

DRAFT

MEGA TAX CREDIT AGREEMENT

Toyota Technical Center, USA, Inc.

This Agreement is made between the Michigan Economic Growth Authority ("MEGA"), whose address is 300 N. Washington Square, Lansing, Michigan 48913 and Toyota Technical Center, USA, Inc. ("Company"), a California corporation, whose address is 1555 Woodridge Avenue, Ann Arbor, Michigan 48105, and whose Employer Identification Number is [REDACTED]

RECITALS

WHEREAS, the MEGA has been created by the Michigan Economic Growth Authority Act, Act No. 24 of Public Acts of 1995, as amended (the "Act"), with the power to provide tax credits to businesses involved in manufacturing, mining, research, development, wholesale, trade and/or office operations, and enterprise.

WHEREAS, the Legislature has determined that it is in the public interest to promote economic growth and to encourage private investment, job creation and job upgrading for the residents of the State of Michigan.

WHEREAS, the MEGA has determined that providing tax credits to the Company for job expansion will promote and serve the intended purposes of and in all respects will conform to the provisions and requirements of the Act.

(i) "Certificate" or "Tax Credit Certificate" means the certificate required to be issued by Public Act 23 of 1995, as amended, which states that the Company is an authorized business, the amount of the Tax Credit authorized for a tax year, and the Company's federal employer identification number or Michigan Treasury number.

(j) "Certificate Application" or "Application for a MEGA Tax Credit Certificate" means the written information submitted each year in support of the Company's request for a Tax Credit Certificate.

(k) "Company" means Toyota Technical Center, USA, Inc., which is an authorized business as defined in the Act, upon execution of this Agreement.

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

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

(n) "Look-back Job" means a means a Full-time Job at the Project, held by a Michigan resident employed by the Company, that is created by the Company after (the date that is 120 days prior to the date of execution of this Agreement) and before (the date of execution of this Agreement), 2005..

(o) "MEGA Business Activity Credit" or "Business Activity Credit" means a credit against the Single Business Tax authorized by Section 37d of Public Act 23 of 1995.

(b) The MEGA has the necessary power under the Act to grant MEGA Tax Credits and has duly taken all action on its part required to authorize, execute and deliver this Agreement. This Agreement, when executed, will be valid, binding and enforceable in accordance with its terms.

(c) The MEGA will issue the Company's Initial Tax Credit Certificate upon execution of this Agreement in the form attached to this Agreement.

2.2 Representations by the Company. With respect to this Agreement, the Company makes the following representations and warranties as of the date of execution of this Agreement:

(a) Existence and Power. The Company is validly existing and is in good standing under the laws of the State of California, and is duly qualified to transact business in Michigan.

(b) Corporate Authority. The execution, delivery and performance by the Company of this Agreement have been duly authorized by all necessary corporate action and will not violate any provision of law, of its articles of organization, or its operating agreement.

(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) Eligibility. The Company will create Qualified New Jobs in this state generally classified under SIC Code 8980.

3.0 MEGA TAX CREDIT

Based upon the Company's Application and the Representations and Warranties made in this Agreement, the Authority has authorized the following tax credits subject to the conditions specified in Section 4.0 of this Agreement.

3.1 Business Activity Credit

(a) A Business Activity Credit of 100 percent of that portion of the Company's Single Business Tax liability that is attributable to the Project. The portion of the tax liability attributable to the Project is the same as the tax liability attributable to authorized business activity as calculated under Section 37d (4) of Public Act 23 of 1995. The Business Activity Credit is authorized for twenty consecutive tax years beginning with the Company's tax year ending March 31, 2010.

(b) (b) No more than 400 Qualified New Jobs may be used in calculating the ratios as provided in Section 37d (4) of Public Act 23 of 1995.

3.2 Employment Credit.

(a) An Employment 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 being sought, multiplied by the total Salaries and Wages, before deducting any personal or dependency exemptions, of employees performing Qualified New Jobs. The Employment Credit is authorized for twenty consecutive tax years beginning with the Company's tax year ending March 31, 2010.

4.2 Statement of Eligibility. Any time after 75 Qualified New Jobs have been created at the Project, but in no case later than 30 days after the Anniversary Date, and in all cases prior to or concurrent with the first application for a Tax Credit Certificate, the Company shall file a Certified Statement of Eligibility in a form as specified by the Authority from time to time. The Statement shall contain the following information:

- (a) The aggregate number of Full-time Jobs at all Michigan locations of the Company, excluding Qualified New Jobs at the Project.
- (b) The number of Qualified New Jobs.
- (c) The number of Look-back Jobs.
- (d) The Average Weekly Wage paid to employees performing Qualified New Jobs.
- (e) A certification by an authorized officer of the Company that the information provided in the Statement of Eligibility is true.

4.3 Tax Credit Certificate. To obtain a Tax Credit Certificate in connection with the tax credits authorized in this Agreement for any tax year, the Company shall:

- (a) Maintain the minimum number of Qualified New Jobs at the Project, as required by Schedule A of this Agreement, for the applicable tax year. In computing the number of Qualified New Jobs at the Project in any tax year except the first year of the credit, the Company shall determine the number of Qualified New Jobs at the Project as of the last day of each of the four quarters

(f) Provided that the Company has initially satisfied the requirements of Section 4.1, failure of the Company to satisfy the requirements of Section 4.3 in any given year does not preclude the Company from qualifying for and obtaining a Tax Credit in any other year authorized by Section 3.1 or 3.2 of this Agreement.

