



CITY of NOVI CITY COUNCIL

Agenda Item 2
March 27, 2017

SUBJECT: Approval of Resolution authorizing application from A123 Systems LLC. for an Industrial Facilities Tax Exemption Certificate for an approximately 88,580 square foot New Facility to be located on Twelve Mile Road east of Taft Road, and related Agreement concerning Industrial Facilities Tax Abatement.

SUBMITTING DEPARTMENT: City Assessor

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION:

Introduction and History

An application has been filed by A123 Systems LLC ("the applicant"). for an Industrial Facilities Tax Exception Certificate (IFEC) for real property to be located on parcel 50-22-15-126-016, also identified as Twelve Mile Road. The property's legal description is as follows:

T1N, R8E, SEC 15 N 1650 FT OF E 1/2 OF NW 1/4 EXC W 100 FT OF N 435.60 FT, ALSO EXC E 792 FT THEREOF, ALSO PART OF NW 1/4 BEG AT PT DIST S 01-52-22 E 1650.09 FT & S 87-32-34 W 264.01 FT FROM N 1/4 COR, TH S 01-52-22 E 724.51 FT, TH N 81-25-51 W 646.23 FT, TH N 39-03-18 W 748.43 FT, TH N 87-32-34 E 1087.90 FT TO BEG EXC PART OF NW 1/4 BEG AT PT DIST S 87-32-25 W 792 FT FROM N 1/4 COR, TH S 01-52-16 E 90 FT, TH S 87-32-25 W 444.56 FT, TH N 01-52-16 W 90 FT, TH N 87-32-25 E 444.56 FT TO BEG 30.87 A5-12-00 FR 005, 006, 007&0131-14-02 CORR

The parcel of land is situated within the Madias Brothers Inc Industrial Development District, established on March 27, 2017.

The request was submitted by the applicant on February 27, 2017.

The real property improvement investment is \$27,196,000 for a total investment of \$27,196,000.¹ The real property consists of a new construction including construction of a 3-story 88,580 square foot headquarters office building and attached 2-story 38,701 square foot lab facility, and an 36,566 square foot shop area along with respective site improvements including parking, landscaping, paving² .

The project proposed in this application would be eligible for consideration of an IFEC under the provision of the City's Property Tax Incentive Policy (Policy) and Public Act 198 and as identified as a *New Facility*. The above applied for real property improvements meet the City's Policy for real property.

¹ Per attached listing.

² See included Supplemental Questions responding to the City's Policy.

Because this is a new location for the applicant, this project will result in 0 jobs being retained at this facility. This new facility will result in an expected 300 new jobs created at this facility with employees coming over from its existing facility in Livonia, Michigan. Granting this request will result in an increase in the tax base of the city and should bring economic benefits to the city and to other service oriented businesses.

Ownership and Term of Abatement

The applicant is leasing the real property and ownership by landlord will occur in May. The City Assessor will hold the application and resolution until the property closes before sending it to the State of Michigan. The lease is for 15 years which covers the business residence requirement within the City's tax incentive agreement to remain at the property two years after the expiration of the IFEC certificate.

The applicant is requesting an 12-year abatement, and has signed the City's agreement which requires the additional two (2) years of business residence after the certificate expires.

Tax Delinquencies and Savings

To the best of staff's knowledge, there are no delinquent taxes owed by the applicant within the City of Novi.

If this abatement is granted for the 12-year maximum the potential real property tax savings for the applicant will be approximately \$3,810,000, over the term of the certificate. Additional real property tax revenue for the city will be approximately \$812,000, over the term of the certificate.

At the end of the certificate's life the property subject to the abatement will be added to the City's ad valorem assessment roll and taxed at its full respective millage rates, unless the abatement is extended by City Council.

Other Abatements in the City

The applicant does not have any other abatements within the city.

Pending Appeals

To the best of staff's knowledge:

- There is no outstanding and/or pending appeal(s) involving the property that is the subject of this application within the city.
- There is no outstanding and/or pending appeal(s) involving the applicant filing for this tax incentive within the city.

