

## **MEGA TAX CREDIT AGREEMENT: Standard Credit**

### **INTERNATIONAL BANCARD CORPORATION**

This Agreement is between the Michigan Economic Growth Authority and International Bancard Corporation, a Michigan corporation. As used in this Agreement, the Michigan Economic Growth Authority and International Bancard Corporation 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 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 July 15, 2008.

The Parties, therefore, agree as follows:

#### **1.0 DEFINITIONS**

(a) "Act" means the Michigan Economic Growth Authority Act, 1995 PA 24, as amended.

(b) "Agreement" means this written agreement.

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

(d) "Average Weekly Wage" means the total Salaries and Wages paid during the applicable tax year to employees performing Qualified New Jobs, divided by 52, divided by the number of Qualified New Jobs.

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

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

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

(h) "Company" means International Bancard Corporation, whose federal employer identification number is [REDACTED] which is an authorized business as defined in the Act, as of the Effective Date.

(i) "Effective Date" means July 29<sup>th</sup>, 2008.

(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.

(k) "Facility" means the Company's location in Michigan identified in Section 2.0(b)(5) 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 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.

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

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

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

(q) "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 the Effective Date.

"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.

(r) "Relocation" means the transfer of a substantial portion of the Qualified New Jobs out of the State of Michigan.

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

(t) "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.

(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.

(3) *Tax Credit Certificate.* The MEGA will issue the Company's initial Tax Credit Certificate upon execution of this Agreement in the form attached to 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 provision of law or of the Company's articles of incorporation or bylaws.

(3) *Full Disclosure.* Neither this Agreement, the Application, nor any written statements furnished by the Company to the MEGA in connection with the MEGA's authorization of the MEGA Tax Credit 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.

(5) *Project Description.* The Company will locate its new headquarters in the City of Clawson, Oakland 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 July 15, 2008, 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 Qualified New Jobs shall pay an Average Weekly Wage of at least \$575 and at no time will the wages paid for 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 locating in Michigan instead of a site outside this State.

(8) *Site Reuse.* The Company considered the reuse or redevelopment of property previously used for an industrial or commercial purpose and the Company determined that the use of such property is feasible for the Project.

(9) *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. A MEGA Tax Credit equal to 100 percent of the State'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, before deducting any personal or dependent exemptions, of employees performing Qualified New Jobs. The MEGA Tax Credit is authorized for seven consecutive tax years beginning with the Company's tax year ending December 31, 2010 and ending not later than December 31, 2016, except as provided under Section 3.0(b).

(1) No more than 150 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 Jobs is \$250,000.

(b) Advancing the Scheduled 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 December 31, 2009. If the

Company elects to advance the MEGA Tax Credit as provided in this Section, the last year in which the Company may receive the MEGA Tax Credit will be December 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 Average Weekly Wage paid to all employees performing Qualified New Jobs is at least \$575;

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

(4) The Company must create at least 125 jobs on or before the end of its fifth year of operations in Michigan to be eligible to receive a MEGA Tax Credit for the fifth and sixth tax years for which the MEGA Tax Credit is available under this Agreement;

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

(6) The Company obtains a Tax Credit Certificate, as provided in Section 5.0.

(b) *Administrative Fee.* The Company shall pay a one-time administrative fee of \$7,105 upon the submission of its first Certificate Application. The administrative fee is equal to ½ of one percent of the MEGA Cost, as reported in current dollars, in the cost/benefit analysis of the Project, as presented to the MEGA at the time of its authorization of the MEGA Tax Credit, except in no case shall the administrative fee exceed \$100,000.

#### **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 year of the credit, as determined in 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 in 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 year and, 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 of the tax year;

(b) Pay at least the Average Weekly Wage provided in Section 2.0(b)(6) to employees in Qualified New Jobs;

(c) Pay the employees working in Qualified New Jobs an average hourly wage of at least 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 tax year in which a MEGA Tax Credit is sought, the Company shall determine the aggregate number of Full-time Jobs at all of its Michigan locations, excluding the Qualified New Jobs, as of the last day of each of the four quarters of the tax year. The sum of the results for the four quarters, divided by 4, is the Base Employment Level for that tax year; and

(e) Provide a Credit 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. 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, 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.

