to the public, and if released, would provide public access to the highly confidential and proprietary structure of GFS' business organization, which could potentially be used by GFS' competitors to cause it significant competitive harm.



August 24, 2010

Jeffrey Maddox, Chief Financial Officer  
Gordon Food Service, Inc.  
420 50th Street  
Grand Rapids, Michigan 49501

Dear Mr. Maddox,

Please find enclosed a fully-executed copy of the Standard MEGA Credit Agreement for your records.

Again, thank you for choosing Gordon Food Service, Inc. If you have any questions, please contact Trevor Friedeberg, MEGA Program Specialist, at 517.335.0577 or via e-mail at [friedebergt@michigan.org](mailto:friedebergt@michigan.org).

Sincerely,

A handwritten signature in cursive script that reads "Beth A. Weickel".

Beth A. Weickel  
Administrative Assistant  
Urban and Community Development

Enclosure

## MEGA TAX CREDIT AGREEMENT: Standard Look Back Credit

### Gordon Food Service, Inc.

This Agreement is between the Michigan Economic Growth Authority (MEGA) and Gordon Food Service, Inc., a Michigan Corporation. As used in this Agreement, the Michigan Economic Growth Authority and Gordon Food Service, Inc. 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 June 15, 2010.

The Parties, therefore, agree as follows:

#### 1.0 DEFINITIONS

(a) "Act" means the Michigan Economic Growth Authority Act, 1995 PA 24, as amended as of the date this MEGA Tax Credit is awarded.

(b) "Affiliated business" means a business that is at least 50% owned and controlled, directly or indirectly, by an Associated Business.

(c) "Agreement" means this written agreement.

(d) "Application" means any information submitted to the MEGA in support of the Company's request for MEGA Tax Credit.

(e) "Average Weekly Wage" means the total Salaries and Wages paid during the applicable Tax Year to employees performing Qualified New Jobs, divided by the number of weeks worked by those employees.

(f) "Associated business" means a business that owns at least 50% of and controls, directly or indirectly, an authorized business.

(g) "Base Employment Level" means the minimum number of Full-time Jobs to be maintained by the Company in Michigan, as specified in Schedule A of this Agreement.

(h) "Business" means a proprietorship, joint venture, partnership, limited liability partnership, trust, business trust, syndicate, association, joint stock company, corporation, cooperative, limited liability company, or any other organization.

(i) "Certificate Application" means the written information submitted each Tax Year in support of the Company's request for a Tax Credit Certificate that complies with Section 7.0 of this Agreement.

(j) "Company" means Gordon Food Service, Inc., with the federal employer identification number [REDACTED]. As of the Effective Date, Company is an authorized business under the Act.

(k) "Effective Date" means August 13, 2010.

(l) "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" do 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.

(m) "Facility" means the Company's location in Michigan identified in Section 2.0(b)(5) at which the Company will create Qualified New Jobs.

(n) "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.

(o) "Look Back Period" means April 16, 2010 to the Effective Date, but no earlier than 60 days before the Agreement is executed.

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

(q) "MEGA Tax Credit" means a credit against the Michigan Business Tax authorized by Section 431 of Public Act 36 of 2007, as amended.

(r) "Person" means an individual or business.

(s) "Project" means the project described in Section 2.0(b)(5) of this Agreement.

(t) "Qualified New Job" means a Full-time Job at the Facility held by a Michigan resident and that:

(1) pays at least 150 percent of the federal minimum wage;

(2) is in excess of the Base Employment Level; and

(3) is created by the Company on or after April 16, 2010 or 60 days before the Agreement is executed.

"Qualified New Job" does not include any job transferred to the Facility from: (i) a Michigan location of a Business that is listed on the Application; or (ii) a Michigan location of a Business that, on or after the date of the Application, acquires or otherwise gains control of the Company, is acquired or controlled by the Company, or comes under common control with the Company.

(u) "Relocation" means the transfer of 51 percent or more of the Qualified New Jobs out of the State of Michigan.

(v) "Salaries and Wages" means wages, tips and other compensation reporting in Box 1 of an employee's W-2 form.

(w) "Subsidiary business" means a business that is directly or indirectly controlled or at least 80% owned by an authorized business.

