

PROJECT AGREEMENT

BY

And

Among

THE STATE OF ALABAMA,

The CGI Group Inc., a [State of Incorporation] corporation,

Comment [BM1]: There is not a corpoartion by exactly this name qualified with the Alabama Secretary of State.

SAMPLE ONLY / DRAFT

PROJECT AGREEMENT

THIS PROJECT AGREEMENT (the "Agreement") is made and entered into to by and among the **STATE OF ALABAMA** (the "State") and the CGI Group Inc., a [State of Incorporation] corporation (the "Company"). The Company and State are each a "Party" to this Agreement and are collectively referred to as the "Parties".

RECITALS

WHEREAS, the Company is a provider of systems integration and consulting, application and technology management, and business process services and

WHEREAS, the Company has advised the State that it intends to operate a facility to develop and test software and provide business process operations (the "Facility" or the "Project"), in the City of Troy (the "City"), Pike County (the "County"), Alabama wherein it will employ not less than three hundred (300) Full-Time Employees, and

WHEREAS, in reliance on the Company's representations of the total capital investment by the Company of not less than five million dollars (\$5,000,000), and its promise of creating the above-stated Full-Time Employees, and in consideration of the economic impact, the increased tax revenues, and other benefits to be received by the State and its citizens, the State has committed to make available to the Company certain incentives in the manner and amounts described herein, subject to existing law, as presently interpreted and construed.

NOW, THEREFORE, in consideration for the mutual promises and covenants contained herein and for other valuable consideration, the receipt, adequacy, and sufficiency of which is hereby acknowledged, the parties enter into this Agreement on the following terms and conditions:

1. **Scope of Agreement.** This Agreement fully sets out the complete agreement of

the Parties. This Agreement includes the facts, averments, and representations set out in the Recitals, as well as all exhibits, attachments, or appendices attached hereto or referenced herein, all of which are hereby incorporated by reference.

2. **The Company's Commitments, Representations and Warranties.** In consideration of the State, the County and the City providing the incentives described herein, the Company makes the following commitments:

(a) The Company acknowledges that the citizens of the State, the County, and the City anticipate the prompt receipt of substantial economic benefit to the local and state economies in return for the investment of public money in the Project. Therefore, the Company agrees to diligently prosecute the development of the Project, Commencing Operations at a temporary Facility not later than December 31, 2009 and Commencing Construction of the permanent Facility not later than June 30, 2010. For the purposes of this Agreement, "Commence Operations" or "Commencement of Operations" shall mean that operations at the temporary Facility are achieving the result and accomplishing the purpose described in the Recitals of this Agreement. For the purpose of this Agreement, "Commence Construction" or "Commencement of Construction" means that the Company and the City shall have executed an agreement for the physical work of construction, remodeling and/or the installation of Capital Improvements at the permanent Facility Site and that work is being performed in a timely fashion, using appropriate equipment and manpower to prepare the site and install necessary infrastructure to construct the permanent Facility and there accomplish the objective of the Project.

(b) In furtherance of this Project the Company will have invested in the temporary and permanent Facility from its resources not less than five million dollars (\$5,000,000) (hereinafter the Company's "Capital Commitment") not later than June 30, 2011.

(c) Not later than the December 31, 2011 (the "Initial Jobs Target Date") the

Company shall employ at least one hundred and fifty (150) Full-Time Employees (as that term is defined herein) at the permanent Facility (the “Initial Jobs Target”), with an average annual base wage equal to at least \$31,200 (\$15 per hour), the “Wage Target”.

(d) Not later than December 31, 2012 (the “Final Jobs Target Date”), the Company shall employ a total of at least three hundred (300) Full-Time Employees at the permanent Facility (the “Final Jobs Target”) with an average annual base wage equal to at least the Wage Target. If the Company is unable to meet the Final Jobs Target by the Final Jobs Target Date, the State shall consider any information or explanation submitted by the Company as to why the Company did not meet the Final Jobs Target. If the Company so requests, the State shall consider in good faith whether or not the circumstances justify a postponement of the Final Jobs Target Date. In such event the State may in its sole discretion postpone the Final Jobs Target Date for what it considers a reasonable period of time in light of the circumstances.