Based on reviewing the application and the City's property tax incentive policy, the applicant qualifies for a 12-year abatement; with the term of the abatement beginning on 12/31/2017 and ending on 12/30/2029. The City's business residency requirement states with this duration of an abatement certificate the applicant must remain at the facility for an additional two (2) years after the certificate expires.

RECOMMENDED ACTION: Approval of Resolution authorizing application from A123 Systems LLC for a 12-year Industrial Facilities Tax Exemption and Agreement concerning Industrial Facilities Tax Abatement subject to approval by the State Tax Commission pursuant to Public Act 198.

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 196 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, call (517) 373-3302.

To be completed by Clerk of Local Government Unit	
Signature of Clerk <i>Courtney Hanson</i>	Date Received by Local Unit <i>February 27, 2017</i>
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) A123 Systems LLC	1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 3690
1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) to be assigned address (Caberet Drive), Novi, MI 48377	1d. City/Township/Village (Indicate which) City of Novi
2. Type of Approval Requested <input checked="" 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 type="checkbox"/> Increase/Amendment	1e. County Oakland 3a. School District where facility is located Novi 3b. School Code 63100
	4. Amount of years requested for exemption (1-12 Years) 12 years

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.

Construction of a new, 3-story approximately 88,580 square foot headquarters office building and attached 2-story approximately 39,701 square foot lab facility, and an approximately 36,566 square foot assembly and office building, together with site improvements. An undetermined amount of equipment may be moved into the facility but is not covered by this application.

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.	▶ 27,196,000 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	▶ N/A Personal Property Costs
6c. Total Project Costs * Round Costs to Nearest Dollar	▶ 27,196,000 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	▶ 8/1/17	12/31/18	▶ <input type="checkbox"/> Owned <input checked="" type="checkbox"/> Leased
Personal Property Improvements			▶ <input 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. **0** 10. No. of new jobs at this facility expected to create within 2 years of completion. **300**

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

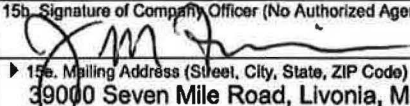
12a. Check the type of District the facility is located in:
 Industrial Development District Plant Rehabilitation District

12b. Date district was established by local government unit (contact local unit) **2017** 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 Richard A. Barr	13b. Telephone Number 313-465-7308	13c. Fax Number 313-465-7309	13d. E-mail Address rbarr@honigman.com
14a. Name of Contact Person Michael O'Kronley	14b. Telephone Number 734-772-0463	14c. Fax Number 734-772-0224	14d. E-mail Address mokronley@a123systems.com
▶ 15a. Name of Company Officer (No Authorized Agents) Jason Forcier			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number 734-772-0224	15d. Date February 24, 2017
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 39000 Seven Mile Road, Livonia, MI 48152		15f. Telephone Number 734-772-0463	15g. E-mail Address mokronley@a123systems.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 63100
17. Name of Local Government Body City of Novi	▶ 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) 45175 Ten Mile Road, Novi, MI 48375		
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.

