



CITY of NOVI CITY COUNCIL

Agenda Item 2
July 9, 2018

SUBJECT: Approval of Resolution authorizing application from Nachi Robotic Systems, Inc. for an Industrial Facilities Tax Exemption Certificate for new improvements to an existing facility located at 46200 Twelve Mile 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 Nachi Robotic Systems, Inc. (applicant) for an Industrial Facilities Tax Exception Certificate (IFEC) for real property and personal property to be located on parcel 50-22-09-451-031 and at 46200 Twelve Mile Road. The property's legal description is as follows:

T1N, R8E, SEC 9 PART OF SE 1/4 BEG AT PT DIST N 87-03-04 E 510 FT FROM S 1/4 COR, TH N 03-08-19 W 75 FT, TH S 87-03-04 W 100 FT, TH N 03-08-19 W 235 FT, TH N 87-03-04 E 100 FT, TH N 03-08-19 W 18.37 FT, TH N 87-03-04 E 158.85 FT, TH N 03-08-19 W 207.14 FT, TH N 86-40-14 E 253.67 FT, TH S 02-57-36 E 537.19 FT, TH S 87-03-04 W 410.84 FT TO BEG 4.85 A 4-9-15 FR 028 & 030
Split/Combined on 04/06/2015 from 50-22-09-451-028, 50-22-09-451-030;

The parcel of land is situated within the Nachi Robotic Systems, Inc Industrial Development District, established on July 9, 2018. The request was submitted by the applicant on May 8, 2018.

The real property improvement investment is \$2,911,510 and the personal property investment is \$2,834,900, for a total investment of \$5,735,410.¹ The real property consists of real property improvements including a 65,000 square facility, having a 26,000 square foot 2-story office area and 39,500 square foot lab/warehouse area. The building is currently shelled or in "white box form". It will be finished with equipment to showcase examples of the capabilities of Nachi Robotic Systems. The demonstration cells will consist of robots, and peripheral equipment used to automate lines in automotive machining and electronics machining applications. There will be Nachi machines to demonstrate to customers and potential customers, as well as training classrooms and laboratories with robots and small systems to all them to bring in customers and students an ability to learn how to use the products built. See attached application for further description.

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 and personal property improvements meet the City's Policy for both real property and personal property.

¹ See attached listing.

Because this is a new facility, this project will result in an expected 120 new jobs created at this site.² Granting this request will result in an increase in the tax base of the city and should bring increased economic benefits to the city and to other service oriented businesses.

Term of Abatement

The applicant is requesting a 3-year abatement, and has signed the City's incentive 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 three years request the potential real and personal property tax savings for the applicant will be approximately \$143,000, over the term of the certificate. Additional real and personal property tax revenue for the city will be approximately \$40,000, over the term of the certificate.

Due to the passage of personal property tax laws in 2014, there is a strong probability that the personal property will be exempt immediately from ad valorem taxes. This being assumed, the additional real property tax revenue for the city will be approximately \$23,000 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 of Novi.

