



## CITY of NOVI CITY COUNCIL

**Agenda Item 1**  
**September 22, 2014**

**SUBJECT:** Approval of Resolution Approving Application of Harman Becker Automotive Systems, Inc., for an Industrial Facilities Exemption Certificate for an approximately 188,000 square foot New Facility to be located at the northeast corner of M-5 and 13 Mile Road, and related Agreement Concerning Industrial Facilities Tax Abatement.

**SUBMITTING DEPARTMENT:** Neighborhood and Business Relations

**CITY MANAGER APPROVAL:**  PA

### **BACKGROUND INFORMATION:**

Harman Becker Automotive Systems, Inc. plans to construct a state-of-the-art 188,000 square foot facility on 16.5 acres at the northeast corner of M-5 and 13 Mile Road. The company will relocate to the new facility, consolidating six of their seven existing Southeast Michigan locations into one building. Harman Becker will bring approximately 800 existing employees to the new facility and it will serve also as the company's headquarters in Michigan. The company expects to add approximately 150 new employment positions at the new facility within the first three years of its initial occupancy. Of the 150 employment positions, approximately 20 employees will work as managers with an average annual salary of \$130,000, and approximately 130 employees will work as professionals with an average annual salary of \$91,000.

Harman Becker will occupy the new facility pursuant to a build-to-suit lease with HCP/HBAS Building LLC, which is an affiliate of Northern Equities Group. Under the terms of the lease, the company will be responsible for the payment of all real and personal property taxes at the facility during the 15-year lease term. The total proposed investment for this project, including both land acquisition (by lease) and building and related improvements, is over \$37 million dollars. The total projects costs are expected to be paid through a combination of developer contributions, the company's private funds and state and local incentives. The new facility will strengthen the Harman Becker's footprint in Michigan by increasing the company's employment base and serving as a showcase location for the company. It will also expand the expertise of the local labor force and assist in bolstering Michigan's economy through the employment of well-compensated professionals. Further, by consolidating its operations into one large, state-of-the-art facility in Novi, the company will be very well positioned for future expansion there as its business needs evolve.

Harman Becker is a world leader in developing automotive internal audio sounds. The company designs, manufactures, and markets premier audio, visual infotainment, and integrated control solutions for the automotive, consumer, and professional markets. More than 80 percent of the world's luxury cars are equipped with their premium audio and infotainment systems.

Harman Becker is asking the City to grant it a real and personal property tax abatement under PA 198. The company has indicated that the abatement incentives under that Act--which roughly described involve a 50% abatement of the taxes on the new facility (i.e., not the land underneath it) and new personal property--are required in order for the investment to make

sound financial sense for the relocation. Under the City's policy, an abatement could be considered because there is new investment and new jobs involved.

Harman is asking specifically for an 8-year abatement. It believes that it will ultimately meet the criteria for an 8-year abatement (investment of over \$30 million and over 176 full time jobs). However, Harman is also reserving the right to ask for an extension of the abatement within the final (8<sup>th</sup>) year not to exceed 12 years. The City would need to approve the extension and the Industrial Facilities Exemption Certificate Agreement would have to be amended as well.

Harman Becker and the City Administration have completed a draft Industrial Facilities Exemption Certificate Agreement that would go along with a resolution to approve the tax abatement. The process for approving an abatement involves two separate steps -- first establishing the Industrial Development District, and second determining whether to grant an abatement (with the final decision whether to grant the abatement residing in the State Tax Commission).

A public hearing for the district formation was held and on August 25, 2014. City Council took step one when it approved a Resolution to establish Industrial Development District for the northeast corner of Thirteen Mile Road and M-5 on September 15, 2014.

Council will now be considering step two-approval of the Industrial Facilities Exemption Certificate, on September 22nd. Attached is a Resolution Approving Application of Harman Becker Automotive Systems, Inc, for Industrial Facilities Exemption Certificate for New Facility. A copy of the Agreement Concerning Industrial Facilities Tax Abatement, which is referred to and incorporated into the Resolution, is also attached.

**RECOMMENDED ACTION:** Approval of Resolution Approving Application of Harman Becker Automotive Systems, Inc. and Agreement Concerning Industrial Facilities Tax Abatement, subject to approval by the State Tax Commission pursuant to Act 198.

	1	2	Y	N
<b>Mayor Gatt</b>				
<b>Mayor Pro Tem Staudt</b>				
<b>Council Member Casey</b>				
<b>Council Member Fischer</b>				

	1	2	Y	N
<b>Council Member Markham</b>				
<b>Council Member Mutch</b>				
<b>Council Member Wrobel</b>				



## 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:  
Lauren Royston  
45175 W. Ten Mile Road  
Novi, MI 48375

or by email to: [royston@cityofnovi.org](mailto:royston@cityofnovi.org)

Name of firm requesting abatement: Harman Becker Automotive Systems

Contact Person: Robert Smith

Address: 28845 Cabot Dr., Novi, MI 48377

Phone: 248-994-2390 Email: Robert.Smith2@harman.com

Please answer the following questions as completely as possible.

