



CITY OF NOVI CITY COUNCIL
SEPTEMBER 12, 2022

SUBJECT: Approval of Resolution Approving Application of Harman Becker Automotive Systems, Inc. for an Industrial Facilities Tax Exemption Certificate Extension.

SUBMITTING DEPARTMENT: Economic Development

BACKGROUND INFORMATION:

Harman Becker Automotive Systems, Inc. is requesting a four year tax abatement extension per the terms of the original October 6, 2014 agreement between Harman and the City of Novi. In their original tax abatement request Harman did note that they would ask for an additional four years to the 8-year abatement that was granted. The original planned investment for the project was for \$32.8 million, 800 full time employees, and approximately 150 new positions. To date the investment has reached \$62 million, with 848 employees on staff. Harman has 90 open positions waiting to be filled, to bring the total head count to 938 full time employees.

There is an additional Harman facility on 28845 Cabot Drive with 28 employees. Harman completed a \$500,000 new investment at this site and has signed a long term lease through June of 2029.

Harman is asking the City to grant it a real and personal property tax abatement under PA 198 for the property at 30001 Cabot Drive. The extension of the original abatement would cover the property taxes on the facility and personal property taxes.

RECOMMENDED ACTION: Approval of Resolution Approving Application of Harman Becker Automotive Systems, Inc. for an Industrial Facilities Tax Exemption Certificate Extension.

HARMAN

400 Atlantic Street, 15th Floor
Stamford, CT 06901 USA
☎ +1.888.888.8888
📠 +1.888.888.8888



1 September 2022

Mr. Mike McCready
Director of Economic Development
City of Novi
45175 Ten Mile Road
Novi, MI 48375 USA

Dear Mr. McCready,

Per my prior correspondence with Victor Cardenas and the phone call you and I had Harman Becker Automotive Systems, Inc. is requesting a four year tax abatement extension per the terms of the original October 6, 2014 agreement between Harman and the City of Novi.

Included with this request is a document summarizing the planned investment and headcount in our original abatement application versus our actual investment and headcount. While the planned investment in the original application was \$32.8 million our actual investment during the build phase was \$39.0 million and we have invested another \$23.8 million in the 30001 Cabot site since the initial build phase (2016 thru 2021). Our original headcount goal was to reach 950 employees and we far exceeded that number in 2018 and 2019, but business conditions created by COVID and industry wide chip shortages resulted in our headcount dropping below that number in 2020 and 2021. In 2022 we have increased headcount again and as of June we had 848 employees plus 90 open positions we are trying to fill that will bring our total headcount back to 938. As business conditions improve we expect our headcount to return to pre-COVID levels.

In addition to our activities at 30001 Cabot Drive, you should know that we have also been investing in and increasing our commitment to our site at 28845 Cabot Drive, Novi. Our prior lease at 28845 Cabot was set to expire January 31, 2021, but in July 2019 we extended the lease by 8 years and 5 months through June 2029. At that time and since we have invested \$0.5 million to create state of the art car labs and a marketing showcase center. Since we extended our lease our headcount at that site has increased from 5 to 28.

Thank you for your help with this abatement extension request and please let me know if there is any other information you need.

Sincerely,

A handwritten signature in black ink, appearing to read "Chester Simon". The signature is stylized and written in a cursive-like font.

Chester Simon
Vice President, Global Real Estate
Harman International, Inc.

30001 Cabot Drive Investments

	<u>Application</u> <u>Investment (thru</u> <u>2015)</u>	<u>Actual</u> <u>Investment</u> <u>(thru 2015)</u>	<u>Additional</u> <u>Investment</u> <u>(2016 thru</u> <u>2021)</u>	<u>Total Actual</u> <u>Investment</u>
Land	6,110,000	6,110,000		6,110,000
Building Construction	21,665,000	21,665,000		21,665,000
Leashold Improvements	5,264,000	13,389,991	2,607,087	15,997,077
Furniture & Fixtures	4,400,000	1,172,500	359,215	1,531,715
Machinery/Equipment	1,500,000	1,733,284	18,184,973	19,918,257
Computer Equipment		994,172	2,604,905	3,599,077
Total	38,939,000	45,064,947	23,756,179	68,821,125
Total ex Land	32,829,000	38,954,947	23,756,179	62,711,125