Pending Appeals

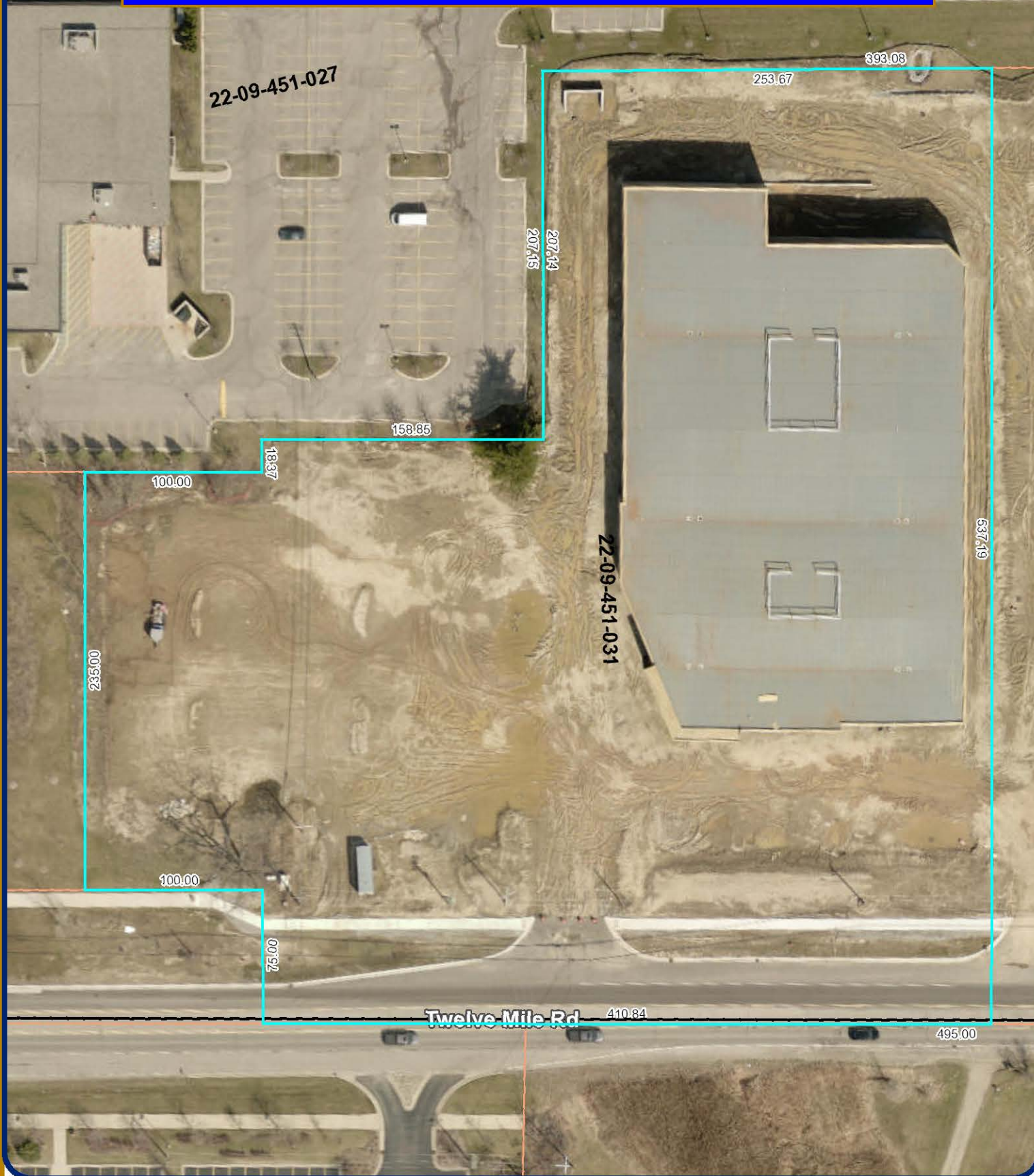
To the best of staff's knowledge, there is no outstanding and/or pending appeal(s) involving the property that is the subject of this application within the city of Novi. Furthermore, there is no outstanding and/or pending appeal(s) involving the applicant filing for this tax incentive within the city.

Based on reviewing the application and the City's property tax incentive policy, the applicant qualifies for a 3-year abatement; with the term of the abatement beginning on 12/31/2018 and ending on 12/30/2021. The City's business residency requirement states with this duration of an abatement certificate the applicant must remain at the facility for an additional four (2) years after the certificate expires.

RECOMMENDED ACTION: Approval of Resolution authorizing application by Nachi Robotic Systems, Inc. for a 3-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.

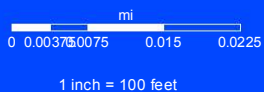
² See included Supplemental Questions responding to the City's Policy.

46200 Twelve Mile Rd



MAP INTERPRETATION NOTICE

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent, accurate sources available to the people of the City of Novi. Boundary measurements and area calculations are approximate and should not be construed as survey measurements performed by a licensed Michigan Surveyor as defined in Michigan Public Act 132 of 1970 as amended. Please contact the City GIS Manager to confirm source and accuracy information related to this map.



Map Print Date:
6/26/2018



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

**CITY OF NOVI
RESOLUTION
APPROVING AN INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
FOR NACHI ROBOTIC SYSTEMS, INC**

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 **9th day of July, 2018**.

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 **9th day of July, 2018**, the City of Novi, established an Industrial Development District, commonly referred to as the **Nachi Robotic Systems, Inc. Industrial Development District**; and

WHEREAS, **Nachi Robotic Systems, Inc.** 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** and **personal property** within the **Nachi Robotic Systems, Inc. Industrial Development District**; and

WHEREAS, before acting on said application, the City Council of Novi held a hearing on the **9th day of July, 2018** 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 **8th day of May, 2018**, the date of the acceptance of the application for the Industrial Facility Exemption Certificate; and

WHEREAS, completion of **the real property and personal 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 **Nachi Robotic Systems, Inc.** for an Industrial Facilities Exemption Certificate with respect to a **New Facility** on the following described parcel of real property situated within the **Nachi Robotic Systems Inc. Industrial Development District**; to wit;