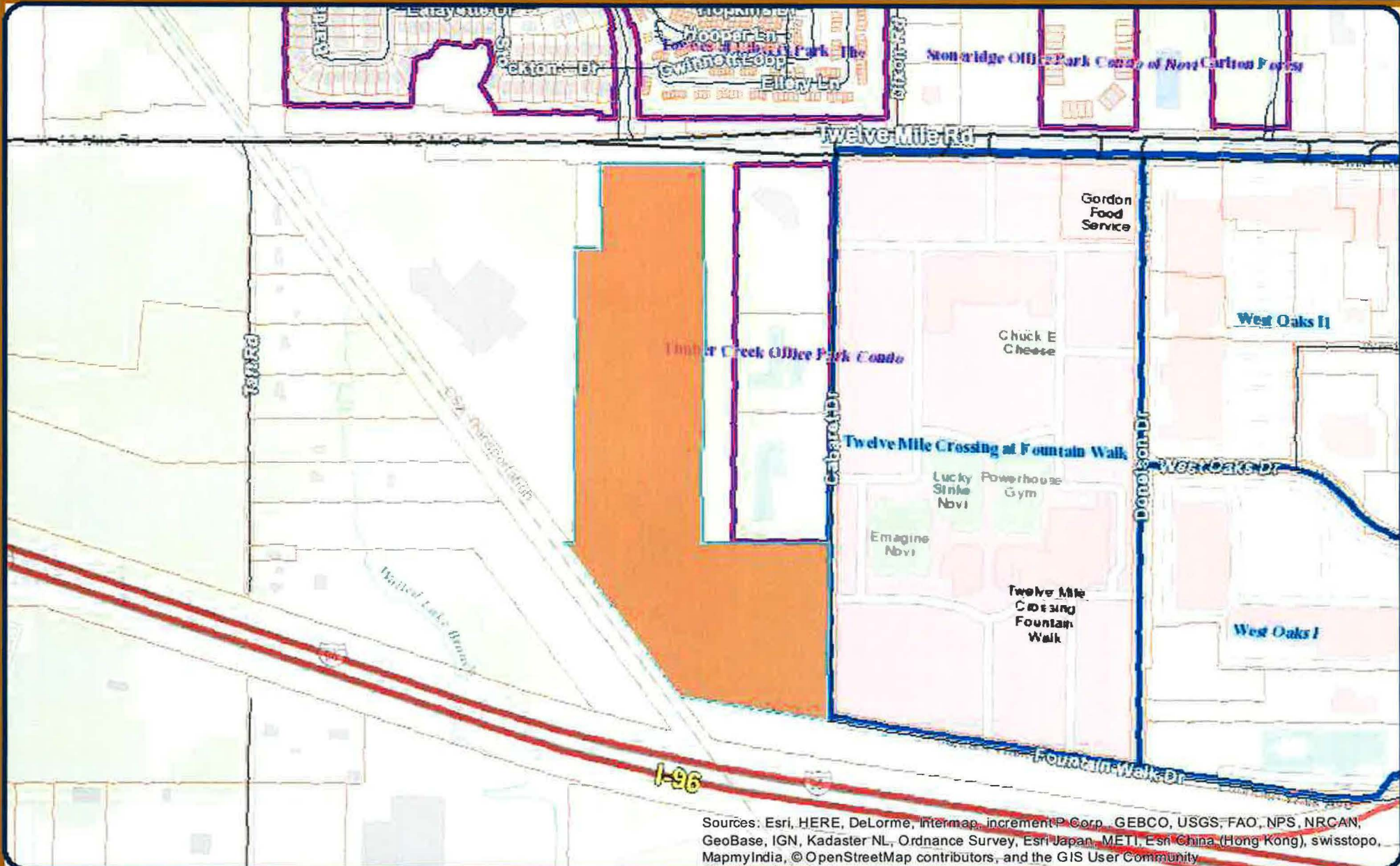
Local Unit: Mail one original and one copy of the completed application and all required attachments to:

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

(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

A123 Systems LLC. Site



Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

MAP DATE SPECIFICATION NOTICE

Map information is provided for informational purposes only. It is not intended to be used for legal or financial purposes. The City of Novi is not responsible for any errors or omissions on this map. The City of Novi is not responsible for any damages or losses resulting from the use of this map. The City of Novi is not responsible for any claims or lawsuits resulting from the use of this map. The City of Novi is not responsible for any claims or lawsuits resulting from the use of this map.