(x) "Tax Credit Certificate" means the certificate required to be issued by 2007 PA 36, as amended, which states that the Company is an authorized business, the amount of the MEGA Tax Credit authorized for a Tax Year, and the Company's federal employer identification number or Michigan Treasury number.

(y) "Tax Year" means the calendar Tax Year, or the fiscal year ending during the calendar year, upon the basis of which the MEGA credit is computed. Multiple Michigan Business Tax filings in a calendar year do not count as multiple Tax Years.

(z) "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 of 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 actions necessary to authorize, execute and deliver this Agreement.

(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:

(1) *Existence and Power.* The Company validly exists and is in good standing under the laws of the State of Michigan and is qualified to transact business in Michigan.

(2) *Corporate Authority.* The Company's execution, delivery and performance of this Agreement is authorized by all necessary corporate action and will not violate any provisions of law or of the Company's articles of incorporation or bylaws.

(3) *Full Disclosure.* To the best of the Company's knowledge, neither this Agreement nor the Application contain any untrue statement of or omit a material fact.

(4) *Eligibility.* The Company will create Qualified New Jobs in Michigan as generally classified under NAICS code 422410.

(5) *Project Description.* The Company will consolidate its Canadian back office support operations into one location by constructing a facility and create jobs in the city of Wyoming, Kent

County, Michigan. The Company believes that the Project is economically sound and affirms that the investment capital or financing needed to complete the Project is now committed or soon will be available to the Company. As of June 15, 2010, the Project had not begun.

(6) *Job Creation.* The Project will result in the creation of at least 50 Qualified New Jobs, as required under the Act. The Company must also create and maintain a minimum of 150 Qualified New Jobs by the end of the third year of the Tax Credit. Failure to do so will result in the remaining years of credit to be forfeited. The Qualified New Jobs shall pay an Average Weekly Wage of at least \$879 and at no time will the wages paid for each of these Qualified New Jobs be less than 150 percent of the federal minimum wage in effect during the Tax Year in which the MEGA Tax Credit is sought.

(7) *Need for MEGA Tax Credits.* The MEGA Tax Credits authorized by the MEGA address the competitive disadvantages of expanding in Michigan instead of a site outside of Michigan.

(8) *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 100 percent of the Michigan 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 five consecutive Tax Years beginning with the Company's Tax Year ending October 31, 2012 and ending no later than October 31, 2016, except as provided under Section 3.0(b).

(1) No more than 173 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 Tax Years of the Credit.* The Company may elect to begin the MEGA Tax Credit described in Section 3.0(a) in its Tax Year ending October 31, 2011. If the Company elects to advance the MEGA Tax Credit as provided in this Section, the last Tax Year in which the Company may receive the MEGA Tax Credit will be October 31, 2015.

### **4.0 CONDITIONS OF THE MEGA TAX CREDIT**

(a) *Eligibility.* The Company shall not be eligible for the MEGA Tax Credit described in Section 3.0 of this Agreement unless:

(1) The Company creates at least 50 Qualified New Jobs, as required under the Act;

(2) The Company must also create and maintain a minimum of 150 Qualified New Jobs by the end of the third year of the Tax Credit. Failure to do so will result in the remaining years of credit to be forfeited;

(3) The Average Weekly Wage paid to employees performing Qualified New Jobs is at least \$879;

(4) The Company maintained the minimum Base Employment Level provided on Schedule A;

(5) The Company identifies, in a manner satisfactory to the MEGA, the Qualified New Jobs created during the Look Back Period;

(6) The Company pays the administrative fee described in Section 4.0(b);

(7) The Company obtains a Tax Credit Certificate, as provided in Section 5.0;

(8) The City of Wyoming approves a tax abatement for new property related to the Project;  
and

(9) 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 \$8,665 upon 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 Tax Year of the credit, as determined by Section 3.0 and Schedule A, the Company shall determine the number of Qualified New Jobs as of the last day of each of the four quarters of the applicable Tax Year, total the results for the four quarters, and divide the sum by four;

To compute the number of Qualified New Jobs for the first Tax Year of the credit, as determined by Section 3.0 and Schedule A, the Company shall determine the number of Qualified New Jobs as of the last day of each quarter of that Tax Year, beginning with the first quarter in which there are at least 50 Qualified New Jobs, compute the average number of Qualified New Jobs over the remaining quarters for the year;

(b) Pay at least the Average Weekly Wage provided in Section 4.0(a)(2) to employees in Qualified New Jobs.