The real property parcel the facility is located on is identified as tax parcel 50-22-09-451-031, having an address **46200 Twelve Mile Road**, City of Novi, MI 48375, including:

T1N, R8E, SEC 9 PART OF SE 1/4 BEG AT PT DIST N 87-03-04 E 510 FT FROM S 1/4 COR, TH N 03-08-19 W 75 FT, TH S 87-03-04 W 100 FT, TH N 03-08-19 W 235 FT, TH N 87-03-04 E 100 FT, TH N 03-08-19 W 18.37 FT, TH N 87-03-04 E 158.85 FT, TH N 03-08-19 W 207.14 FT, TH N 86-40-14 E 253.67 FT, TH S 02-57-36 E 537.19 FT, TH S 87-03-04 W 410.84 FT TO BEG 4.85 A 4-9-15 FR 028 & 030 Split/Combined on 04/06/2015 from 50-22-09-451-028, 50-22-09-451-030;

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

3. The Industrial Facilities Exemption Certificate when issued shall be and remain in force and effect for a period of **three (3) years**, and the starting date for the certificate is **December 31, 2018** and the ending date is **December 30, 2021**.

4. The total project investment approved is **\$5,735,410**.

5. **Nachi Robotic Systems, Inc.** 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 **9th day of July, 2018**.

IN WITNESS WHEREOF, I have hereunto affixed my official signature on **this 9th day of July, 2018**.

Cortney Hanson, City Clerk

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) Nachi Robotic Systems, Inc.	▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 5084, 8711	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 46200 Twelve Mile Rd, Novi, Michigan, 48377	▶ 1d. City/Township/Village (indicate which) City	▶ 1e. County Oakland
▶ 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 Novi Community School District	▶ 3b. School Code 63100
▶ 4. Amount of years requested for exemption (1-12 Years) 3 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.

See attached.

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.	▶ <u>\$2,911,510.00</u> 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	▶ <u>\$2,834,900.00</u> Personal Property Costs
6c. Total Project Costs * Round Costs to Nearest Dollar	▶ <u>\$5,735,410.00</u> 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.

	<u>Begin Date (M/D/Y)</u>	<u>End Date (M/D/Y)</u>	
Real Property Improvements ▶	5/18/2018	11/9/2018	▶ <input type="checkbox"/> Owned <input checked="" type="checkbox"/> Leased
Personal Property Improvements ▶	5/18/2018	11/1/2018	▶ <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. ▶ 10. No. of new jobs at this facility expected to create within 2 years of completion.
120

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 Andrew Candela	13b. Telephone Number (248) 735-5229	13c. Fax Number (248) 305-6542	13d. E-mail Address acandela@nachirobotics.c
14a. Name of Contact Person Andrew Candela	14b. Telephone Number (248) 735-5229	14c. Fax Number (248) 305-6542	14d. E-mail Address acandela@nachirobotics.c
▶ 15a. Name of Company Officer (No Authorized Agents) Akira Nozaki, CEO			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number 248 305 6542	15d. Date 5/8/2018
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 42775 W 9 Mile Rd. Novi, MI 48375		15f. Telephone Number (248) 735-5229	15g. E-mail Address anozaki@nachirobotics.co

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
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

LEGAL DESCRIPTION

The real property situated in the City of Novi, Oakland County, Michigan described as follows:

Part of the Southeast quarter of Section 9, Town 1 North, Range 8 East, more particularly described as: Beginning at a point North 87 degrees 03 minutes 04 seconds East 510 feet from the South 1/4 corner of said Section 9; thence North 03 degrees 08 minutes 19 seconds West 75 feet; thence South 87 degrees 03 minutes 04 seconds West 100 feet; thence North 03 degrees 08 minutes 19 seconds West 235 feet; thence North 87 degrees 03 minutes 04 seconds East 100 feet; thence North 03 degrees 08 minutes 19 seconds West 18.37 feet; thence North 87 degrees 03 minutes 04 seconds East 158.85 feet; thence North 03 degrees 08 minutes 19 seconds West 207.14 feet; thence North 86 degrees 40 minutes 14 seconds East 253.67 feet; thence South 02 degrees 57 minutes 36 seconds East 537.19 feet; thence South 87 degrees 03 minutes 04 seconds West 410.84 feet to the point of beginning

Property Address: 46200 Twelve Mile Road
Tax Parcel No: 50-22-09-451-031

Nachi Robotic Systems Inc.
Project Summary – Supplemental Information

Prepared for the City of Novi
RE: Industrial Facilities Tax Exemption Application
May 9, 2018

The following information supplements Section 5 of Michigan Department of Treasury 1012 (Rev. 04-14) Form 1012 which states:

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.

