MEMORANDUM OF UNDERSTANDING

PART I: PARTIES

This Memorandum of Understanding ("MOU") is entered into by and among the City of Tallahassee ("City"), Leon County, Florida ("County"), Leon County Research and Development Authority having its principal place of business at 1736 West Paul Dirac Drive, Tallahassee, Florida 32310 ("LCRDA"), and Danfoss Turbocor Compressors Inc. having its principal place of business at 1850 Trans-Canada, Dorval, Quebec H9P SN4 ("Company"), for the mutual understanding of establishing a corporate headquarters, research, testing, and manufacturing facility located at Parcels 1D,2D,3D of Innovation Park (hereinafter collectively referred to as the "Parties").

PART II: DEFINITIONS

"All Documents" means this Memorandum of Understanding; Quick Action Closing Fund contract; Qualified Targeted Industry program contract; the inter-local government agreement; and the lease between the Company and the Leon County Research and Development Authority.

"Full Time Equivalent Employee ("FTE")" means one person working a total of 30 hours or more per week for 26 weeks or more per year.

"Job" means employment for one FTE.

"Direct Labor" means a job requiring some manual labor and moderate technical knowledge.

"Corporate Headquarters Personnel" means not Direct Labor.

"Comprehensive Benefits" means healthcare benefit plan provided by a company accredited by National Committee for Quality Assurance American Accreditation HealthCare/Commission/URAC or a healthcare benefit plan that utilizes healthcare providers accredited by the Joint Commission on Accreditation of Healthcare Organizations, and the Accreditation Association for Ambulatory, Health Care Community Health Accreditation Program Consumer Coalition for Quality Health Care. The Company shall purchase 75% or more Comprehensive Benefits for each FTE.

"First Year of Operation" means. the period of time beginning 90 days after the commencement of the lease term and ending 365 days later.

"Third Year of Operation" means the period of time beginning two years after the First Year of Operation and ending three years after the First Year of Operation.

"Cessation of Operation" is defined as the Company having fewer than twenty-five FTE's at the facility in Innovation Park.

PART III: PROJECT DESCRIPTION

The Company shall re-locate its corporate headquarters, research, testing, and manufacturing facility to Tallahassee, Leon County, Florida. The Company shall create a minimum 90 jobs by the end of the First Year of Operation and 60 more jobs by the end of the Third Year of Operation in Leon County. The jobs will have an average wage in excess of 150% of the Leon county average salary as defined by Enterprise Florida, Inc. All full time employees will receive Comprehensive Benefits. The Company will forge strategic partnerships with the community that could include entities such as Florida Agricultural and Mechanical University - Florida State University College of Engineering, Tallahassee Community College, Lively Technical Institute, and Leon County Schools. The Company shall hire at least 90% of its Direct Labor from the Tallahassee Metropolitan Statistical Area ("TMSA"). The Company shall hire at least 70% of its new Corporate Headquarters Personnel from the TMSA unless qualified personnel cannot be found within the TMSA.

PART IV: TERMS AND CONDITIONS OF RELOCATION

§3.01 The Quick Action Closing Fund and Qualified Targeted Industry Program

This project is induced by the Qualified Targeted Industry program (QTI) and Quick Action Closing Fund. The Company has applied to the QTI. The City and County commit their full financial support for the local government portion of the QTI program by resolution. The Company 's commitment to come to Tallahassee, Leon County, Florida is contingent up QTI funding and Quick Action Closing program funding.

§3.02 Performance Guarantees

The Company shall provide comprehensive benefits for every FTE. If comprehensive benefits are not provided to all FTEs, the Company shall pay $1,000 per uncovered FTE per year to each the City and County each year of non-compliance. These payments will be made annually at the end of each year of non-compliance. The number of employees and wage averages shall be reported in accordance with the procedures and policies of the Florida Qualified Targeted Industry program laws and rules.

The Company shall provide 90 FTE during any of the first three years of operation, If at least 80 FTE are not provided, then the Company shall pay $1,000.00 to the City and $1,000.00 to the County per each FTE below 80. These payments will be made annually at the end of each year of non-compliance. The number of employees and wage averages shall be reported in accordance with the procedures and policies of the Florida Qualified Targeted Industry program laws and rules.

The Company shall provide 150 FTE during any of the years four through ten of operation, If at least140 FTE are not provided, then the Company shall pay $1,000.00 to the City and $1000.00 to the County per each FTE below 140. These payments will be made annually at the end of each year of non-compliance.