Comment [BM2]: The last 2 sentences of 2(d) are something that we have done in the past a few times. However, we have typically not offered it up front. It is ok to use this language but it softens the impact of the deadline.

(e) Furthermore the Company agrees to satisfy the two Job Maintenance Periods requirements associated with the jobs creation as specified below:

Initial Jobs Maintenance Period: Company will maintain the Initial Jobs Target (150 Jobs) at the Wage Target until the earlier of

- i) the date on which the Company reaches the Final Jobs Target
- or
- ii) the fifth anniversary of the date on which the Company reached the Initial Jobs Target.

Final Jobs Maintenance Period: Company will maintain the Final Jobs Target (300 jobs) at the Wage Target for a period of time equal to five (5) years from the date on which the company reached the Initial Jobs Target.

(f) The Company shall give good-faith consideration to Alabama-based contractors and vendors and Alabama residents to provide products and services in developing, constructing, and operating the Project. Contractors and vendors selected by

the Company shall be in good standing, licensed and qualified to do business in Alabama, all in accordance with Alabama law. The Parties acknowledge that selection of contractors and vendors for the Project shall be at the sole discretion of the Company.

(g) The Company shall give good faith consideration for employment at the Project to qualified Alabama residents, subject in all cases to the Company's then usual and customary hiring policies, and applicable immigration laws.

(h) The Company shall provide adequate funding to complete the developing and/or constructing the Facility, and conducting the Company's business there is irrevocably committed to the Project by the Company's management.

(i) The Company is in good standing, licensed, and qualified to do business in Alabama, all in accordance with Alabama law, and shall remain licensed, qualified, in good standing, and in compliance with all Alabama laws applicable to its operations at all times that it is in business in the State of Alabama.

(j) The Company shall satisfy its obligations under any agreement with local government and/or private economic development organizations that relate to the Project.

(k) The Company is not prohibited from consummating the transaction contemplated in this Agreement by any law, regulation, agreement, instrument, restriction, order, or judgment.

(l) The Company has the legal power and authority to enter into this Agreement and to make the respective commitments made in this Agreement. To the extent that either (i) any authorization, approval, resolution or consent of the Company's board of directors, officers, managers, trustees or any other persons is required under either the Company's organizational and/or governing documents or otherwise is

required by law and (ii) any authorization, approval or consent of any governmental authority, body, or agency or third party is required for it to have entered into this Agreement and make the commitments contained in this Agreement, that such authorizations, approvals, and consents have been duly obtained in accordance with applicable law and procedures. Documentation of the foregoing authority and action shall be provided by the Company upon receipt of a request by the State. The State reserves the right to require an opinion of the Company's legal counsel, accountant or other representatives as to the matters described herein.

3. The State's Commitments. In consideration of the Company locating the Project at the Project Site, conducting the business operations at the Facility as described in the Recitals to this Agreement, performing the other obligations of the Company as set out hereunder and the economic benefit to the State and local community to be realized from that operation, the State makes the following commitments to the Company:

(a) The State will provide up to One Million US Dollars (\$1,000,000.00) to reimburse the Company for capital expenses incurred in developing the Facility (the "Permitted Use"). Provided that the Company has satisfied all conditions precedent to payment and is not otherwise in default under this Agreement, the State shall make payments to the Company in two equal installments of Five Hundred Thousand US Dollars (\$500,000.00) as follows: If the Company meets the Initial Jobs Target on or before the Initial Jobs Target Date, the State shall pay the Company the first installment payment of Five Hundred Thousand US Dollars (\$500,000.00) (the "First Installment") within a reasonable time of the date that the Company certifies to the State that it has met the Initial Jobs Target and that the Company is not otherwise in default under this Agreement. If the Company meets the Final Jobs Target on or before the Final Jobs Target Date, the State shall pay the Company the second installment payment of Five Hundred Thousand US Dollars (\$500,000.00) (the "Second Installment") within a reasonable time after the date that the Company certifies in a form reasonably satisfactory to the State that it has met the Final Jobs Target, provided that the Company

has satisfied the requirement for the Initial Jobs Maintenance Period and is not otherwise in default under this Agreement.