I. Business Operations

Nachi is a worldwide manufacturer of innovative products: bearings, precision cutting tools, hydraulic equipment, machine tools, robots and high speed steel. Nachi Robotic Systems, Inc. (“NRS”) North American headquarters is in Novi, MI. NRS supplies a wide range of robots and successful turnkey solutions for many applications, including: spot welding, arc welding, sealing, material handling, machine tending, material removal, foundry, forging, packaging/palletizing and assembly. In addition, NRS provides robotic application and engineering support, design and plant installation, as well as programming and start-up. NRS offers user training (on-site and in-house), field service, preventative maintenance and design/build of work cells through complete lines.

II. Community Involvement and Support

NRS and its employees have provided support to Novi Schools robotic and science programs by providing tours of our current facility as well as hosting classes about robotics, and automation. In addition, Nachi has annually adopted families at the holiday time as well as held backpack, and school supply drives to ensure that the less fortunate members of our community are supported, and the children equipped for success. NRS intends to continue its strong tradition community involvement and support.

III. Project Description

The facility when completed will be a 65,500 SF +/- two story building with approximately 26,000 SF of two story office space and 39,500 SF of shop, laboratory and ware house space. The facility will be used as an office building for general business operations, a research and development lab and a show room for NRS’s robot equipment. The building is currently in white box form and will require substantial real property improvements and equipment installation. Real property improvements will include: storm drainage system installation; sanitary sewer installation; water main work; natural gas piping and metering; electrical and telephone services; sidewalks; asphalt paving; landscaping; standard foundations; interior flatwork; masonry; metal; and wood work.

Nachi Robotic Systems Inc.
Project Summary – Supplemental Information

Equipment to be installed will include Demonstration Cells, and systems to show examples of the capabilities of NRS. These cells will consist of robots, and peripheral equipment used to automate lines in Automotive Machining, and Electronics Manufacturing applications. In addition there will be some Nachi America Machines to show to customers and potential customers. There will be two training classrooms, and a training lab with robots and small systems which will allow us to bring in customers as students to learn how to use our products. There will also be some repair bays where we will be able to bring customer robots in for overhaul, and repair.

Please see preliminary site plans attached.

IV. Qualification as Industrial Property Under to MCL 207.552

NRS is the prospective lessee through a Lease Agreement dated March 16, 2018 of Parcel No. 50-22-09-451-031 (approx. 4.85 acres) located in the City of Novi, Michigan (the “**Property**”).

NRS has submitted an Industrial Facilities Tax Abatement (“**IFTA**”) Application requesting approval of an Industrial Facilities Exemption Certificate (the “**IFEC**”) for the real and personal property investments NRS intends to make in conjunction with the development, construction and occupancy of the Property for its North American Headquarters (the “**Project**”).

Based on the foregoing, NRS qualifies under the Plants Rehabilitation and Industrial Development Districts Act 198 of 1974 (“**P.A. 198**”). The project qualifies under multiple categories within MCL 207.552(7). The overall NRS site operations will include the following:

- Robot engineering repair shops
- Research and development laboratory
- Warehousing and storage
- Training class rooms and laboratories
- NRS office operations

a) Project Analysis

The Property/Project qualifies under MCL 207.552 as follows:

- Under MCL 207.552(2) "Facility" means either a replacement facility, a new facility, or, if applicable by its usage, a speculative building.

The Project is a “New Facility”

- Under MCL 207.552(5) "New facility" means new industrial property other than a replacement facility to be built in a plant rehabilitation district or industrial development district.

The Project is a new industrial property to be located in an industrial development district (IDD) to be approved by the City of Novi, Oakland County, Michigan. The property is

Nachi Robotic Systems Inc.
Project Summary – Supplemental Information

approximately 4.85 acres of industrial property proposed to be developed with an approximately 65,00 square foot building, 100% of the use will be for engineering/repair shops, warehousing, research and development labs, training labs and class rooms, and related corporate office operations.