30001 Cabot Drive Quarterly Headcount

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u> <u>Employees</u>	<u>2022</u> <u>Open</u> <u>Positions</u>
First Quarter	852	838	1,041	1,070	873	760		
Second Quarter	884	904	1,061	1,077	828	778	848	90
Third Quarter	895	936	1,024	1,063	806	771		
Fourth Quarter	918	964	966	1,036	785	754		

28845 Cabot Drive Investments

	<u>Actual</u> <u>Investment</u> <u>(2019 thru</u> <u>2021)</u>
Leashold Improvements	210,796
Furniture & Fixtures	-
Machinery/Equipment	213,632
Computer Equipment	43,777
Total	468,206

28845 Cabot Drive Headcount

June 30 2019	5	
Aug 31 2022		28

28845 Cabot Drive Lease Extension

<u>Original</u> <u>Expiration</u>	<u>New</u> <u>Expiration</u>
January 31, 2021	June 30, 2029

AGREEMENT CONCERNING INDUSTRIAL FACILITIES TAX ABATEMENT

The City of Novi ("City"), located at 45175 W. Ten Mile Road, Novi, Michigan 48375, and Harman Becker Automotive Systems, Inc., ("Company"), a Delaware corporation, located at 39001 W. Twelve Mile Road, Farmington Hills, Michigan 48331 (collectively, "the Parties"), agree as follows:

Recitals

1. After due notice and deliberation, and taking into consideration the statements received by the City Council at a hearing held on August 25, 2014, the City Council on September 15, 2014 adopted a Resolution an Industrial Development District (the "Eligible District") pursuant to Act 198 of the Public Acts of 1974, as amended (the "Act 198"), for the property described on the Legal Description attached as Exhibit A and made a part of this Agreement (the "Property"), located at the northeast corner of M-5 and Haggerty Road, Novi, Michigan.

2. The Company submitted an application ("Application") for issuance of an Industrial Facilities Exemption Certificate ("IFEC") for the Property, as provided for in Act 198. The Application was formally received by the City on September 16, 2014. The Application is incorporated as part of this Agreement by reference.

3. The Company represented in its Application that it will be a tenant/lessee of, and will occupy, a building to be constructed on the Property containing over 188,000 square feet (the "Investment" or "facility") as a "state of the art" facility to house its operations headquarters. The Company further represented that the Investment and its occupation and use thereof qualifies as industrial property under Act 198.

4. The City and the Company desire to enter into this Agreement as required by MCL 207.572, and for the purpose of setting forth the terms and conditions under which an industrial facilities exemption certificate (IFEC) shall be approved and issued by the State Tax Commission for the Property proposed to be exempt from ad valorem personal and real property taxes.

Therefore, in consideration of the foregoing, the Parties now enter into this Agreement.

Terms and Conditions

1. Subject to and in accordance with the Recitals set forth above, on September 22, 2014, the City Council adopted a Resolution approving the Company's Application for an abatement of personal and real property taxes related to the Investment pursuant to Act 198 in the Eligible District (the "Resolution") for a period of eight (8) years, subject to the provisions of this Agreement. A copy of the Resolution is attached as Exhibit B and is incorporated into this Agreement.

2. In consideration of the eight (8) year abatement of personal and real property taxes for the 2016 through 2023 tax years (imposed based upon taxable values as of December

31, 2015 through December 30, 2023 ("Abatement Period"), the Company represents and warrants that it will lease and occupy the facility and locate its corporate headquarters and its related employees and contract personnel, currently consisting of approximately 804 full-time equivalent employees and contract personnel ("jobs"), to the Eligible District upon completion of the facility, currently expected in November, 2015. The Company agrees that the facility shall be leased and occupied by the Company for the full term of this Agreement. The Company has represented that it will invest approximately \$37 million in the building and related improvements. The Company further represents that, of the approximately 804 full-time existing employees to be relocated to the facility, approximately 487 are new to the City of Novi. The Company also represents to the City that it intends to add approximately 150 additional (new) jobs to the facility within the first three (3) years of the Company's occupancy of the facility.