If the Company ceases operation for more than 120 consecutive days during the first five years of operation then the machinery and equipment at the Innovation Park facility may

be sold to reimburse the City and County direct incentive payment.. If the cessation at the Innovation Park location occurs during the first two years of operation the City and County may sell machinery and equipment of the Company to reimburse the governments for the full amount of the direct incentives. For each year of operation three through five the reimbursement of the direct incentive requirement to the County and City will be reduced by $160,000.00 each. After five years of operation no reimbursement of the direct incentive will be required. A natural or man-made disaster that causes a work stoppage does not constitute cessation of operation under this agreement.

§3.03 Direct Incentives.

With in five days of all agreements being executed the City will convey to the Company $233,250.00. With in five days of all agreements being executed the County will pay to the Company $233,250.00.

Within five days of commencement of the lease, the City will pay to the Company $279,125.00. Within five days of commencement of the lease, the County will pay to the Company $279,125.00.

Upon the first anniversary of the signed agreements, the City will pay to the Company $279,125.00. Upon the first anniversary of the signed agreements, the County will pay to the Company $279,125.00.

§3.04 Lease.

The LCRDA and the Company shall execute a lease for the land and building for a term of 20 years. The lease language will contain an option for the Company to buy the building on terms and conditions to be negotiated. The rent will be set forth in the lease. The lease is contingent upon the LCRDA obtaining revenue bond financing. The financial strength of the Company plays an essential role in this financing.

The Company shall pay for the taxes, maintenance, repairs, and improvements to the facility. The Company shall pay common area fees which are paid by all tenants in Innovation Park. Permission to expand the facility must be approved by the LCRDA.

The City commits $813,500.00 towards the construction of buildings leased to the Company. The County commits $813,500.00 toward the construction of buildings leased to the Company.

The LCRDA shall provide $450,000.00 toward the building costs for a new corporate headquarters, research, testing, and manufacturing facility. LCRDA shall provide parcels 1d and 2d with the lease of the building with an option for a lease on parcel 3d to accommodate future expansion.

§3.05 Maintain Location of Project.

The Company agrees to not move or relocate the facility to any location outside Innovation Park, without obtaining the prior written approval of the City and County within the term of this agreement.

Part V: OTHER CONSIDERATIONS AND CONDITIONS

§4.01 Documentation Costs.

None of the costs, including attorney's fees for document preparation or review, will be the responsibility of the Company, except those incurred by the Company for its own counsel and internal corporate review.

§4.02 Severability.

If any provision of this MOU or its application to any person or circumstance is held invalid by any court of competent jurisdiction, such invalidity will not affect other provisions of this MOU.

§4.03 Counterparts.

This MOU may be signed in any number of counterparts, each of which will be an original, but all of which taken together will constitute one agreement.

§4.04 Governing Law and Venue

This MOU shall be governed by; construed according to the laws and regulations of; and subject to the jurisdiction of the State of Florida.

§4.05 Financial Review.

The Parties acknowledge that the Company must demonstrate the financial capacity to satisfy the requirements of an Industrial Revenue Bond under Florida State Law.

§4.06 No Legal Actions.

The Company warrants there are no legal actions, suits, or other proceedings, pending or threatened, before any court or administrative agency, which, if determined adversely to the Company, would have a material adverse effect on the financial condition of the Company.

§4.07 Authorization of Representative Signing for the Benefited Business.

The Company, by and through an officer or other representative accepting this MOU by signing below on the Company's behalf, has entered into this MOU with the full knowledge and authorization of the Company under proper procedures prescribed by the articles of incorporation, bylaws, and other documents applicable to the corporate governance of the company.

ACCEPTANCE PROVISIONS

The Parties acknowledge they have read and understand this MOU and agree to its provisions, and that it will be effective on the date when all parties have signed.

City of Tallahassee

By: _____
Mayor John Marks

11-1-05
(Date)

Leon County Florida

By: _____
Chairman Cliff Thaell

10/26/05
(Date)

APPROVED AS TO FORM
LEON COUNTY ATTORNEY'S OFFICE
Leon County, Florida

By: _____

Leon County Research and Development Authority

By: _____
Thomas Barron, Chairman

(Date)

Danfoss Turbocor Compressors Inc.

By: _____
Joseph S. Orosz, President

10/21/05
(Date)

ATTEST:
Bob Inzer, Clerk of the Court
Leon County, Florida

BY: _____