- Under MCL 207.552(7): “Industrial Property” *means land improvements, buildings, structures, and other real property, and machinery, equipment, furniture, and fixtures or any part or accessory whether completed or in the process of construction comprising an integrated whole, the primary purpose and use of which is the engaging in a high-technology activity, operation of a strategic response center, operation of a motorsports entertainment complex, operation of a logistical optimization center, operation of qualified commercial activity, operation of a major distribution and logistics facility, the manufacture of goods or materials, creation or synthesis of biodiesel fuel, or the processing of goods and materials by physical or chemical change; property acquired, constructed, altered, or installed due to the passage of proposal A in 1976; the operation of a hydro-electric dam by a private company other than a public utility; or agricultural processing facilities. Industrial property includes facilities related to a manufacturing operation under the same ownership, including, but not limited to, office, engineering, research and development, warehousing, or parts distribution facilities. Industrial property also includes research and development laboratories of companies other than those companies that manufacture the products developed from their research activities and research development laboratories of a manufacturing company that are unrelated to the products of the company.*

Specifically, as highlighted above in *italic and underlined text*, the NRS Property/Project specifically qualifies under MCL 207.552(7) as the project is comprised of, and primary purpose and use of which is, the following:

- Engaging in “high technology activity” as defined in MCL 207.803(m)(v)(viii)(Engineering or laboratory testing related to the development of a product; Product research and development.)
- The facility is an office, engineering and research and development facility related to a manufacturing operation (for bearings, precision cutting tools, hydraulic equipment, machine tools, robots and high speed steel) by Nachi America, Inc (“NA”) the parent company to NRS.

V. SIC Classification

The proposed Project operations have been compared to the Standard Industrial Classification (SIC). The Project’s operations are:

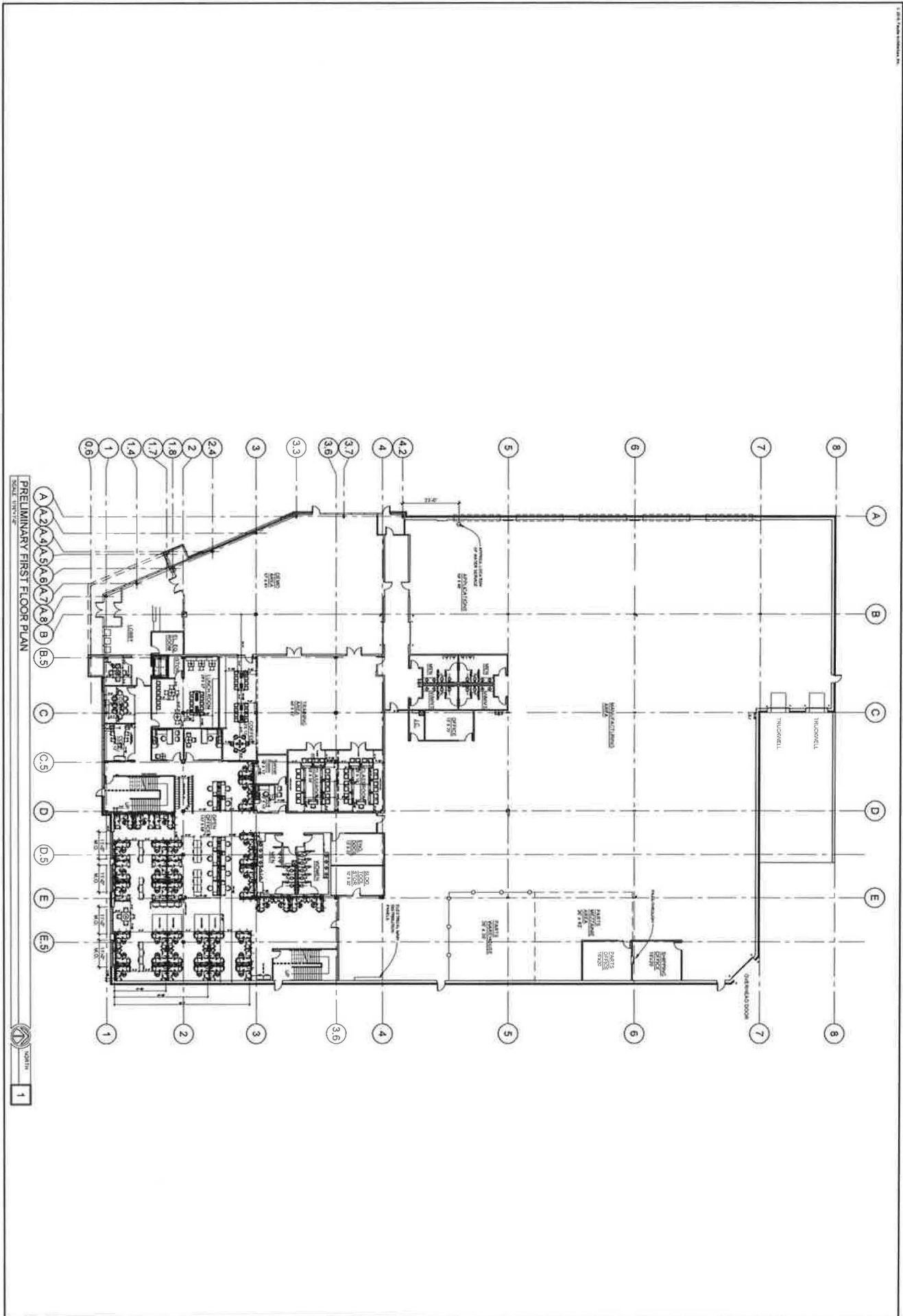
Nachi Robotic Systems Inc.
Project Summary – Supplemental Information

- a) 5084/Industrial Machinery and Equipment: Establishments primarily engaged in the wholesale distribution of industrial machinery and equipment, not elsewhere classified.

