

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-3272.

| To be completed by Clerk of Local Government Unit | |
|---|-----------------------------|
| Signature of Clerk | Date received by Local Unit |
| STC Use Only | |
| Application Number | Date Received by STC |

APPLICANT INFORMATION

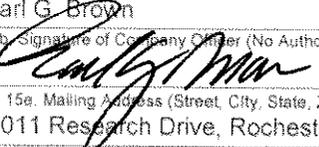
All boxes must be completed.

| | | | |
|--|--------------------|---|---|
| ▶ 1a. Company Name (Applicant must be the occupant/operator of the facility) Rayconnect, Inc. | | ▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 3089 | |
| ▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) Austin Ave., Rochester Hills, MI 48309 (street # TBD) | | ▶ 1d. City/Township/Village (indicate which) City of Rochester Hills | ▶ 1e. County Oakland County |
| ▶ 2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(1)) <input type="checkbox"/> Research and Development (Sec. 2(9)) | | ▶ 3a. School District where facility is located Avondale School District | ▶ 3b. School Code 63070 |
| | | 4. Amount of years requested for exemption (1-12 Years) 12 years after completion of construction | |
| 5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed. See Attached. | | | |
| 6a. Cost of land and building improvements (excluding cost of land) * Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun. | | ▶ \$9,183,600.00 Real Property Costs | |
| 6b. Cost of machinery, equipment, furniture and fixtures * Attach itemized listing with month, day and year of beginning of installation, plus total | | ▶ \$5,351,000.00 Personal Property Costs | |
| 6c. Total Project Costs * Round Costs to Nearest Dollar | | ▶ \$14,534,600.00 Total of Real & Personal Costs | |
| 7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC. | | | |
| | Begin Date (M/D/Y) | End Date (M/D/Y) | |
| Real Property Improvements ▶ | 8/1/08 | 10/1/09 | ▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased |
| Personal Property Improvements ▶ | 1/1/09 | 12/31/10 | ▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased |
| ▶ 8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | |
| ▶ 9. No. of existing jobs at this facility that will be retained as a result of this project. 60 | | ▶ 10. No. of new jobs at this facility expected to create within 2 years of completion 37 | |
| 11. Rehabilitation applications only. Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation. | | | |
| a. TV of Real Property (excluding land) | | _____ | |
| b. TV of Personal Property (excluding inventory) | | _____ | |
| c. Total TV | | _____ | |
| ▶ 12a. Check the type of District the facility is located in: <input checked="" type="checkbox"/> Industrial Development District <input type="checkbox"/> Plant Rehabilitation District | | | |
| ▶ 12b. Date district was established by local government unit (contact local unit) 6/23/08 | | ▶ 12c. Is this application for a speculative building (Sec. 3(8))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

| | | | |
|---|---|---|--|
| 13a. Preparer Name Seema Swetlin | 13b. Telephone Number (216) 328-2162 | 13c. Fax Number (248) 230-4183 | 13d. E-mail Address seema.swetlin@duffandphelps.com |
| 14a. Name of Contact Person Timothy M. O'Neil | 14b. Telephone Number (248) 537-3143 | 14c. Fax Number (248) 537-3243 | 14d. E-mail Address tmo@araymondusa.com |
| ▶ 15a. Name of Company Officer (No Authorized Agents) Earl G. Brown | | | |
| 15b. Signature of Company Officer (No Authorized Agents)  | | 15c. Fax Number (248) 537-3237 | 15d. Date June 4, 2008 |
| ▶ 15a. Mailing Address (Street, City, State, ZIP Code) 3011 Research Drive, Rochester Hills, MI 48309 | | 15f. Telephone Number (248) 537-3137 | 15g. E-mail Address earl.brown@rayconnect.com |

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

| | |
|--|---|
| ▶ 16. Action taken by local government unit <input type="checkbox"/> Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Denied (Include Resolution Denying) | 16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable) |
| 16a. Documents Required to be on file with the Local Unit Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability. | |
| 16c. LUCI Code | 16d. School Code |
| 17. Name of Local Government Body | ▶ 18. Date of Resolution Approving/Denying this Application |