3. Within 90 days of the date of the completion of the facility, the Company will report:

a. The final cost of the facility to the City Assessor and the State Tax Commission, together with a detailed listing of all new personal property acquired for the facility (including a description, type, identification, year of acquisition, and cost of purchase and installation);

b. The number of jobs created by the completion of the facility, not including jobs transferred from other locations.

4. No later than the 10th day of March of each year, beginning in the year 2016 through and including the year 2023, the Company shall submit a report ("Annual Report") to the City Clerk stating the average number of jobs in the Eligible District for the preceding year, computed as the average number of actual jobs existing on a quarterly basis for the calendar year preceding the Annual Report. During the term of this Agreement, and through the 2023 tax year, the City may, upon reasonable advance notice, during reasonable times and subject to reasonable restrictions (including confidentiality restrictions), review and audit the information presented by the Company to determine compliance with this Agreement.

5. The Company agrees, as a condition of receiving the IFEC, to operate the facility for the full Abatement Period, plus two (2) years. Any other provision of this Agreement notwithstanding, if during the Abatement Period, or within the two (2) years immediately following the Abatement Period, the Company abandons or closes the facility, or relocates a significant portion of the facility's operations outside the Eligible District, or otherwise fails to occupy the facility as contemplated in this Agreement with at least 350 full-time employees for two (2) consecutive years, the City may immediately revoke the IFEC, and the Company shall pay to the City the entire amount of the additional taxes, for the entire period that the IFEC was in effect, that the taxing jurisdictions would have received if the IFEC had not been issued. In addition, the Company will be liable for repayment of future tax savings (if any) if there are any remaining years in the term of the IFEC under the provisions of Section 21(2) of Public Act 198 of 1974.

6. If any of the foregoing amounts are not paid within sixty (60) days of receipt of a billing sent for the same to the Company, the City may institute a civil action against the

Company, and the City shall be entitled to recover the amounts stated in the billing described above. In addition, the Company shall pay all court costs and attorneys' fees incurred by the City in connection with such civil action if the City prevails in collecting at least fifty (50%) percent of the funds sought to be recovered in the action.

7. The City shall not initiate any court action seeking a remedy under Sections 5 and 6 until after both of the following have occurred:

- a. The City has given written notice to the Company declaring a default and specifying the manner in which the Company is in default. The notice shall include an offer to schedule a meeting of the representatives of the City and Company on a date of said notice to discuss the claimed default and how it may be cured; and
- b. Thirty (30) days after the written notice described in Subsection a, above, is received by the Company, if the Company has met with the City and is diligently pursuing a cure, the City shall grant the Company an additional period of thirty (30) days to cure the default, and the City may grant further extensions of this time period in its sole discretion.

8. The Parties acknowledge that pursuant to MCL 207.566a, the Company may within the final year in which the IFEC is effective request an extension of the Abatement Period, not to exceed a cumulative maximum Abatement Period of twelve (12) years. In the event that as of July 1, 2023, the Company has fulfilled each of its contractual commitments under this Agreement, including but not limited to the number of new jobs at the facility, the total investment in the facility and all other obligations set forth in this Agreement that are capable of being fulfilled as of such date, the Company shall have the right to request an extension of the IFEC and the Abatement Period for a four-year period such that the Abatement Period would expire on December 30, 2027. An extension of the Abatement Period shall only be considered by the City following the Company's submission to the City of an application for such an extension and the Company's compliance with the requirements of Act 198 and the City's policies and procedures related to the same. No extension of the Abatement Period shall be effective absent execution and delivery by the Parties of an amendment to this Agreement and the State Tax Commission's issuance of an amended IFEC. As provided in MCL 207.566a, the City's decision is at its discretion, and is not reviewable or subject to appeal.