- b) 8711/Engineering Services: Establishments primarily engaged in providing professional engineering services. Establishments primarily providing and supervising their own engineering staff on temporary contract to other firms are included in this industry.
 - Designing ship, boat, and machine
 - Engineering services: industrial, civil, electrical, mechanical,
 - Machine tool designers
 - Marine engineering services
 - Petroleum engineering services

VI. Conclusion

Based on the foregoing items discussed above, the proposed NRS operations qualify under the multiple categories and designations under MCL 207.552.



DATE	ISSUED FOR

PROJECT NAME
NACHI ROBOTICS
 NOVI, MICHIGAN

DATE	ISSUED FOR
1/7/04	

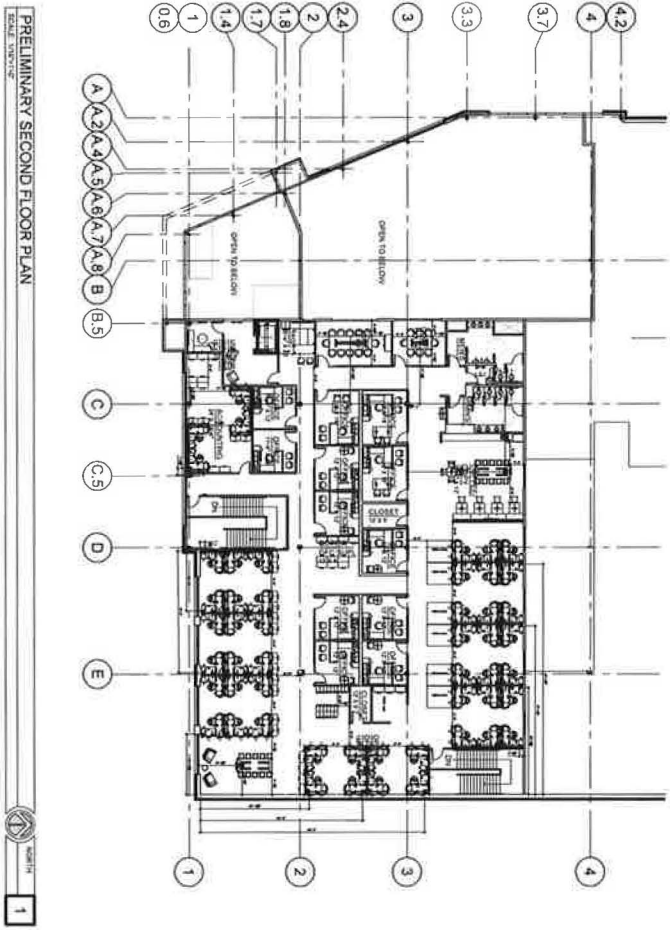


DEMBS



FAUDIE ARCHITECTURE
Interior Architecture

26265 Evergreen Rd., Suite #122
 Southfield, MI 48076 | 248.410.2264
 www.faudiearchitecture.com



PRELIMINARY SECOND FLOOR PLAN

DATE	REVISION	REVISION FOR

PROJECT NAME
NACHI ROBOTICS
 NOVI, MICHIGAN

FAUDIE ARCHITECTURE
 Design for Integrow

DEMBS
 Design for

28281 Evergreen Rd., Suite #123
 Southfield, MI 48074 | 248.615.2344
 www.faudiearchitecture.com

PROJECT NUMBER
 17104

PROJECT FILE NUMBER
 PFP-14

Novi Corporate Park V, LLC
27750 Stansbury, Suite 200
Farmington Hills, MI 48334

April 11, 2018

City Clerk
City of Novi
45175 W. Ten Mile Road
Novi, MI 48375

**Re: Request to Establish Industrial Development District (IDD)
46200 Twelve Mile Road, Parcel No. 50-22-09-451-031**

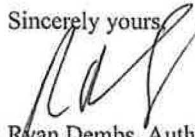
Dear Mayor and Members of City Council:

Please be advised that Novi Corporate Park V, LLC, a Michigan limited liability company (“**Owner**”) and Nachi Robotic Systems, Inc., a Delaware corporation (“**Nachi**”) have entered into a Lease for the real property commonly known as 46200 Twelve Mile Road, Novi, Michigan, that is legally described on attached **Exhibit A** (“**Property**”). Pursuant to the Lease, Owner will construct improvements on the building currently located on the leased Property in order to make it compatible with Nachi’s business operations.