(b) The State through AIDT shall perform those activities as set out in Exhibit B hereto, subject to the conditions and on the terms set out therein.

Comment [BM3]: Remember to get AIDT commitment and attach.

(c) The State through the Governor's Office of Workforce Development shall perform those activities as set out in Exhibit C hereto, subject to the conditions and on the terms set out therein.

Comment [BM4]: Remember to attach Exhibit.

(d) The State through the Alabama Department of Transportation will work with the City to secure funding from the Alabama Industrial Access Road and Bridge Corporation as set out in Exhibit D hereto.

Comment [BM5]: Remember to attach Exhibit

4. Recapture of State Incentives. The Company acknowledges that the incentives offered by the State are based in part, on the estimated economic impact that will be realized from the Company's capital investment and additional payroll, and that those incentives are justified only if the Company fulfills its commitments as described herein. In consideration thereof, the Company agrees to the following provisions for recapture by the State of cash incentives that it has paid to or for the benefit of the Company.

(a) Should the Company achieve the Initial Jobs Target and then receive the First Installment from the State, but not achieve the Final Jobs Target by the Final Jobs Target Date the Company shall not receive the Second Installment from the State and

(b) If the Monthly Average (as defined in Section 19) for Full Time Employees for the period beginning on the date of achievement of the Initial Jobs Target, but not later than December 31, 2011, and ending the earlier of five calendar years thereafter or the date of achievement of the Final Jobs Target (the "Initial Jobs Maintenance Period") is less than 150, the Company shall refund to the State of Alabama three thousand three

hundred thirty-three dollars (\$3,333) for each Full-time Employee or fraction thereof by which said Monthly average is less than 150.

(c) Should the Company achieve the Initial Jobs Target and Final Jobs Target and have received both the First Installment and Second Installment from the State, and if the cumulative Monthly Average (as defined in Section 19) for Full Time Employees for any year of the period beginning on the date of achievement of the Final Jobs Target, but not later than December 31, 2012, and ending five (5) years from the date on which the company reached the Initial Jobs Target (the "Final Jobs Maintenance Period") is less than 300, the Company shall refund to the State of Alabama three thousand three hundred thirty-three dollars (\$3,333) for each Full-time Employee or fraction thereof by which said cumulative Monthly Average is less than 300.

(d) Not later than sixty days following each year of any Jobs Maintenance Period, the Company shall furnish to the Debt Maintenance Division of the Department of Finance each a Certificate of Compliance, certified as to the accuracy of the facts stated therein by an executive officer of the Company, certifying that the Company has, or has not, met its obligations. The State may require the Company to provide such other documentation which the State deems necessary to confirm the Company's certification. Any payment due to the State under the provisions of this section shall be paid with the Certificate of Compliance.

(e) The maximum recapture amount under this section shall be the amount of the State's actual payments to the Company in satisfaction of its obligations hereunder. Further, the amount of any recapture payment for any year shall be reduced by the amount, if any, of any recapture payments made by the Company to the State for any prior year(s).

(f) The right of the State to recapture incentives shall survive the termination of this Agreement.

(g) For purposes of this Agreement a year of any Jobs Maintenance Period shall be any twelve month period during the Jobs Maintenance Period beginning on either the first day of the Initial Jobs Maintenance Period or any of the first four (4) anniversaries thereof and ending on the immediately following anniversary thereof. If such a year falls partly in the Initial Jobs Maintenance Period and partly in the Final Jobs Maintenance Period, the Monthly Average for the portion of the year occurring prior to meeting the Final Jobs Target shall equal at least 150 and the Monthly Average for the portion of the year beginning on the date when the Final Jobs Target was achieved.

Comment [BM6]: Consider adding this sentence since one of the years could fall partly in the Initial Jobs Maintenance Period and partly in the Final Jobs Maintenance Period.