(c) Pay each employee working in Qualified New Jobs a wage equal to or greater than 150 percent of the federal minimum wage in effect for the applicable Tax Year;

(d) Maintain the Base Employment Level stated on Schedule A. To compute the Base Employment Level in any year, the Company shall determine the Base Employment Level as of the last day of each of the four quarters of the applicable year, total the results for the four quarters, and divide the sum by four;

(e) Include all Salaries and Wages paid to Qualified New Jobs during that Tax Year; and

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

The MEGA will not issue a Tax Credit Certificate if the MEGA, or the Office of the Chief Compliance Officer, determines that the company is not in compliance with the Act, or other laws applicable to the Tax Certificates.

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 Tax Year does not preclude the Company from qualifying for and obtaining a MEGA Tax Credit in any other Tax 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, the Office of the Chief Compliance Officer, 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 Tax Year in which the Company seeks a MEGA Tax Credit under this Agreement, the Company shall complete a Certificate Application.

(b) The Company shall file the Certificate Application with the MEGA at least 90 days prior to the day the Company's Michigan Business Tax return is due to the Michigan Department of Treasury. If the Michigan Department of Treasury grants the Company an extension of the deadline to file its Michigan Business Tax Return for the applicable Tax Year, the Company shall notify the MEGA of the extension and the Certificate Application must be filed with the MEGA at least 90 days prior to the extended deadline.

(c) The form of the Certificate Application shall be as specified by the MEGA. The Certificate Application must contain the following information:

(1) The number of employees in the Base Employment Level as of the end of each of the four quarters in the applicable year;

(2) The number of Qualified New Jobs as of the end of each of the four quarters in the applicable Tax Year;

(3) The number of Full-time Jobs at all of the Company's locations in Michigan, excluding the Qualified New Jobs for which the Company is seeking the MEGA Tax Credit, as of the end of each of the four quarters in the applicable Tax Year;



(4) The total Salaries and Wages paid to and Employer-paid Health Care Benefits provided to employees who performed Qualified New Jobs during the applicable Tax Year by quarter;

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

(6) The total capital investment related to the Project for the applicable Tax Year; and

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

(d) Within 90 days of their receipt of the Certificate Application, the MEGA and the Office of the Chief Compliance Officer 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 Tax 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 Tax 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 Tax Year and one Tax Year of the MEGA Tax Credit is forfeited. The Company, however, will continue to be eligible for the MEGA Tax Credit in any remaining Tax Years of the Term in which the requirements of Section 5.0 are met subject to Section 8.0(a).

(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.

## **8.0 ADJUSTMENT, REDUCTION OR TERMINATION OF CREDITS**

(a) If the Company does not initially satisfy the conditions described in Section 4.0 by October 31, 2014, this Agreement is void, the Company no longer qualifies as an authorized business, and no MEGA Tax Credits are, or will be, authorized under this Agreement.

(b) The Company's failure to comply with any provision of this Agreement, other than as a result of a clerical or technical error which is corrected upon its discovery, may result in revocation of the Company's designation as an authorized business or in the reduction or loss of any MEGA Tax Credits for which a Tax Credit Certificate has not been issued.

(c) A MEGA Tax Credit is subject to adjustment in any Tax Year following the Tax Year in which a Tax Credit Certificate is issued if the MEGA finds that the information on which the Tax Credit Certificate was based was incorrect or cannot be verified.

(d) If the MEGA determines that the Company misrepresented information in order to qualify for, or increase the amount of, a MEGA Tax Credit, the MEGA may revoke the Company's designation as an authorized business and shall notify the Michigan Department of Treasury of the revocation. The State of Michigan may require repayment of any MEGA Tax Credits received by the Company, plus a ten percent penalty, as a result of a misrepresentation.