1 inch = 752 feet



Map Print Date:
3/8/2017



City of Novi
45175 Ten Mile Rd
Novi, MI 48375
cityofnovi.org

Schedule of Real Property Improvements

			<u>Start Date</u>	<u>End Date</u>	<u>Est.</u> <u>2017 costs</u>	<u>Est.</u> <u>2018 costs</u>
Development Costs	\$27,196,000					
Site work / detention	\$4,800,000		8/1/2017	12/31/2017	\$2,400,000	\$2,400,000
Building structure	\$14,411,636		10/1/2017	12/31/2018	\$2,882,327	\$11,529,309
Tenant						
Improvements	\$5,512,000		4/1/2018	12/31/2018	\$0	\$5,512,000
Contingency (10%)	\$2,472,364		8/1/2017	12/31/2018	\$0	\$2,472,364
Total Investment	\$27,196,000				\$5,282,327	\$21,913,672
(not including land cost and EMPP)						



cityofnovi.org

Tax Abatement Submittal Form

The City of Novi asks that all firms requesting more information about tax abatements for their new or existing business fill out this form.

Please return completed form by mail to:
Victor Cardenas
45175 W. Ten Mile Road
Novi, MI 48375

or by email to: vcardenas@cityofnovi.org

Name of firm requesting abatement: A123 Systems LLC

Contact Person: Michael O'Kronley

Address: 39000 Seven Mile Road, Livonia, MI 48152

Phone: 734-772-0463 Email: mokronley@a123systems.com

Please answer the following questions as completely as possible.

1. How many acres does the project include? About 23 of a total of 32 acres
2. How many new jobs would be brought to the City of Novi? 300 approx.
 - a. Average salary range of new hires? \$118,000

Is this an expansion project of an existing business in Novi? Yes No

Is this project coming from within the State of Michigan? Yes No

If you answered No, please indicate the origin state? _____

Is the headquarters on the site of the facility for which you are requesting abatement?

Yes No

Overview of Proposal for A123 Systems LLC Novi Headquarters, R&D and Assembly Facilities

A123 Systems LLC, a Delaware limited liability company, proposes to lease new build-to-suit headquarters and assembly buildings on approximately 23 acres of a total of approximately 32 acres of land in Novi, Michigan to be leased by the company. The intended site is located west of Caberet Drive and south of Twelve Mile Road.

The campus would include a 3-story high profile office building and a connected 2-story research and development facility on the southerly portion of the property, adjacent to the I-96 expressway. Nearby on the campus A123 also will lease an assembly and office building with a possible expansion in the near future.

A123 Systems is a worldwide leader in providing complete lithium-ion energy storage solutions that offer high power, excellent safety and outstanding life for applications in the transportation, industrial and consumer markets. It has enjoyed significant steady growth in recent years and expects to continue to grow and expand in the marketplace.

Construction of the A123 Systems campus is expected to start in the summer of 2017 following receipt of all required governmental approvals. The project site is being purchased by and developed by Wanxiang Clean Energy LLC and will be leased to A123 Systems LLC pursuant to a 15 year lease that includes options to extend the lease term.

The Company satisfies the City of Novi's Tax Abatement Criteria as follows:

1. The project has not started and will be located in a new industrial development district, the formation of which was requested recently by the current property owner.
2. There are no outstanding taxes owed by the applicant on the project.
3. The proposed 15 year lease term exceeds the proposed tax abatement term.
4. There is no pending or current litigation against the City by the Company.
5. Tax abatement is requested for only the current phase of the project, excluding the possible expansion of the assembly/office facility.
6. The project will be fiscally beneficial to the City and will increase well-paid employment opportunities to City residents.
7. The approval of the tax abatement is a material factor in the Company's consideration of the City and this project site.
8. There are significant cost factors in the development of this site that merit approval of the tax abatement.
9. The Company has been a good corporate citizen at its current locations in Livonia and Romulus and will be an outstanding corporate citizen in Novi.