5. Disbursements of the State's Contribution to the Project. All reimbursements by the State to the Company on account of the Project shall be made only in accordance with the following procedure:

(a) Satisfaction of Conditions Precedent. Payment of the State's contribution to the cost of Capital Improvements shall be by reimbursement to the Company. It shall be the responsibility of the Company to provide to the Debt Management Division of the Alabama Department of Finance, at the address stated in the section of this Agreement governing the giving of notices, satisfactory evidence that all of the conditions precedent to such payment as established by the terms of this Agreement or by law have been satisfied.

(b) Request for Reimbursement by the Company. To request reimbursement for costs incurred for Capital Improvements, the Company shall submit to the Debt Management Division of the Alabama Department of Finance a "Request for Payment" using the form which is Exhibit A to this Agreement. This Request shall be accompanied by supporting documentation which demonstrates to the satisfaction of the State that the expenditures for which reimbursement is sought were incurred only for Capital Improvements and satisfies the additional requirements of this Item.

(c) Certificate of Compliance. Each Request For Payment shall be accompanied by a Certificate of Compliance, certified as to the accuracy of the facts stated therein by an executive officer of the Company, certifying that the Company did achieve the Jobs Target related to such Request for Payment as of the relevant Jobs Target Date and that the Company has satisfied all of its other commitments and obligations hereunder. The State may require the Company to provide such other documentation that the State deems necessary to confirm the Company's certifications.

(d) Additional Requirements. In addition to the requirements of subsections (a) and (b) of this item, the Company must provide to the Debt Management Division of the Alabama Department of Finance the following documents or information:

(i) if the request is for reimbursement of costs for Capital Improvements, there must be provided a certificate of the Facility Architect, Engineer, or other person or persons acceptable to the State, certifying that the work, materials, or labor for which Company is requesting reimbursement have been incorporated into, or installed at, the Facility; that they conform to the plans and specifications for the Facility or are items which the Company has previously identified to the State as being necessary Capital Improvements to the Facility; or are another reimbursable expense;

(ii) a release by any third party, including a contractor, supplier, or any other entity that may be specified by the State, of claims against the State, claims against any entity specified by the State to be the subject of the release, and/or any liens filed against the Facility or the real estate on which it is located;

(iii) all approvals that might be required by statute or regulation before the Facility can be occupied and operations commenced and continued, including, by way of example and not for limitation, a Certificate of Occupancy, permits, and licenses; and

(iv) such other documentation as is deemed necessary by the State to establish that the reimbursement will be for costs incurred for the Permitted Use and will conform to the requirements of applicable law.

9. **Grounds for Termination of the Obligations of the State.** The obligations of the State hereunder shall terminate upon the occurrence of any of the following events:

(a) Failure of the Company to achieve the Initial Jobs Target by the Initial Jobs Target Date or the Final Jobs Target by the Final Jobs Target Date or to maintain the Initial Jobs Target and the Final Jobs Target as required by the terms of this Agreement.

(b) Failure of the Company to file any Certificate of Compliance that is required by the terms of this Agreement.

(c) The determination by the State that any representations made by the Company or its agents to induce the State, or any agency or subdivision thereof, to offer incentives to the Company are not true in any respect.

(d) Failure of the Company to Commence Construction at the permanent Facility by the date specified in the Company's Commitments, Representations and Warranties.

(e) Failure of the Company to Commence Operations at the temporary Facility by the date specified in the Company's Commitments, Representations and Warranties or to meet its Capital Commitment by that date. However, if an Act of God or other event that is not reasonably foreseeable by the Company causes a delay in Commencing Construction or Commencing Operations, this deadline shall be extended for a period of time equal to the number of days such Act of God or event causes the delay, but in no event shall the deadline be extended beyond twenty four (24) months from the Effective

Date of this Agreement.

(f) Failure of the Company to meet any other commitment or satisfy any other of its obligations that relate to the Project described herein or to a local government relating in any way to such Project.