9. Any modifications or amendments to this Agreement must be made in writing and approved by the City Council and the Company.

10. The covenants and provisions set forth herein shall bind the successors and assigns of the parties. This Agreement is assignable and transferable by either party, provided that such assignment and transfer by the Company shall be subject to the approval of the City in accordance with Section 21(1) of Act 198.

11. The Agreement will be interpreted, construed, and enforced in all respects in accordance with the laws of the state of Michigan.

12. The Agreement constitutes the entire understanding of the Parties regarding the abatement of real property taxes in the Eligible District and supersedes any other prior writings, agreements, contracts, or understandings between the City and the Company regarding the abatement of real property taxes in the Eligible District.

13. The Parties acknowledge that each of them has consulted with attorneys and counselors regarding this Agreement and that the City and the Company have equally participated in the drafting of this Agreement. The Company acknowledges that the terms, conditions, requirements, and obligations of the IFEC and this Agreement are lawful and are reasonable in consideration for the benefits the Company has determined that it will achieve by issuance of the IFEC, and the Company agrees that it shall not be permitted to claim that the City is not authorized by law and/or equity to enforce any provision of this Agreement.

14. The Parties each represent that the undersigned individuals are authorized to execute this Agreement on behalf of the City and the Company.

145. In the event that any portion or provision of this Agreement is deemed to be unlawful or unenforceable, the unlawful or unenforceable provision shall be stricken and the remaining portions and provisions shall be fully enforced.

16. This Agreement shall become effective upon issuance by the Michigan State Tax Commission of an IFEC to the Company with respect to the facility and shall be null and void and of no force and effect whatsoever if no IFEC is issued by the Michigan State Tax Commission. A duly executed copy of this Agreement shall be filed with the Michigan Department of Treasury.

17. The Company agrees to pay its abated real and personal property taxes timely and without penalty. If the Company files a petition with the Michigan Tax Tribunal to challenge the assessment of the Property during the Abatement Period that does not result in a reduction in the assessment by at least 25%, the Company shall reimburse the City's reasonable costs of defending such action. The Company agrees to pay all amounts due hereunder and under Act 198 and/or the IFEC in a timely manner and shall not allow any such amounts to become delinquent. Failure to pay amounts due hereunder and under Act 198 and/or the IFEC within thirty (30) days after the Company's receipt of a written notice of non-payment which refers to this Section 16 of this Agreement shall constitute a default and shall be grounds of revocation of the IFEC.

18. The Company further agrees to abide by all other City ordinances, including its building and zoning ordinances, during the operation of the facility.

[Signatures appear on next page.]

The Parties have executed this Agreement as of the date of the last signature below (the "Effective Date").

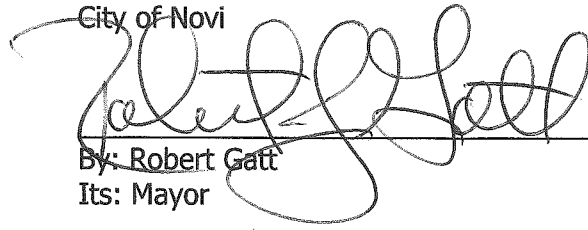
Harman Becker Automotive Systems, Inc.



By: Phillip Eyer
Its: Senior Vice-President

September 24, 2014

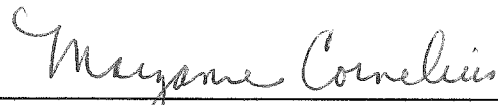
City of Novi



By: Robert Gatt
Its: Mayor

October 6, 2014

and



By: Maryanne Cornelius
Its: Clerk

October 6, 2014

Exhibit A
Legal Description

See attached.