A123 Systems LLC
Industrial Facilities Exemption Certificate Application
New Jobs Information

	2019		2020		2021	
	<u>Jobs</u>	<u>Avg. Wage</u>	<u>Jobs</u>	<u>Avg. Wage</u>	<u>Jobs</u>	<u>Avg. Wage</u>
Hourly	54	\$46,296	60	\$47,685	60	\$49,116
Salaried	192	\$130,698	200	\$134,619	200	\$138,657
Contract	39	\$155,000	40	\$159,650	40	\$164,440
	285	\$118,031	300	\$120,569	300	\$124,187

**INDUSTRIAL FACILITIES EXEMPTION APPLICATION
AFFIDAVIT OF FEES**

In accordance with State Tax Commission Bulletin No. 3, dated January 1998, the City of Novi and A123 Systems, LLC for Industrial Facilities Exemption Certificate, by and through their respective representatives, 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 any other like terms, in excess of the application fee allowed by Public Act 323 of 1996, as amended, has been made or promised in exchange for favorable consideration of an exemption certificate application.

City of Novi

Signed: Courtney Hanson

Printed Name: Courtney Hanson

Title: City Clerk

Dated: February 27, 2017

A123 Systems, LLC

Signed: 

Printed Name: Jason Forcier

Title: CEO

Dated: February 24, 2017

**CITY OF NOVI
RESOLUTION
APPROVING AN INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
FOR A123 SYSTEMS LLC**

At a regular meeting of the City Council of the City of Novi, Oakland County, Michigan, held in the Council Chambers at 45175 Ten Mile Road, Novi MI 48375 on the **27th day of March, 2017**.

The following resolution was offered by Councilperson _____ and supported by Councilperson _____

WHEREAS, pursuant to P.A. 198, 1974, M.C.L. 207.551 et seq., after a duly noticed public hearing held on the **27th day of March, 2017**, the City of Novi, established an Industrial Development District, commonly referred to as the **Madias Brothers Inc Industrial Development District; and**

WHEREAS, **A123 Systems LLC** has filed an application for an Industrial Facility Exemption Certificate with the Clerk of the City of Novi with respect to proposed new **real property** within the **Madias Brothers Inc Industrial Development District; and**

WHEREAS, before acting on said application, the City Council of Novi held a hearing on the **13th day of March, 2017** at a regularly scheduled meeting, at which time 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, construction of the facility real property and installation of new personal property has not begun earlier than six (6) months before **27th day of February, 2017**, the date of the acceptance of the application for the Industrial Facility Exemption Certificate; and

WHEREAS, completion of **the real property** 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 Novi; and

WHEREAS, the aggregate SEV of real and personal property exempt from ad valorem taxes within the City of Novi after granting this certificate **will not exceed 5%** of an amount equal to the sum of the SEV of the unit, plus the SEV of personal and real property thus exempted.

NOW, THEREFORE, BE IT RESOLVED BY the City Council of Novi that:

1. The City Council of Novi finds and determines that the granting of this Industrial Facilities Exemption Certificate, together with the aggregate amount of the certificates previously granted and currently in force, under PA 198 of 1974, and PA 225 of 1978, **shall not** have the effect of substantially impeding the operation of the City of Novi, or of impairing the financial soundness of a taxing unit which levies ad valorem property taxes in the City of Novi.

2. The application from **A123 Systems LLC** for an Industrial Facilities Exemption Certificate with respect to a **New Facility** on the following described parcel of real property situated within the **Madias Brothers Inc Industrial Development District; to wit;**

The real property parcel the facility is located on is identified as tax parcel 22-15-126-026, having an address **Twelve Mile Road**, City of Novi, MI 48375, including:

T1N, R8E, SEC 15 N 1650 FT OF E 1/2 OF NW 1/4 EXC W 100 FT OF N 435.60 FT, ALSO EXC E 792 FT THEREOF, ALSO PART OF NW 1/4 BEG AT PT DIST S 01-52-22 E 1650.09 FT & S 87-32-34 W 264.01 FT FROM N 1/4 COR, TH S 01-52-22 E 724.51 FT, TH N 81-25-51 W 646.23 FT, TH N 39-03-18 W 748.43 FT, TH N 87-32-34 E 1087.90 FT TO BEG EXC PART OF NW 1/4 BEG AT PT DIST S 87-32-25 W 792 FT FROM N 1/4 COR, TH S 01-52-16 E 90 FT, TH S 87-32-25 W 444.56 FT, TH N 01-52-16 W 90 FT, TH N 87-32-25 E 444.56 FT TO BEG 30.87 A5-12-00 FR 005, 006, 007&0131-14-02 CORR

is hereby approved for **real property improvements**.