10. Costs and Expenses. Each Party agrees to pay its own costs and expenses incurred in connection with the proposals, responses, and negotiation of the transactions contemplated herein, including all costs and expenses incurred in connection with the preparation of any studies or reports, surveys, or approvals for this Agreement or otherwise.

11. Assignment. This Agreement is not assignable, except that the Company shall have the right at any time to assign all its rights and obligations in and to the Project and to transfer this Agreement or any part thereof to any affiliate of the Company that agrees to assume assigned obligations of the Company in and to the Project; and if so assigned, the Company shall continue to be responsible for the performance of the obligations of the Company under this Agreement unless specifically excused there from by the State to be expressed in writing and signed by an authorized representative of each of the State.

12. Further Assurances. The Parties agree to do all things and take all actions required, consistent with this Agreement, to assist and enable the Company to establish the Facility during expansion thereof and on an ongoing basis thereafter, including without limitation, the obtaining, negotiation, execution, and delivery of all necessary or desirable agreements, filings, consents, authorizations, approvals, licenses, or deeds.

13. Section Titles and Headings. The section titles and headings are for convenience only and do not define, modify, or limit any of the terms and provisions hereof.

14. Survival of Representations and Warranties. The representations, warranties, and covenants made by each of the Parties hereto and contained herein shall survive the

performance of any obligations to which such representations, warranties, and covenants relate.

15. Binding Effect. This Agreement and all terms, provisions, and obligations set forth herein and therein shall be binding upon and shall inure to the benefit of the Company and its successors and assigns and shall be binding upon and shall inure to the benefit of each of the Parties and their respective successors and assigns. In addition, each Party agrees (a) to take all actions, without exception, which are necessary and appropriate at any time to assure the binding effect, legality, and enforceability of their respective obligations hereunder, and (b) not to take any action which would affect adversely in any way whatsoever the binding effect, legality, and enforceability of their respective obligations hereunder.

16. Waivers. Waiver of any of the obligations of any Party under this Agreement shall be effective only when stated in writing and signed by the waiving Party. No delay or omission to exercise any right or power by any Party shall be construed to be a waiver. In the event any provision is waived by a Party, such waiver shall not be deemed to waive any other provision. To the extent that any Party's performance is subject to any regulatory or governing body approvals or requires approval by qualified electors under applicable law, that Party or those Parties shall have no obligation to perform and shall not be liable for non-performance, unless and until such regulatory or governing body approves or authorizes such performance, or such approval of the qualified electors is obtained; provided, however, all Parties affected shall use their best reasonable efforts to secure such approval or authorization.

17. Time is of the Essence. The Parties acknowledge and agree that time is of the essence in the performance of their respective duties under this Agreement.

18. Notices. All notices required by, or arising out of, or related to this Agreement shall be sent by United States Mail, first class postage affixed, addressed to the receiving Party as described below:

To the State of Alabama:

Honorable Bob Riley, Governor
State Capitol
600 Dexter Avenue
Montgomery, Alabama 36104

With a copy to:

Mr. Bill Newton, Acting Finance Director
State Capitol; Room N-105
600 Dexter Avenue
Montgomery, Alabama 36104

And a copy to:

Debt Management Division
Alabama Department of Finance
100 North Union Street; Suite 224
Montgomery, Alabama 36104

To CGI Group Inc.:

Donna Morea
President, U.S. Operations
12601 Fair Lakes Circle
Fairfax, VA 22033

With a copy to:

or to such other address as the receiving Party shall have most recently forwarded to the sending Party pursuant to the provisions of this Section.

19. Definitions. For the purposes of this Agreement, the following terms shall have the meanings set out in this Section:

“Capital Improvements” shall include both (a) the construction and remodeling of the Facility and (b) the purchase and installation or location in the Facility of furniture, fixtures, trade fixtures, equipment, computer hardware, computer software and modular office dividers.

“Effective Date” means the date upon which this Agreement is signed by the Governor of the State of Alabama.