Exhibit A
Legal Description of Proposed Industrial Development District

LEGAL DESCRIPTION

(BY PROFESSIONAL ENGINEERING ASSOCIATES)

PROPOSED PARCEL A

Land in part of the Southeast 1/4 of Section 1, Township 1 North, Range 8 East, City of Novi, Oakland County, Michigan;

Being more particularly described as:

Commencing at the Southeast Corner of said Section 1;

thence N02°30'06"W, 90.22 feet along the east line of said Section 1;

thence S87°29'54"W, 1085.33 feet;

thence S77°54'36"W, 118.19 feet;

thence 638.75 feet along the arc of a non-tangent curve to the right, having a radius of 5639.58 feet, a central angle of 06°29'22", and a chord bearing S81°16'27"W 638.40 feet to the POINT OF BEGINNING;

thence continuing 75.08 feet along the arc of the extension of said 5639.58 foot radius curve to the right, having a central angle of 00°45'46", and a chord bearing S84°54'01"W 75.08 feet;

thence N02°26'23"W, 225.23 feet;

thence S87°33'38"W, 141.99 feet;

thence N29°13'41"W, 337.92 feet;

thence S87°39'29"W, 141.70 feet;

thence N02°28'25"W, 631.50 feet;

thence N87°31'35"E, 816.33 feet to the west line of Cabot Drive (60' wide);
thence along said west line the following two courses:

1. 376.90 feet along the arc of a non-tangent curve to the left, having a radius of 455.00 feet, a central angle of 47°27'40", and a chord bearing S34°05'28"E 366.22 feet;
2. and 22.98 feet along the arc of a curve to the right, having a radius of 395.00 feet, a central angle of 03°19'58", and a chord bearing S56°09'20"E 22.97 feet;

thence non-tangent from said curve, S35°30'40"W, 99.13 feet;

thence S85°15'02"W, 90.05 feet;

thence S02°54'28"E, 115.00 feet;

thence S87°31'35"W, 135.71 feet;

thence S02°28'25"E, 351.48 feet;

thence S87°31'35"W, 152.56 feet;

thence 52.49 feet along the arc of a non-tangent curve to the right, having a radius of 197.00 feet, a central angle of 15°15'54", and a chord bearing S25°43'29"W, 52.33 feet;

thence 174.94 feet along the arc of a curve to the left, having a radius of 280.00 feet, a central angle of 35°47'48", and a chord bearing S15°27'32"W, 172.10 feet;

thence S02°26'23"E, 71.92 feet to the POINT OF BEGINNING, containing 16.500 acres of land, more or less.

Exhibit B
City Council Resolution

See attached.

CITY OF NOVI

COUNTY OF OAKLAND, MICHIGAN

**RESOLUTION APPROVING APPLICATION OF HARMAN BECKER AUTOMOTIVE SYSTEMS, INC.
FOR INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE FOR A NEW FACILITY RESOLUTION**

Minutes of a Meeting of the City Council of the City of Novi, County of Oakland, Michigan, held in the City Hall of said City on September 22, 2014, at 7 o'clock P.M. Prevailing Eastern Time.

PRESENT: Councilmembers Gatt, Staudt, Casey, Fischer, Mutch, Wrobel

ABSENT: Councilmember Markham

The following preamble and Resolution were offered by Councilmember Wrobel and supported by Councilmember Staudt.

WHEREAS, pursuant to P.A. 198 of 1974, M.C.L. 207.551 et seq., after a duly noticed public hearing held on August 25, 2014, the City Council of the City of Novi by resolution established an Industrial Development District, as requested by the Owner(s) of the property, HCP Land, LLC, and HCP/HBAS Building, LLC and Harman Becker Automotive Systems, Inc., as proposed tenant, on September 15, 2014; and

WHEREAS, Harman Becker Automotive Systems, Inc., has filed an application for an Industrial Facilities Exemption Certificate with respect to a new facility to be completed within the Industrial Development; and

WHEREAS, before acting on said application, the City Council held a hearing on September 22, 2014, at the City Hall, at 7:00 p.m., at which hearing the applicant, the Assessor, and a representative of the affected taxing units were given written notice and were afforded an opportunity to be heard on said application; and