3. The Industrial Facilities Exemption Certificate when issued shall be and remain in force and effect for a period of **twelve (12) years**, and the starting date for the certificate is **December 31, 2017** and the ending date is **December 30, 2029**.

4. The total project investment approved is **\$27,196,000**.

5. **A123 Systems LLC** agrees to operate the facility for which the Industrial Facilities Exemption Certificate is granted for the term of the certificate, plus an additional **two years** after the date of the certificate's expiration.

AYES:
NAYS:
ABSENT:
ABSTENTIONS:

RESOLUTION ADOPTED

STATE OF MICHIGAN)
)SS
COUNTY OF OAKLAND)

I, the undersigned, the duly appointed City Clerk for the City of Novi, Oakland County, Michigan do hereby certify that the foregoing is a true and complete copy of a resolution adopted at a regular meeting of the Novi City Council held on the **27th day of March, 2017**.

IN WITNESS WHEREOF, I have hereunto affixed my official signature on **this XX day of March, 2017**.

Cortney Hanson, City Clerk

CITY OF NOVI
TAX INCENTIVE AGREEMENT CONCERNING
INDUSTRIAL FACILITIES TAX ABATEMENT

The City of Novi ("City"), located at 45175 W. Ten Mile Road, Novi, Michigan 48375, and the below mentioned Company (collectively, "the Parties"), agree as follows:

Recitals

A123 Systems LLC, hereinafter referred to as the "Company," located **on Twelve Mile Road just east of Taft**, has submitted an application to City Council for the granting of an Industrial Facility Exemption Certificate (IFEC), pursuant to Michigan Public Act 198, of 1974, as amended. The property the application pertains to (the "Property") is currently and commonly referred to by its assessment parcel number(s) **50-22-15-126-016**, and is located within an approved Industrial Development District ("Eligible District").

The City and the Company desire to enter into this Tax Incentive Agreement ("Agreement") as required by MCL 207.572, and for the purpose of setting forth the terms and conditions under which an IFEC may be approved by the City Council and may be approved and issued by the State Tax Commission for the facility proposed to be exempt from *ad valorem* real and personal property taxation.

The Company submitted an application for issuance ("Application") of an IFEC for the facility, as provided for in PA 198, of 1974, as amended. The Application is incorporated as part of this Agreement by reference.

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

Terms and Conditions

In recognition of the granting of the IFEC by City Council and the benefit of the tax savings for the Company, and the economic growth of the City, I hereby agree on behalf of the Company to the following:

1. The Company will furnish notification of the completion of the facility to the City Assessor and the State Tax Commission, within 30 days of the date of completion. If there is no construction progress for a facility under construction for more than 180 days, the Company will notify the City Assessor of its reasons for delay.
2. Within 90 days of the date of completion of the facility, the Company will report:
 - a. The final cost of the facility to the City Assessor and the State Tax Commission including, if applicable, and:
 - i. a detailed listing of the new personal property acquired for the facility, including item description, type, identification, year of acquisition and all costs for its purchase and installation; and
 - ii. a detailed listing of the constructed real property, including all direct and indirect costs associated with its completion; and

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

If the actual project costs are more than 10% less than the estimated costs given in the application, or if the number of jobs created are less than the number estimated in the application, the Company will provide the city assessor with a written explanation.