“Full-Time Employee” shall mean a person (a) who is being paid directly by the Company a wage at least equal to the Wage Target for working at the Facility for not less than thirty-six (36) hours per work week, excluding executive managers and any and all personnel whose workday is not fully dedicated to the Facility and (b) who the Company identifies as its employee to the U.S. Internal Revenue Service or the Alabama Department of Revenue or the Alabama Department of Industrial Relations on returns or reports filed with the foregoing, including but not limited to, IRS Form 941 as employed at the Facility and (c) who is eligible to participate under such benefit plans as are generally applicable to employees holding positions of like kind and character within either the company or other members of its control group within the United States of America.

“Jobs Maintenance Period” shall mean either the Initial Jobs Maintenance Period or Final Jobs Maintenance Period.

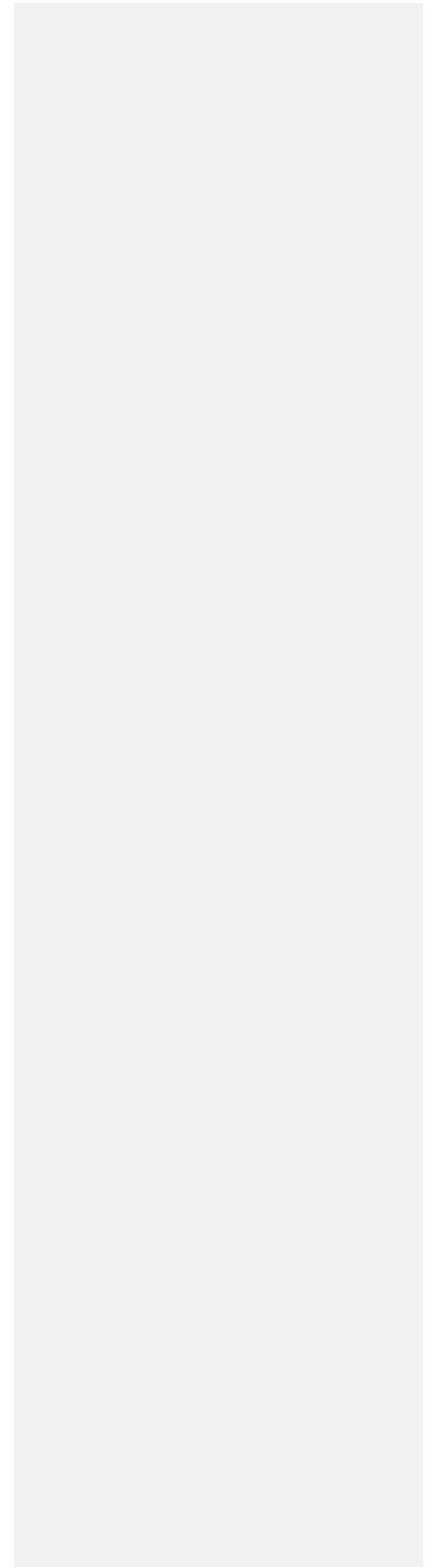
“Monthly Average” shall be calculated on an annual basis for each year within the applicable Job Maintenance Period. The Monthly Average shall be calculated by taking the Total Number of Full Time employees working at the facility at the end of each month in that period divided by twelve (12).

20. Indemnification. The Company shall release, save, hold harmless, and indemnify the State and its elected officials, officers, employees, and agents (collectively, the “Indemnified Parties”) from and against any and all claims arising from or in connection with this Agreement or the Project (except for those claims arising out of the gross negligence of intentional misconduct of one or more of the Indemnified Parties), arising from the Company’s breach or default in the performance of any obligation herein, or arising from or in connection with any activity of the Company or any of the Company’s agents, contractors, or employees in connection with the Project, and from and against all costs, attorney fees, expenses, and liabilities incurred in the defense of any such claim or any action against the Indemnified Parties, or any of them individually, by reason of any such claim, and the Company, upon notice from the State shall defend the same at the Company’s expense by counsel satisfactory to the Indemnified Parties. The foregoing indemnity obligation shall include, but is not limited to, indemnification of the Indemnified Parties against any claim for payment brought by any contractor, subcontractor, materialman, supplier, laborer, design professional, or the like in connection with work, labor, and/or materials supplied in connection with the improvements of the Project. The foregoing indemnity obligation shall survive the expiration or earlier termination of this Agreement.