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

| | | |
|--|--------------------|---------------------|
| 19a. Signature of Clerk | 19b. Name of Clerk | 19c. E-mail Address |
| 19d. Clerk's Mailing Address (Street, City, State, ZIP Code) | | |
| 19e. Telephone Number | 19f. Fax Number | |

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

State Tax Commission
Michigan Department of Treasury
P.O. Box 30471
Lansing, MI 48909-7971

(For guaranteed receipt by the STC, it is recommended that applications are sent by certified mail.)

| STC USE ONLY | | | | |
|--------------|-------------------|-----------------------|-----------------|---------------------|
| ▶ LUCI Code | ▶ Begin Date Real | ▶ Begin Date Personal | ▶ End Date Real | ▶ End Date Personal |

Rayconnect, Inc.
Application for Industrial Facilities Exemption Certificate

Response to Question 5: Thoroughly describe the project for which the exemption is sought: Real Property (Type of Improvements to Land, Building, Size of Addition); Personal Property (Explain New, Used, Transferred from Out-of State, etc) and Proposed Use of Facility.

Background

Established in France in 1865, A. Raymond SCS is the French parent company of A. Raymond, Inc. A. Raymond, Inc. was incorporated in the State of Michigan in 1986 and is the parent company of the Applicant, Rayconnect, Inc., which was formed in 2005. In 1987, A. Raymond, Inc., formed a joint venture with an automotive supplier, Molmec, Inc., and started North American fastener manufacturing operations with two employees, at its current location (3091 Research Drive, Rochester Hills). In 1994, A. Raymond, Inc. expanded its facility by doubling its size to accommodate its rapidly growing molding business.

Also in 1994, A. Raymond SCS acquired the 50% partnership interest of Molmec, Inc., bringing the full ownership of the joint venture under the A. Raymond umbrella, and in 1996 further expanded A. Raymond Inc.'s facility. In 1998, A. Raymond, Inc. entered into the quick connector market, selling products manufactured from its group companies in Europe.

In 1999, A. Raymond, Inc. entered into a 10-year lease for a 32,000 sq. ft. facility (3011 Research Drive) next door to its location (3091 Research Drive), and began local production of specialized assembled products including quick connectors. In 2005, A. Raymond, Inc. formed a wholly owned subsidiary, Rayconnect, Inc., which occupied the leased facility (3011 Research Drive), to design, sell and manufacture the quick connect product line.

Rayconnect, Inc. designs, develops, manufactures and sells fluid handling products for the automotive, commercial and construction equipment markets. Since developing this market in the United States (Michigan), in 2001, the sales have increased from \$500,000 to over \$20,000,000 in 2007.

Proposed Use of the Facility

The project involves the construction of a new plastics injection molding and assembly facility in Rochester Hills, Michigan (Oakland County), to accommodate the rapid growth of Rayconnect, Inc. Approximately 18% of the facility will serve as a corporate headquarters. Rayconnect, Inc.'s need for the new facility has been driven by its continued growth of its traditional product range, along with its expansion into new markets with new products.

Real Property

The 64,000 square feet plastics injection molding and assembly facility will be newly constructed on approximately 10 acres of land. The total real property investment is \$9,183,600. Site improvements include an extension of Austin Avenue.

Personal Property

New machinery and equipment, special tooling, test lab equipment and furniture and fixtures will be purchased and installed at this facility. The total new machinery and equipment investment is \$5,351,000. Therefore, the total real and personal property capital investment in this project is \$14,534,600.