3. No later than the 10th day of March of each year, beginning the year following the first tax year effective by the IFEC and throughout the term of this Agreement, the Company shall submit a report ("Annual Report") to the City Assessor and 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, the City may upon reasonable advance notice, during reasonable times and subject to reasonable restrictions (including but not limited to confidentiality restrictions), review and audit the information presented by the Company to determine compliance with this Agreement.
4. As a condition of receiving an IFEC, or an extension and/or transfer of an existing certificate, pursuant to the city's tax abatement policy, the company agrees to operate the facility for which the IFEC is granted for the length of the abatement certificate AND an additional two tax years.
5. As a condition of receiving the IFEC, or an extension of an existing certificate, pursuant to this policy, the Company agrees to operate the facility for which the IFEC is granted for the term of the IFEC, which is in accordance with the Resolution approving the IFEC approved by the City Council, plus business residence time period required, in tax years, after the date of expiration of the IFEC.
6. The Company further understands that if it vacates or fails to operate the facility for which the IFEC is granted for the period of time as outlined above, that the company is liable for repayment of all property tax savings benefiting the Company due to the existence of the IFEC, beginning with the initial effective year of the IFEC. In addition, the Company will be liable for repayment of all future tax savings if there are any remaining years in the term of the IFEC, under the provisions of Section 21(2) of Public Act 198, 1974 as amended. These provisions may be waived by the City Council at the request of the Company for justifiable cause.
7. The Company further agrees to pay its abated real and personal property taxes timely and without penalty. In addition, the Company agrees to inform the City Assessor and the City Treasurer of any plans to relocate the company from any location within the City, 30 days prior to the relocation. If any of the foregoing amounts are not paid within sixty (60) days from when the taxes are due to the City, the City may institute a civil action against the Company, and the City shall be entitled to recover the taxes due and any penalties and interests accrued. In addition, the Company shall be 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.
8. The Company agrees to notify the City Assessor and City Treasurer of any change in the ownership of the Company's real and personal property assets or a majority share

of the Company's stocks. For the purposes of this agreement, a new owner or lessee shall be defined as follows:

- a. For those IFECs that pertain to real property improvements, the term "new owner or lessee" shall be defined as follows:
 - i. A new entity that acquires, owns and occupies or leases and occupies the facility after the existing certificate holder has physically moved from or vacated the facility.

OR

- ii. An entity that acquires an ownership interest of more than 50% in the existing certificate holder entity that owns and occupies or leases and occupies that facility.

- b. For those IFECs pertaining to personal property, the term "new owner or lessee" shall be defined as follows:

- i. A new entity that acquires from the existing certificate holder entity the ownership of the facility or leasehold interest in the facility and which keep the facility at its current location.

OR

- ii. An entity that acquires an ownership interest of more than 50% in the existing certificate holder entity that owns or leases the facility.

9. Whenever there is a new owner or lessee, as defined above, of any real or personal property for which an IFEC has been granted, the new owner or lessee shall make application for a transfer of the certificate to the new owner or lessee immediately, but no longer than six (6) months after a change in ownership occurs. The City Council may grant requests to transfer existing certificates, after review, provided requests are consistent with the City's adopted Tax Incentive Policy, or any amendments made to the policy, that is in effect at the time a request for a transfer is made. An updated tax incentive agreement shall accompany any request for a transfer of a certificate to a new owner or lessee.

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

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

12. 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.

By the signatures of representatives of both the Company and the City below, it is understood that both the Company's investment in the project and the City's investment through the granting of the IFEC is to encourage the economic growth of all.

WITNESS:

COMPANY REPRESENTATIVE:

SIGNATURE

BY: _____

PRINT NAME

ITS: _____

DATED: _____

ACKNOWLEDGED BY THE CITY OF NOVI:

WITNESS:

SIGNATURE

BY: _____

ROBERT J. GATT

PRINT NAME

ITS: MAYOR

DATED: _____

WITNESS:

SIGNATURE

BY: _____

CORTNEY HANSON

PRINT NAME

ITS: CITY CLERK

DATED: _____