21. Entire Agreement; Amendment. This Agreement is the entire agreement and supersedes all prior and collateral communications and agreements of the Parties relating to the subject matter. This Agreement may be amended only by a written modification executed by each of the Parties’ duly authorized representatives.

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WHEREFORE, the Parties hereto, intending to be legally bound by the provisions herein setout, have caused this Agreement to be signed and delivered by their duly authorized representatives.

STATE OF ALABAMA

Bob Riley, Governor

DATE

Signature page to Project Agreement By and Among the State of Alabama and CGI Group Inc.

CGI Group Inc.

By: _____

Donna Morea

Its: President

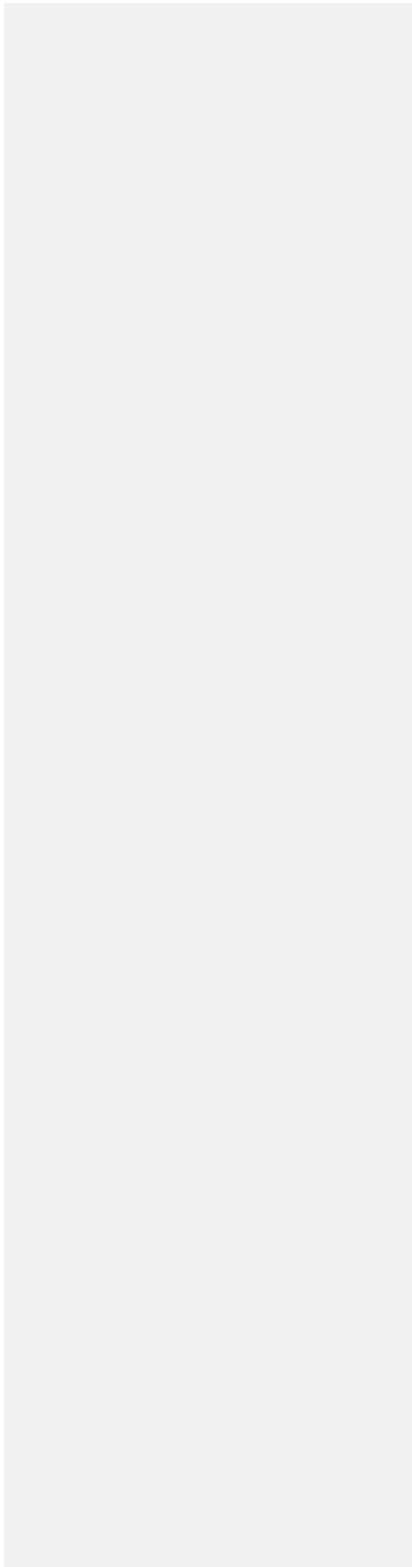
Date: _____

ATTEST: _____

[Name]

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Signature page to Project Agreement By and Among the State of Alabama and CGI Group Inc.



**EXHIBIT A
TO PROJECT AGREEMENT BY AND AMONG
THE STATE OF ALABAMA,
THE [COMPANY NAME]
REQUEST FOR PAYMENT NO. _____**

DATE: _____

TO: DEBT MANAGEMENT DIVISION
ALABAMA DEPARTMENT OF FINANCE
100 NORTH UNION STREET; SUITE 224
MONTGOMERY, AL 36130-2617

FROM RECIPIENT: _____

RE: PROJECT _____

PROJECT AGREEMENT DATED: _____

AMOUNT REQUESTED: \$ _____

Pursuant to the Project Agreement for this Project, Recipient hereby requests payment in the amount specified above. Recipient certifies that all conditions for payment under the terms of the Project Agreement have been satisfied and that the expenditures for which reimbursement is being requested qualify for reimbursement under the Project Agreement and that each has been paid.

Submitted with this Request for Payment are invoices or other evidence of documentation of these expenses and the payment thereof.

CGI Group Inc.

By: _____
Its: Authorized Representative