Rayconnect, Inc.
Michigan Industrial Facilities Tax Exemption Application
Question 6a - Real Property Listing

| Real Property Improvement Description | Beginning Date of Installation | Costs/Expected Costs |
|---------------------------------------|--------------------------------|----------------------|
| Fees & Insurance | 8/1/2008 | \$ 146,700 |
| Sitework | 8/1/2008 | \$ 663,200 |
| Concrete | 8/1/2008 | \$ 1,061,000 |
| Metals | 8/1/2008 | \$ 877,000 |
| Wood & Plastic | 8/1/2008 | \$ 7,400 |
| Thermal & Moisture Protection | 8/1/2008 | \$ 284,200 |
| Doors and Windows | 8/1/2008 | \$ 68,000 |
| Finishes | 8/1/2008 | \$ 102,800 |
| Specialities | 8/1/2008 | \$ 10,500 |
| Equipment | 8/1/2008 | \$ 13,700 |
| Mechanical | 8/1/2008 | \$ 514,400 |
| Electrical | 8/1/2008 | \$ 490,000 |
| Process Fee | 8/1/2008 | \$ 2,260,000 |
| General Conditions | 8/1/2008 | \$ 307,000 |
| Construction Fee/Risk | 8/1/2008 | \$ 258,000 |
| Construction Management Fee | 8/1/2008 | \$ 282,600 |
| Tenant Fitout Allowance | 8/1/2008 | \$ 384,000 |
| Material Cost Surcharge | 8/1/2008 | \$ 250,000 |
| Subtotal Bldg Construction | | \$ 7,980,500 |
| Other | | |
| Architectural & Engineering Fees | 8/1/2008 | \$ 338,000 |
| Inspecting Engineer | 8/1/2008 | \$ 7,500 |
| Legal Fees | 8/1/2008 | \$ 30,000 |
| Appraisal Fees | 8/1/2008 | \$ 5,000 |
| Real Estate Tax | 8/1/2008 | \$ 3,500 |
| Survey fee | 8/1/2008 | \$ 6,500 |
| Miscellaneous Soft Costs | 8/1/2008 | \$ 11,000 |
| Financing Costs | 8/1/2008 | \$ 73,300 |
| Development Fee/Risk | 8/1/2008 | \$ 325,000 |
| Development Fee | 8/1/2008 | \$ 403,300 |
| Subtotal Other | | \$ 1,203,100 |
| TOTAL REAL PROPERTY | | \$ 9,183,600 |

Rayconnect, Inc.
Michigan Industrial Facilities Tax Exemption Application
Question 6b - Personal Property Listing

| Machinery and Equipment Description | Beginning Date of Installation | Costs/Expected Costs |
|--|-----------------------------------|-------------------------|
| Molds | 1/1/2009 | \$ 300,000 |
| Ancillary Equipment | 1/1/2009 | \$ 100,000 |
| Office Equipment | 3/1/2009 | \$ 100,000 |
| Test Lab Equipment | 3/1/2009 | \$ 500,000 |
| 24 MM QC Molds | 6/1/2009 | \$ 500,000 |
| (2) 165T MM w/aux & peripherals | 6/1/2009 | \$ 216,000 |
| 18.9 Assembly Machine | 6/1/2009 | \$ 1,000,000 |
| Assembly Machines | 7/1/2009 | \$ 1,000,000 |
| Molding Machine | 9/1/2009 | \$ 180,000 |
| Molds | 1/1/2010 | \$ 250,000 |
| Ancillary Equipment | 1/1/2010 | \$ 100,000 |
| Molds Cartridge Body/Pusher | 6/1/2010 | \$ 175,000 |
| Assembly Machine - Cartridge | 6/1/2010 | \$ 300,000 |
| Molds - Metal QC | 7/1/2010 | \$ 150,000 |
| Assembly Machine - Metal QC | 9/1/2010 | \$ 300,000 |
| Molding Machine | 9/1/2010 | \$ 180,000 |
| | | |
| Total | | \$ 5,351,000 |

Letter of Commitment from MEDC abating State Education Taxes

To be submitted upon receipt.

Currently, a copy of the executed Terms Letter from the MEDC is provided.