Based on the investment to be made in the Property, Owner hereby requests that the Novi City Council establish an industrial development district (“**IDD**”) for the Property pursuant to Act 198 of 1974, as amended, MCL 207.554. If the City Council establishes the requested IDD, Nachi, as tenant of the Property, would then apply for the issuance of an Industrial Facilities Exemption Certificate relating to the ad valorem real and/or personal property taxes for the Property.

If you need or desire any additional information to consider and/or process this request, please contact me. Thank you for your consideration and assistance.

Sincerely yours,



Ryan Dembs, Authorized
Representative of Owner

**INDUSTRIAL FACILITY EXEMPTION
MACHINE & EQUIPMENT LIST**

**NACHI ROBOTIC SYSTEMS, INC.
46200 TWELVE MILE ROAD
NOVI, MICHIGAN, 48377**

Personal Property:

\$2,834,900

EQUIPMENT	START	FINISH DATE	COSTS
Furniture for building	5/18/18	9/30/18	\$400,000
IT Infrastructure	5/23/18	10/1/18	\$159,900
Security & Badging	6/1/18	10/1/18	\$41,000
Phone System Move	8/1/18	10/1/18	\$8,000
Robot Systems for Training Center	9/1/18	10/1/18	\$426,000
Boach Machine for Demo Area	9/1/18	11/1/18	\$600,000
(6) Robotic Demo cells w/ robots & Equipment	9/1/18	11/1/18	\$1,200,000

**INDUSTRIAL FACILITY EXEMPTION
REAL PROPERTY IMPROVEMENTS**

**NACHI ROBOTIC SYSTEMS, INC.
46200 TWELVE MILE ROAD
NOVI, MICHIGAN, 48377**

Real Property:

\$2,911,510

CONSTRUCTION	START	FINISH DATE	COSTS
Site Work			\$19,900
Land Restoration	7/27/2018	7/30/2018	
Paving and Patching	7/27/2018	7/27/2018	
Site Utilities	7/20/2018	7/26/2018	
Soft Costs	5/18/2018	5/24/2018	\$164,008
Insurance			
Permits			
Architectural			
Engineering			
Public Utilities			
Interior Construction			\$2,676,867
Footings Foundations	5/18/18	5/24/18	
Underground Plumbing & Electrical	5/25/18	6/8/2018	
Steel Mezzanine	6/11/18	6/22/18	
Prep/Place Concrete Floors	6/18/18	6/26/18	
Rough Over Head Electrical/Mechanical	6/27/18	7/11/18	
Paint Open Deck Areas	7/12/18	7/18/18	
Rough Carpentry Framing	7/19/18	7/31/18	
Rough Wall Plumb/Mech/Elect	8/1/18	8/14/18	
Drywall, Tape & Sand	8/15/18	8/28/18	
Acoustical Ceilings	8/29/18	9/7/18	
Millwork	8/29/18	9/5/18	
Doors & Hardware	8/29/18	9/5/18	
Paint & Finishes	9/6/18	9/19/18	
Interior Glass & Glazing	9/6/18	9/10/18	
Floor Finishes	9/20/18	9/28/18	



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: Nachi Robotic Systems, Inc.

Contact Person: Andrew Candela

Address: 42775 W 9 Mile Rd, Novi, MI 48375

Phone: 248-735-5229 Email: acandela@nachirobotics.com

Please answer the following questions as completely as possible.

1. How many acres does the project include? 4.85 Acres

2. How many new jobs would be brought to the City of Novi? 36

a. Average salary range of new hires? \$880 - \$2,115

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

**INDUSTRIAL FACILITIES EXEMPTION APPLICATION
AFFIDAVIT OF FEES**

In accordance with State Tax Commission Bulletin No. 3, dated January 1998, the City of Novi and the Applicant for Industry 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: _____

Printed Name: Cortney Hanson

Title: City Clerk

Dated: _____

Nachi Robotic Systems, Inc.
Company/Applicant Name

Signed:  _____

Printed Name: Akira Nozaki

Title: CEO

Dated: May 8, 2018

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

Nachi Robotic Systems, Inc., hereinafter referred to as the
"Company," located at 42775 W 9 Mile Rd, Novi, MI 48375