(b) The Company shall file the Certificate Application with the MEGA at least 45 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 45 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 Base Employment Level;

(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, before deducting any personal or dependency exemptions, paid to employees who performed Qualified New Jobs during the applicable tax year;

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

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

(d) Within 45 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 one 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.

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

(a) If the Company does not satisfy the conditions described in Section 4.0, 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

relocation 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 information on which the Tax Credit Certificate was based is found to be 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 as a result of a misrepresentation.

(e) Prior to taking any adverse action against the Company under this Section, the MEGA shall provide the Company with written notice of its intended action and the basis for that action and a reasonably opportunity to respond.

## **9.0 REPAYMENT PROVISION**

Should a Relocation occur, the following shall apply:

(a) If the Relocation occurs on or before 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 fourth year and on or before the seventh 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 50 percent of the total amount of the MEGA Tax Credit received;

(c) If the Relocation occurs 12 months after the seventh 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 10 percent of the total amount of the MEGA Tax Credit received.

The MEGA, in its sole discretion, may waive or alter these requirements upon the Company's demonstration to the MEGA Board's satisfaction that such action is justified given the circumstances surrounding the Relocation.

This Section shall survive the termination of this Agreement.

## **10.0 MISCELLANEOUS**

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



(e) *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 a Person acquires all or substantially all of the assets 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.

(f) *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.

(g) *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

**TO Company:**


International Bancard Corporation  
909 N. Main Street  
Royal Oak, Michigan 48067  
ATTN: David Iafrate, Chairman & Chief Executive Officer

(h) *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 describe herein and supersedes any previous agreements. This Agreement may not be amended without the written consent of the Parties.

(i) *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.

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

**MICHIGAN ECONOMIC GROWTH AUTHORITY**

  
Peter Anastor, Secretary

**INTERNATIONAL BANCARD CORPORATION**

 July 29th 2008  
David Lafrate, Chairman & Chief Executive Officer

**International Bancard Corporation**  
**Schedule A: Minimum Employment and Wage Levels**  
**to Qualify for the MEGA Tax Credits**

Year of Credit	Company's Tax Year Ending December 31	Minimum # of Qualified New Jobs	Minimum Average Weekly Wage	Minimum Base Employment Level
1	2010*	50	\$575	24
2	2011	50	\$575	24
3	2012	50	\$575	24
4	2013	50	\$575	24
5	2014	50	\$575	24
6	2015	50	\$575	24
7	2016	50	\$575	24

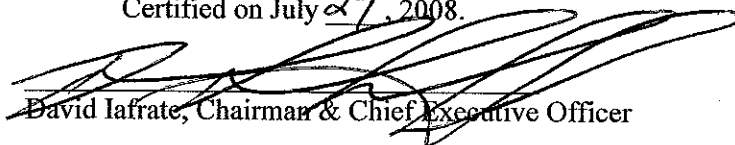
\*Should the Company elect to advance the scheduled years of the MEGA Tax Credit, as permitted under Section 3.0(b) of the Agreement, the Company's Tax Year Ending years listed on this table shall be considered advanced, accordingly.

**International Bancard Corporation**  
**Schedule B**

International Bancard Corporation 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.

Certified on July 29, 2008.

  
David Iafrate, Chairman & Chief Executive Officer

Certificate Number  
00-436-08

**Initial Tax Credit Certificate**  
**International Bancard Corporation**

Issued this 4<sup>th</sup> day of <sup>August</sup>~~July~~, 2008, by the

**Michigan Economic Growth Authority**

To International Bancard Corporation, Employer Identification Number 30-0013860, which is an Authorized Business pursuant to Public Act 24 of 1995, as amended.

The MEGA authorizes to International Bancard Corporation a MEGA Tax Credit of 100 percent for seven consecutive tax years, beginning with the Company's tax year ending on December 31, 2010, 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