WHEREAS, the City Council of the City of Novi finds that completion of the facility is calculated to and will at the time of issuance of the certificate have the reasonable likelihood to retain, create, or prevent the loss of employment in the City of Novi; and

WHEREAS, the City Council of the City of Novi finds that approval of the IFEC would substantially comply with the Tax Abatement Application Criteria set forth in the City's Tax Abatement Policy, incorporated as part of this Resolution by this reference; and

WHEREAS, the City Council of the City of Novi has examined whether the State Equalized Valuation (SEV) of the property proposed to be exempt in the Application, considered together with the aggregate SEV of property exempt under certificates previously granted and currently in force under Act No.198 of the Public Acts of 1974 and Act No. 255 of the Public Acts of 1978, exceeds 5% of the state equalized valuation of the City of Farmington Hills; and

WHEREAS, the City Council of the City of Novi finds that granting the Certificate, considered together with the aggregate amount of certificates previously granted and currently in force under Act No. 198 of the Public Acts of 1974 and/or Act No. 255 of the Public Acts of 1978, will not have the effect of substantially impeding the operation of the City of Novi, or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in the City of Novi.

NOW, THEREFORE, BE IT RESOLVED that the application of Harman Becker Automotive Systems, Inc. for an Industrial Facilities Exemption Certificate with respect to a new facility and new personal property to be constructed on the following described parcel of real property situated within the Novi Industrial Development District No. 3, to wit:

Part of the Southeast 1/4 of Section 1, Township 1 North, Range 8 East, City of Novi, Oakland County, Michigan; Being more particularly described as: Commencing at the Southeast Corner of said Section 1; thence N02°30'06"W, 90.22 feet along the east line of said Section 1; thence S87°29'54"W, 1085.33 feet; thence S77°54'36"W, 118.19 feet; thence 638.75 feet along the arc of a non-tangent curve to the right, having a radius of 5639.58 feet, a central angle of 06°29'22", and a chord bearing 581°16'27"W 638.40 feet to the POINT OF BEGINNING; thence continuing 75.08

feet along the arc of the extension of said 5639.58 foot radius curve to the right, having a central angle of 00°45'46", and a chord bearing S84°54'01"W 75.08 feet; thence N02°26'23"W, 225.23 feet; thence S87°33'38"W, 141.99 feet; thence N29°13'41"W, 337.92 feet; thence S87°39'29"W, 141.70 feet; thence N02°28'25"W, 631.50 feet; thence N87°31'25"E, 816.33 feet to the west line of Cabot Drive (60' wide); 376.90 feet along the arc of a non-tangent curve to the left, having a radius of 455.00 feet, a central angle of 47°27'40", and a chord bearing S34°05'28"E 366.22 feet; and 22.98 feet along the arc of a curve to the right, having a radius of 395.00 feet, a central angle of 03°19'58", an a chord bearing S56°09'20"E 22.97 feet; thence non-tangent from said curve, S35°30'40"W, 99.13 feet; thence S85°15'02"W, 90.05 feet; thence S02°54'28"E, 115.00 feet; thence S87°31'35"W, 135.71 feet; thence S02°28'25"E, 351.48 feet; thence S87°31'35"W, 152.56 feet; thence 52.49 feet along the arc of a non-tangent curve to the right, having a radius of 197.00 feet, a central angle of 15°15'54", and a chord being S2543'29"W, 52.33 feet; thence 174.94 feet along the arc of a curve to the left, having a radius of 280.00 feet, a centra angle of 35°78'48", and a chord bearing S15°27'32"W, 72.10 feet; °26'23"E, 71.92 feet to the POINT OF BEGINNING, containing 16.500 acres of land, more or less.


be and the same is hereby approved for a period of eight (8) years, for the tax years 2016 through 2023.

BE IT FURTHER RESOLVED that subject to and in accordance with the Recitations set forth above the Industrial Facilities Exemption Certificate when issued shall be and remain subject to the terms and conditions of the Agreement Concerning Industrial Facilities Tax Abatement Agreement between Harman Becker Automotive Systems, Inc. and the City of Novi attached hereto, and that the Mayor and City Clerk are authorized to execute said Agreement.