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

100 N. WASHINGTON SQ
LANSING, MI 48213

CUSTOMER
CONTACT CENTER
517 373 8808

WWW.MICHIGAN.ORG

June 4, 2008

Earl G. Brown
President and CEO
Rayconnect, Inc.
3011 Research Drive
Rochester Hills, Michigan, 48309

Dear Mr. Brown:

It has been a pleasure working with A. Raymond, Inc./Rayconnect, Inc. on your proposed project in the City of Rochester Hills. This letter will outline the terms of the MEGA agreement, which will be taken to the June 17, 2008 MEGA Board meeting for conditional approval.

This incentive offer is contingent upon enactment by the MEGA Board. By countersigning and returning this letter, you are indicating your agreement with and understanding of the terms of this proposed agreement. The MEGA Board will not act on your application for a tax credit until we have received your concurrence with the terms identified below.

The potential MEGA credit offers A. Raymond, Inc./Rayconnect, Inc. a 100 percent employment credit for seven years. The employment credit is calculated utilizing both wages and company paid health care benefits, as defined in the application. Assuming the retention of 148 jobs at the project, the estimated value of this incentive is \$2,979,937.

Based on information provided in your application for a MEGA tax credit, we have determined that the first credit year will be A. Raymond, Inc./Rayconnect, Inc.'s fiscal year ending December 31, 2010. The company must meet all of the following criteria no later than December 31, 2010 in order to activate the MEGA tax credit:

- The company must maintain a minimum of 50 qualified retained full-time jobs.
- These retained jobs must pay a minimum average weekly wage of \$806.00. Each job must pay at least 150% of the federal minimum wage in effect for the tax credit period, and the maximum amount of total salaries and wages that may be used in the credit calculation for any single qualified new job in any single tax year is limited to \$250,000.
- The company must complete the initial capital investment associated with the project. This investment must exceed \$14,800,000 to qualify the company for a 100 percent retention credit for all 148 retained jobs.
- The company must pay the administrative fee for the credit, which is not due until December 31, 2010 or at the time the company files for its first credit, whichever is earlier. The administrative fee is the lesser of \$100,000 or one-half of one percent of the MEGA cost, as reported in current dollars in the cost/benefit analysis of the project. The administrative fee for this project will be \$14,900 based on a current MEGA value of \$2,979,937.

EXECUTIVE COMMITTEE

MATTHEW P. CULLEN
Chair
General Motors

PHILIP H. POWER
Vice-Chair
HDR, Inc.

JAMES C. CECILITO
President & CEO

RICHARD E. BLOUSE JR. CCR
Detroit Regional Chamber

JOHN W. BROWN
Steyler Corporation

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Center for
Automotive Research

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Arab American and
Chaldean Council

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ETE Energy Company

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MICHAEL J. JANDERNOA
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Partners, LLC

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BIRGIT M. KLOBE
The Right Place, Inc.

F. THOMAS LEWAND
Bushman LLP

DR. IRVING D. REID
Wayne State University

MICHAEL B. STAEBLER
Pepper Hamilton LLP

ROBERT W. SWANSON
Michigan Department of Labor
& Economic Growth

DENNIS H. TOFFOLO
Oakland County

PETER S. WALTERS
Guardian Industries Corp.

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Tim Oneil Duff & Phelps, LLC Page 884

Earl G. Brown
Rayconnect, Inc.
Page Two
June 4, 2008

If the MEGA Board approves the proposed credit, their action will be contingent on City of Rochester Hills' approval of the proposed tax abatement. Local approval must be secured within 90 days of the MEGA Board action.

Once the MEGA Board has approved a credit, A. Raymond, Inc./Rayconnect, Inc. will receive a MEGA Tax Credit Agreement, which the company must sign to activate the credit. Once the tax credit has been activated, A. Raymond, Inc./Rayconnect, Inc. is eligible for a tax credit in any given year it meets these job and wage criteria for the length of the credit agreement.

Please be aware that Retention MEGA tax credits are earned based on the retention of qualified jobs. Qualified Jobs are:

- Full-time jobs located at the A. Raymond, Inc./Rayconnect, Inc. sites in Rochester Hills
- Held by Michigan residents employed by the company
- Retained by the company prior to the date of execution of the MEGA Tax Credit Agreement.