(e) If the MEGA determines that the Company is not in compliance with the rules, regulations, Court orders, judgments, or any other enforcement action by any Department of the State of Michigan including, but not limited to, the Department of Energy, Labor, and Economic Growth; or the Department

of Natural Resources and Environment, or the Department of Treasury, the MEGA may withhold the Tax Credit Certificate until the issue is resolved or until the MEGA is satisfied that the Company has taken the appropriate steps to resolve the issue.

(f) Prior to taking any adverse action against the Company under this Section, the MEGA shall provide the Company with 30 days' prior written notice of its intended action and the basis for that action. The Company shall have a reasonable opportunity to respond, as identified in the notice, but in no event shall the Company have less than 30 days to submit its response to the MEGA.

## **9.0 REPAYMENT PROVISIONS**

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; and

(c) If the Relocation occurs within 12 months after the end of the fifth 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 merger or a Person acquires all or substantially all of the assets or stock of the Company in Michigan after the Effective Date, the MEGA shall authorize the transfer of the Company's rights under this Agreement to that Person if:

(1) The Person agrees in writing to assume all of the duties and responsibilities of the Company under this Agreement; and

(2) The MEGA determines that the transfer is consistent with and will serve the purposes of the Act.

(c) *Severability.* If any clause, provision, or section of this Agreement is held invalid by any court, the invalidity of that clause, provision, or section shall not affect the remaining clauses, provisions, or sections of this Agreement and this Agreement shall be construed and enforced as if such invalid clause, provision, or section had not been contained in this Agreement.

(d) *Notices.* All notices or other communications provided in connection with this Agreement shall be deemed received when delivered, if delivered by registered or certified mail, postage prepaid, return receipt requested, or by messenger or professional courier service, addressed as follows:

**TO MEGA:** Michigan Economic Development Corporation  
Michigan Economic Growth Authority  
300 North Washington Square  
Lansing, Michigan 48913  
ATTN: MEGA Board Secretary  
E-mail address: [mega-admin@michigan.org](mailto:mega-admin@michigan.org)

**TO Company:** Gordon Food Service, Inc.  
420 50<sup>th</sup> Street  
Grand Rapids, Michigan 49501  
ATTN: Jeffrey Maddox, Chief Financial Officer  
E-mail address: [Jeff.Maddox@gfs.com](mailto:Jeff.Maddox@gfs.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.

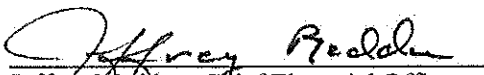
(f) *Captions.* The captions in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

(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

**GORDON FOOD SERVICE, INC.**

  
Jeffrey Maddox, Chief Financial Officer

**Gordon Food Service, Inc.**  
**Schedule A**

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

Year of Credit	Company's Tax Year Ending October 31	Minimum # of Qualified New Jobs Created/Maintained	Minimum Average Weekly Wage	Minimum Base Employment Level
1	2012*	50	\$879	2,120
2	2013	50	\$879	2,120
3	2014	150**	\$879	2,120
4	2015	150	\$879	2,120
5	2016	150	\$879	2,120

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

\*\*The Company must create and maintain 150 Qualified New Jobs by the end of the third Tax Year in order to be eligible to claim credits in the fourth and fifth Tax Years, as specified in Section 4.0(a)(2).

**Gordon Food Service, Inc.  
Schedule B**

Gordon Food Service, Inc. 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 August 12<sup>th</sup>, 2010

  
\_\_\_\_\_  
Jeffrey Maddox, Chief Financial Officer

Certificate Number  
00-647-2010

**Initial Tax Credit Certificate**  
Gordon Food Service, Inc.

Issued this 16 date of August, 2010, by the

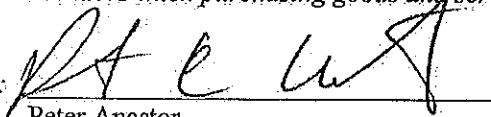
**Michigan Economic Growth Authority**

To Gordon Food Service, Inc., Employer Identification Number [REDACTED] an Authorized Business pursuant to Public Act 24 of 1995, as amended.

The MEGA Authorizes to Gordon Food Service, Inc. a MEGA Tax Credit of 100 percent for five consecutive Tax Years, beginning with the Company's Tax Year ending on October 31, 2012, 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 of the MEGA Board