AYES: Gatt, Staudt, Casey, Fischer, Wrobel

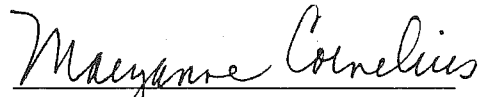
NAYS: Mutch

RESOLUTION DECLARED ADOPTED.


Maryanne Cornelius, City Clerk

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi, County of Oakland, and State of Michigan, at a regular meeting held this 22nd day of September 2014, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, and that the minutes of said meeting have been kept and made available to the public as required by said Act.


Maryanne Cornelius, City Clerk
City of Novi

Application for Industrial Facilities Tax Exemption Certificate

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

INSTRUCTIONS: File the completed application and the required attachments with the clerk of the local government unit. If you have any questions regarding the completion of this form, call 517-335-7460.

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) Harman Becker Automotive Systems, Inc.	▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 334310	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 30001 Cabot Drive, Novi, Michigan 48377	▶ 1d. City/Township/Village (indicate which) City of Novi	▶ 1e. County Oakland
▶ 2. Type of Approval Requested <input type="checkbox"/> New (Sec. 2(5)) <input type="checkbox"/> Transfer <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(6)) <input type="checkbox"/> Research and Development (Sec. 2(10)) <input checked="" type="checkbox"/> Increase/Amendment	▶ 3a. School District where facility is located Walled Lake Consolidated	▶ 3b. School Code 270
4. Amount of years requested for exemption (1-12 Years) 4 Year Extension to original abatement		

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.

In 2014 the City of Novi and Harman entered into an agreement for Harman to receive an eight year abatement of personal and real property taxes on its office at 30001 Cabot Drive. Section 8 of the agreement stipulates that Harman may request a 4 year extension to the abatement when the initial eight year abatement period expires in July 2023. This application is for that extension. Attached is detailed headcount and investment data to support the extension.

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.	▶ 35,054,991 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	▶ 3,899,956 Personal Property Costs
6c. Total Project Costs * Round Costs to Nearest Dollar	▶ 38,954,947 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 ▶	09/01/2014	11/01/2015	▶ <input type="checkbox"/> Owned <input checked="" type="checkbox"/> Leased
Personal Property Improvements ▶	02/01/2015	11/01/2015	▶ <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. Yes No

▶ 9. No. of existing jobs at this facility that will be retained as a result of this project. **800 (see attached actual results)** ▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. **150 (see attached actual results)**

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:
 Industrial Development District Plant Rehabilitation District

▶ 12b. Date district was established by local government unit (contact local unit) ▶ 12c. Is this application for a speculative building (Sec. 3(8))?
 Yes 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 Chester Simon	13b. Telephone Number (516) 924-0163	13c. Fax Number	13d. E-mail Address chet.simon@harman.com
14a. Name of Contact Person Chester Simon	14b. Telephone Number (516) 924-0163	14c. Fax Number	14d. E-mail Address chet.simon@harman.com
▶ 15a. Name of Company Officer (No Authorized Agents) Steve Muench			
15b. Signature of Company Officer (No Authorized Agents)		15c. Fax Number	15d. Date
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 30001 Cabot Drive, Novi, MI 48377		15f. Telephone Number	15g. E-mail Address Steve.Muench@harman.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. School Code			
17. Name of Local Government Body		▶ 18. Date of Resolution Approving/Denying this Application	

Attached hereto is an original 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, and that any leases show sufficient tax liability.

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.

For faster service, email the completed application and additional required documentation to PTE@michigan.gov.

An additional submission option is to mail the completed application and required documents to:

**Michigan Department of Treasury
State Tax Commission
PO Box 30471
Lansing, MI 48909**

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

Instruction for Completing Form 1012, Industrial Facilities Tax Exemption (IFT) Application

The completed original application form 1012 and all required attachments, **MUST** be filed with the clerk of the local unit of government where the facility is or will be located. Complete applications must be received by the State Tax Commission by October 31 to ensure processing and certification for the following tax year. Applications received after the October 31 deadline will be processed as expeditiously as possible.