1. How many acres does the project include? 16.5 acres
2. How many new jobs would be brought to the City of Novi? 637
  - a. Average salary range of new hires? \$91,000-\$166,000/year

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

# Application for Industrial Facilities Tax Exemption Certificate

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

**INSTRUCTIONS:** File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form, call (517) 373-3302.

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) <b>Harman Becker Automotive Systems, Inc.</b>	▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) <b>334310</b>	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location)	▶ 1d. City/Township/Village (indicate which) <b>City of Novi</b>	▶ 1e. County <b>Oakland</b>
▶ 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	▶ 3a. School District where facility is located <b>Walled Lake</b>	▶ 3b. School Code <b>63290</b>
		4. Amount of years requested for exemption (1-12 Years) <b>8 Years</b>

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.

The Company currently operates seven facilities in Michigan. The Company will consolidate six of the seven facilities and add approximately 150 new jobs in a state-of-the-art facility to be located on 16.5 acres at M-5 and 13 Mile Road. The Company has signed a build-to-suit lease agreement with an affiliate of Northern Equities Group. Site improvements are expected to begin in September 2014, with occupancy occurring approximately one year later.

6a. Cost of land and building improvements (excluding cost of land) .....	▶ <u>26,929,000</u>
* Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.	
6b. Cost of machinery, equipment, furniture and fixtures .....	▶ <u>5,900,000</u>
* Attach itemized listing with month, day and year of beginning of installation, plus total	
6c. Total Project Costs .....	▶ <u>32,829,000</u>
* Round Costs to Nearest Dollar [Note: Excludes \$30 million in land costs and \$5.1 million annual lease cost.]	
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 ▶	<u>09/23/2014</u>	<u>05/01/2015</u>	▶ <input type="checkbox"/> Owned <input checked="" type="checkbox"/> Leased
Personal Property Improvements ▶	<u>02/01/15</u>	<u>11/01/2015</u>	▶ <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. <b>Approx. 800 jobs relocated to new facility</b>	▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. <b>150</b>
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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) <b>9/15/2014</b>	▶ 12c. Is this application for a speculative building (Sec. 3(8))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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**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 <b>Robert Smith</b>	13b. Telephone Number <b>248-994-2390</b>	13c. Fax Number <b>248-994-0483</b>	13d. E-mail Address <b>Robert.Smith2@harman.c</b>
14a. Name of Contact Person <b>Robert Smith</b>	14b. Telephone Number <b>248-994-2390</b>	14c. Fax Number <b>248-994-0483</b>	14d. E-mail Address <b>Robert.Smith2@harman.c</b>
▶ 15a. Name of Company Officer (No Authorized Agents) <b>Phillip M. Eyler</b>			
15b. Signature of Company Officer (Name and Address) 		15c. Fax Number <b>248-994-0201</b>	15d. Date <b>9-16-14</b>
▶ 15e. Mailing Address (Street, City, State, ZIP Code) <b>26500 Haggerty Road, Farmington Hills, MI 48331</b>		15f. Telephone Number <b>248-592-3200</b>	15g. E-mail Address <b>phil.eyler@harman.com</b>

**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: <b>Check or Indicate N/A if Not Applicable</b> <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 <b>Check or Indicate N/A if Not Applicable</b> <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.	
16c. LUCI Code	16d. School Code
17. Name of Local Government Body	▶ 18. Date of Resolution Approving/Denying this Application

Attached hereto is an original 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.

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

## 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:

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

For guaranteed receipt by the State Tax Commission, it is recommended that applications and attachments are sent by certified mail.

## **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 10<sup>th</sup> 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.

City of Novi

\_\_\_\_\_  
By:  
Its:

\_\_\_\_\_  
By: Robert Gatt  
Its: Mayor

\_\_\_\_\_, 2014

\_\_\_\_\_, 2014

and

\_\_\_\_\_  
By: Maryanne Cornelius  
Its: Clerk

\_\_\_\_\_, 2014

DRAFT

**Exhibit A**  
**Legal Description**

See attached.

**CITY OF NOVI  
NOTICE OF PUBLIC HEARING  
CONSIDERATION OF THE ESTABLISHMENT OF AN  
INDUSTRIAL DEVELOPMENT DISTRICT  
UNDER ACT P.A. 198 OF 1974, AS AMENDED**

Notice is hereby given that Harman Becker and HCP Land, LLC have submitted a request to the City of Novi for the establishment of an Industrial Development District under the "Plant Rehabilitation and Industrial Development Act P.A. 198 of 1974."

The proposed project is located at M-5 and Thirteen Mile Road and, described as follows:

**LEGAL DESCRIPTION  
(BY PROFESSIONAL ENGINEERING ASSOCIATES)**

**PROPOSED PARCEL A**

Land in a 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 sold 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);

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°78'48", and a chord bearing S15°27'32"W, 72.10 feet;

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

Pursuant to Section 4 (4) of said Act, a public hearing shall be held on August 25, 2014 at 7:00 pm in the Novi City Council Chambers, located at 45175 Ten Mile Road, Novi, Michigan 48375, during which any property owner within the proposed Industrial Development District, and any resident or taxpayer of the City of Novi may appear and be heard in relation to the consideration of the aforementioned Industrial Development District.

If you have any comments regarding this proposal, they may be presented in writing to the City Clerk's office or at the public hearing.

Maryanne Cornelius, MMC  
City Clerk

**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 \_\_\_\_\_

ABSENT: Councilmembers \_\_\_\_\_

The following preamble and Resolution were offered by Councilmember \_\_\_\_\_ and supported by Councilmember \_\_\_\_\_.

**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:**

**NAYS:**

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.

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Maryanne Cornelius, City Clerk  
City of Novi