4.4 Audit and Verification. The information provided in the Application, the Application for a MEGA Tax Credit Certificate, and the Statement of Eligibility are subject to audit and verification by the Authority or its designee. Upon reasonable advance notice to the Company by the Authority, the Company shall permit the Authority or its designee, during normal business hours, to inspect the files of the Company solely for the purpose of verifying eligibility for the Tax Credits authorized under, and compliance with, this Agreement. 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.

The Authority or its designee shall use all information received pursuant to inspection of the Company's files solely for the purpose of verifying eligibility for the Tax Credits authorized under this Agreement. The Company may request confidentiality pursuant to Section 5(3) of the Act on financial or proprietary information retained by the Authority in the course of its inspection of the files.

4.5 Administrative Fee. An Administrative Fee of \$100,000 is due and payable upon submission of the Certified Statement of Eligibility required in Section 4.2. The Administrative Fee is one-half of one percent of the MEGA Cost, as reported in current dollars, in the cost/benefit analysis of the Project, as

(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 the Company is seeking a Tax Credit, during the applicable tax year.

(f) The value of the property added at the Project as part of the expansion described in the Project Description, as of the end of the applicable tax year.

(g) The value of all property owned in the state by the Company as of the end of the applicable tax year. For the purposes of subsection (f) and (g) of this section, the value of properties shall be determined by the same method and shall be consistent with the method by which property is valued for purposes of the Michigan Single Business Tax.

(h) Any other information which is reasonably related to determining the applicable Tax Credit.

(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 of this Agreement.

5.5 Within 45 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.

7.0 RECOVERY OF CREDIT FOR JOBS REMOVED FROM THE STATE

As required by MCL 208.37c, if the Company removes from the State fifty-one percent or more of the Look-back Jobs it has created, within three tax years after the first tax year for which the Company claims a Tax Credit, the Company shall repay to the State an amount equal to the total of the Tax Credits it claimed prior to removing those jobs from the State. Notwithstanding the previous sentence, the Company shall not be obligated to repay any amounts to the State under this Section 7.0 so long as the total number of Qualified New Jobs under this Agreement remains greater than 51% of the total number of Look-back Jobs. For purposes of this section "removes from the State" means reducing the number of Qualified New Jobs engaged in research, development, engineering or quality assurance operations related to Company's automotive and industrial products at the Project while contemporaneously expanding or initiating research, development, engineering or quality assurance operations related to its automotive and industrial products at a location outside the State. The Company shall not be eligible for a Tax Credit under any other provision of this Agreement for a tax year for which it is required to repay any Tax Credits pursuant to this Section 7. A Tax Credit required to be repaid pursuant to this section shall be repaid no later than twelve months after the date on which the Company removed from the State an aggregate number of jobs equal to fifty-one percent of the Look-back Jobs it created. No Tax Credit Certificates will be issued pursuant to Section 5.5 of this Agreement until all amounts required to be repaid pursuant to this section, are received by the Michigan Department of Treasury.

If to the MEGA by mail, messenger, or professional courier service:

Michigan Economic Growth Authority
Michigan Economic Development Corp.
300 North Washington Square
Lansing, Michigan 48913
Attention: Jim Paquet

If to the Company:

Toyota Technical Center, USA, Inc.
1555 Woodridge Avenue
Ann Arbor, Michigan 48105
Attention: Senior Tax Administrator

8.5 Entire Agreement and Amendment. Subject to the Act, this Agreement and the Schedules attached to it contain the entire 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.

8.6 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.

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

8.9 Acceptance. The terms of this Agreement are accepted this ____ day of May, 2005.

Michigan Economic Growth Authority

By _____ **DRAFT** _____

Jim Paquet

10	2019	75	\$1,558	TBD
11	2020	75	\$1,558	TBD
12	2021	75	\$1,558	TBD
13	2022	75	\$1,558	TBD
14	2023	75	\$1,558	TBD
15	2024	75	\$1,558	TBD
16	2025	75	\$1,558	TBD
17	2026	75	\$1,558	TBD
18	2027	75	\$1,558	TBD
19	2028	75	\$1,558	TBD
20	2039	75	\$1,558	TBD

* The Base Employment Level is the number of Full-time Jobs in the state on the date that is 120 days prior to the execution of the Agreement

Steelcase Wood Plant LLC

Schedule B

Steelcase Wood Plant LLC certifies that:

1. It will follow a competitive bid process, open to all Michigan residents and firms, for the construction, rehabilitation, development or

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 this ____ day of May, 2005.

By: _____

(Name)

(Title)

Certificate Number

00 - 247 -01

Initial Tax Credit Certificate

Issued this _____ day of August, 2004, by the

Michigan Economic Growth Authority

The MEGA authorizes to Toyota Technical Center, USA, Inc., an Employment Credit of 100 percent for twenty consecutive tax years, beginning with the Company's tax year ending March 31, 2010, under Section 37c of Public Act 23 of 1995.

The MEGA authorizes a Business Activity Credit of 100 percent for twenty consecutive tax years, beginning with the Company's tax year ending March 31, 2010, under Section 37d of Public Act 23 of 1995.

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 _____

Secretary to the MEGA Board