Please note that attachments listed on the application in number 16a are to be retained by the local unit of government, and attachments listed in number 16b are to be included with the application when forwarding to the State Tax Commission (STC).

(Before commencement of a project the local unit of government must establish a district, or the applicant must request in writing a district be established, in order to qualify for an IFT abatement. Applications and attachments must be received by the local unit of government **within six months of commencement of project.**)

The following information is required on separate documents attached to form 1012 by the applicant and provided to the local unit of government (city, township or village). (Providing an accurate school district where the facility is located is vital.)

1. Legal description of the real property on which the facility is or will be located. Also provide property identification number if available.
 2. Personal Property Requirements: Complete list of new machinery, equipment, furniture and fixtures which will be used in the facility. The list should include description, **beginning date of installation** or expected installation by **month/day/year**, and costs or expected costs (see sample). Detail listing of machinery and equipment **must match amount shown** on question 6b of the application. Personal property applications must have attached a certified statement/affidavit as proof of the beginning date of installation (see sample).
 3. Real Property Requirements: Proof of date the construction started (groundbreaking). Applicant must include one of the following if the project has already begun; building permit, footings inspection report, or certified statement/affidavit from contractor indicating exact date of commencement.
 4. Complete copy of lease agreement as executed, if applicable, verifying lessee (applicant) has direct ad valorem real and/or personal property tax liability. The applicant must have real and/or personal property tax liability to qualify for an IFT abatement on leased property. If applying for a real property tax exemption on leased property, the lease must run the full length of time the abatement is granted by the local unit of government. Tax liability for leased property should be determined before sending to the STC.
- The following information is required of the local unit of government: [Please note that only items 2, 4, 5, 6, & 7 below are forwarded to the State Tax Commission with the application, along with items 2 & 3 from above. The original is required by the STC. The remaining items are to be retained at the local unit of government for future reference. **(The local unit must verify that the school district listed on all IFT applications is correct.)**]
1. A copy of the notice to the general public and the certified notice to the property owners concerning the establishment of the district.
 2. Certified copy of the resolution establishing the Industrial Development District (IDD) or Plant Rehabilitation District (PRD), which includes a legal description of the district (see sample). **If the district was not established prior to the commencement of construction, the local unit shall include a certified copy or date stamped copy of the written request to establish the district.**
 3. Copy of the notice and the certified letters to the taxing authorities regarding the hearing to approve the application.
 4. Certified copy of the resolution approving the application. **The resolution must include the number of years the local unit is granting the abatement and the statement “the granting of the Industrial Facilities Exemption Certificate shall not have the effect of substantially impeding the operation of (governmental unit), or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in (governmental unit – see sample).**
 5. Letter of Agreement (signed by the local unit of government and the applicant per P.A. 334 of 1993 (see sample)).
 6. Affidavit of Fees (signed by the local unit of government and the applicant), (Bulletin 3, January 16, 1998). This statement may be

incorporated into the Letter of Agreement (see sample).

7. Treasury Form 3222 (if applicable - *Fiscal Statement for Tax Abatement Request.*)

The following information is required for rehabilitation applications in addition to the above requirements:

1. A listing of existing machinery, equipment, furniture and fixtures which will be replaced or renovated. This listing should include description, beginning date of installation or expected installation by month/day/year, and costs or expected costs.
2. A rehabilitation application must include a statement from the Assessor showing the taxable valuation of the plant rehabilitation district, separately stated for real property (EXCLUDING LAND) and personal property. Attach a statement from the assessor indicating the obsolescence of the property being rehabilitated.

The following information is required for speculative building applications in addition to the above requirements:

1. A certified copy of the resolution to establish a speculative building.
2. A statement of non-occupancy from the owner and the assessor.

Please refer to the following Web site for P.A. 198 of 1974: www.legislature.mi.gov/. For more information and Frequently Asked Questions, visit www.michigan.gov/propertytaxexemptions.