Employees hired after the signing of the MEGA Tax Credit Agreement will not be counted towards meeting the 50 full-time retained employees required to activate the credit.

In addition to the MEGA credits offered in this letter, the MEDC is prepared to approve abatement of the 6-mill state education tax for new real property investment the company makes. Based on investment of \$8.9 million and a local tax abatement term of twelve years, we estimate the value of this abatement at \$320,000.

Finally, the MEDC will provide up to \$500 per job for 148 retained jobs and up to \$1,000 per job for 46 new jobs created at the new facility. This training grant could be worth up to \$120,000.

We are pleased to work as partners with A. Raymond, Inc./Rayconnect, Inc. in retaining jobs in Michigan and are glad to provide these incentives to invest in Michigan. Please review these documents and call me at 517-241-0909 with any questions or concerns. If you accept the terms as outlined above, please countersign this letter and fax it to me at 517.241.0559 by June 4, 2008.

Sincerely,

Greg West
Project Specialist
MEDC



Earl G. Brown
President and CEO
Rayconnect, Inc. May 4, 2008

cc:

Letter of Agreement per PA 334 of 1993

To be executed by Rayconnect Inc. and the City of Rochester Hills.

Affidavit of Fees

To be countersigned by the City of Rochester Hills.

**INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
AFFIDAVIT OF FEES**

In accordance with State Tax Commission Bulletin No. 3 dated January 1998, the **City of Rochester Hills** and **Rayconnect, Inc.** do hereby swear and affirm that no payment of any kind, whether they be referred to as "fees," payments in lieu of taxes," "donations," or by other like terms; that such payments are contrary to the legislative intent of Act 198; that exemption certificates have the effect of abating all ad valorem property taxes levied by the **City of Rochester Hills**.

We do swear and affirm by our signatures below that, "no payment of any kind in excess of the fee allowed, by PA Act 198 of 1974, as amended by Public Act 323 of 1996, has been made or promised, in exchange for favorable consideration of an exemption certificate application."

City of Rochester Hills

Signature _____
Printed Name _____
Title _____
Date _____

Rayconnect, Inc.

Signature 
Printed Name EARL G. BROWN
Title PRESIDENT - CEO
Date JUNE 6, 2008

Legal Description of Property and Site Map

See following attachments.

Legal Description Proposed District

1. Parcel #1: 15-29-452-028

Legal:

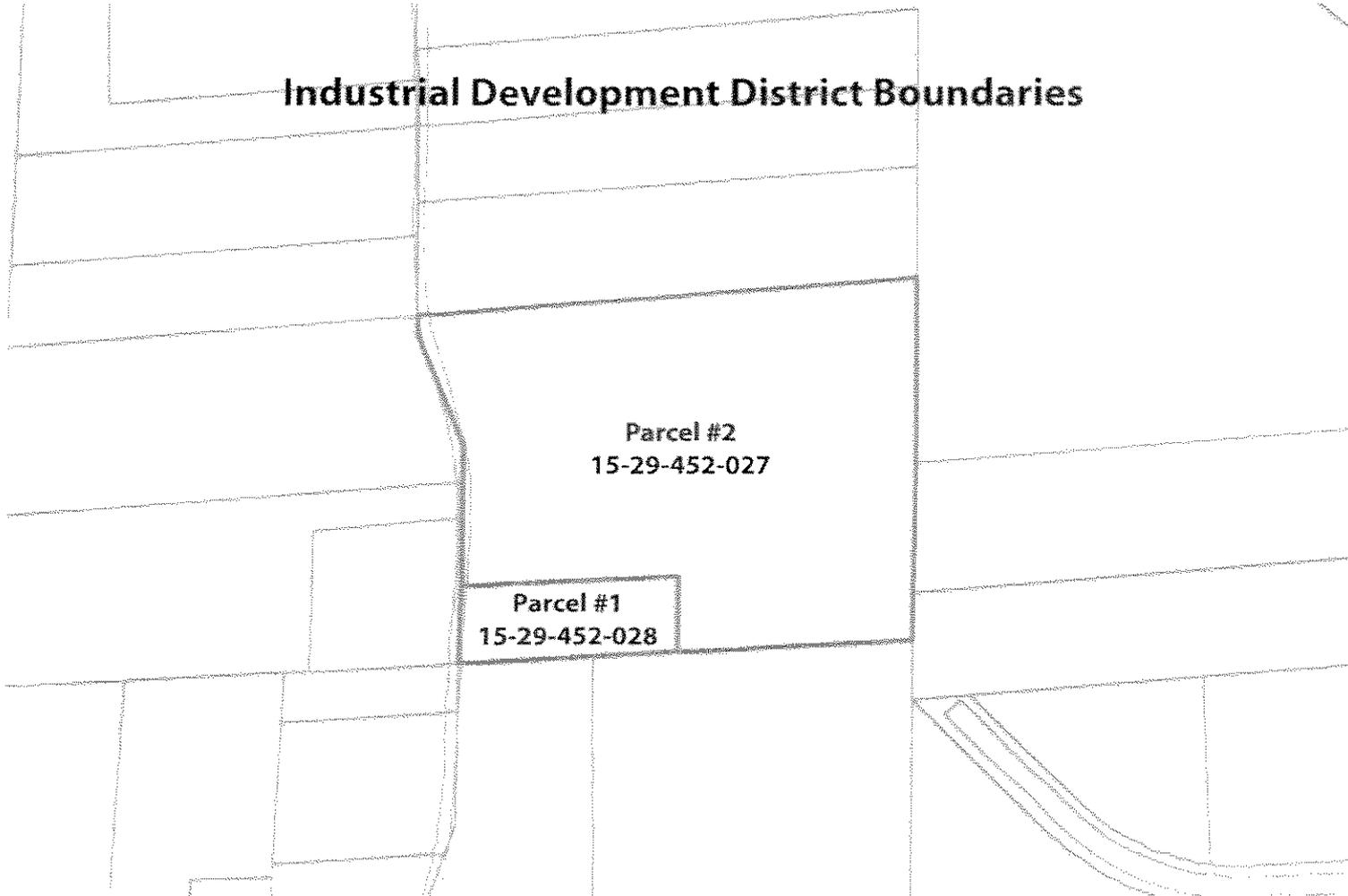
T3N, R11E, SEC 29 SUPERVISOR'S PLAT NO 9 PART OF LOT 1 BEG AT SW LOT COR, TH N 01-01-10 E 125.12 FT, TH N 88-31-00 E 348.61 FT, TH S 00-58-05 W 125.11 FT, TH S 88-31-00 W 348.72 FT TO BEG

2. Parcel #2: 15-29-452-027

Legal:

T3N, R11E, SEC 29 SUPERVISORS'S PLAT NO 9 PART OF LOT 1 & ALL OF LOT 2, ALL BEING DESC AS BEG AT PT DIST N 01-01-10 E 125.12 FT FROM SW COR OF LOT 1, TH N 01-01-10 E 229.55 FT, TH N 19-01-20 W 193.76 FT, TH N 01-04-48 E 28.01 FT TO NE COR OF LOT 1, TH N 87-01-10 E 801.69 FT, TH S 01-35-30 W 588.87 FT, TH S 88-31-00 W 379.46 FT, TH N 00-58-05 E 125.11 FT, TH S 88-31-00 W 348.61 FT TO BEG

Industrial Development District Boundaries



Proof of the Date Construction Commenced

To be submitted by the City of Rochester Hills.
(Copy of the Building Permit)

**Certified Statement or Affidavit as Proof of the Date
Personal Property Installation Commenced**

To be submitted upon Commencement of Personal Property Installation.

**Certified Copy of the Resolution
Establishing the Industrial Development District**

To be submitted by the City of Rochester Hills.

**Certified Copy of the Resolution
Approving the Application**

To be submitted by the City of Rochester Hills.

**Supplement to Treasury Form 1817
Fiscal Statement for Tax Abatement Request**

To be submitted by the City of Rochester Hills.