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) 50-22-09-451-031

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 term of the IFEC according to the following schedule:
 - a. Tax abatement term of up to eight (8) years (including extensions) = length of abatement certificate AND an additional two (2) tax years.
 - b. Tax abatement term of over eight (8) years (including extensions) = length of the abatement certificate AND an additional four (4) 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:


SIGNATURE

TAKAKO SMITH
PRINT NAME

COMPANY REPRESENTATIVE:

BY: 
Akira Nozaki

ITS: CEO

DATED: May 8, 2018

ACKNOWLEDGED BY THE CITY OF NOVI:

WITNESS:

SIGNATURE

PRINT NAME

BY: _____
ROBERT J. GATT

ITS: MAYOR

DATED: _____

WITNESS:

SIGNATURE

PRINT NAME

BY: _____
CORTNEY HANSON

ITS: CITY CLERK

DATED: _____

**City of Novi
Property Tax Policy
Supplemental Questions**

Date: **May 9, 2018**

Applicant Name: **Nachi Robitic Systems, Inc. (“NRS”)**

This form has been started to assist the applicant in addressing the areas questioned within the city’s abatement policy. This is only to be used as a starting guide. It is suggested the applicant provide as much written responses and documentation as necessary to assist the City Council in its determinations that the applicant needs the abatement and the background regarding the business activities it provides.

The following criteria will be used to evaluate requests for tax abatement and determination of the number of years of the abatement. The City Council reserves the right to modify the tax abatement criteria to reflect changing objectives, priorities or conditions of the community. All of the following items would need to be initially addressed by the applicant before consideration can move forward.

You must provide support for the following areas.

A. Has the applicant begun construction or installation of its project starting or exceeding more than 6 months before filing its application with the city? Provide history and support that for abatement application was received by the City no greater than 6 months from project construction/installation. Provide proof the application pertains to a project located within an established plant rehabilitation district or industrial development district or the means for establishing said district.

As of the date of filing the application no construction or installation activities have begun for the project. In addition, please the attached the industrial development district request letter submitted to the City’s Director of Economic Development, Alan Weber.

B. Does the applicant or entity have any outstanding property taxes owed relating to this project or any other properties within the city? AS relevant, provide parcel numbers and outstanding taxes owed.

NRS has no outstanding property taxes owed relating to this project or any other properties in the City.

The parcel number for the project is 50-22-09-451-031. The parcel number for the building NRS is vacating is 50-99-01-940-095.

C. If the facility is leased, will the number of years requested for the abatement including its business residence requirement (i.e., years identified in incentive agreement post certificate expiration) exceed the number of tax years (i.e., December 31 for subsequent year) stated in the lease? Lease period MUST NOT include any options of renewal or release. Identify at minimum lease execution date, commencement date, ending date. Provide city with copy of complete lease as executed.

The number of years requested for the abatement will not exceed the number of years of tax years in the lease. NRS is requesting 3 years of abatement. The lease is for a term of 10 years. The lease was executed on March 18, 2018. The lease term commences on the date NRS takes possession of the building after the landlord has substantially completed real property improvements to the property. The anticipated commencement date is October 1, 2018. The lease end date would be on September 30, 2028.

D. Is there any pending or current litigation, including but not limited to property tax appeals, against the City by the applicant or any of its agents?

There is no pending or current litigation against the City by NRS or any of its agents.

E. Is the abatement application for the current phase of the project? Provide summary of the construction/installation which is identified by the application including a breakdown of beginning construction/installation date (D/M/Y), ending construction date (D/M/Y), type of construction/installation, and estimated cost associated by the application. Provide description of reasoning for the project and its need by the applicant.

Please see attached Real and Personal Property Improvement chart.

Yes the abatement application is for the current phase of the project. The project will include construction of building improvements and installation of personal property. Building improvements will include: storm drainage system installation; sanitary sewer installation; water main work; natural gas piping and metering; electrical and telephone services; sidewalks; asphalt paving; landscaping; standard foundations; interior flatwork; masonry, metal and wood work. Equipment will also be installed including Demonstration Cells, and systems to show examples of the capabilities of NRS. These cells will consist of robots, and peripheral equipment used to automate lines in Automotive Machining, and Electronics Manufacturing applications. In addition there will be some Nachi America Machines to show to customers and potential customers. There will be two training classrooms, and a training lab with robots and small systems which will allow us to bring in customers as students to learn how to use our products. There will also be some repair bays where we will be able to bring customer robots in for overhaul, and repair.

NRS's current lease at 42775 W Nine Mile Rd, Novi. Michigan, 48375 is set to expire on September 30, 2018. The Nine Mile location is small, outdated and no longer suitable for

NRS's business purposes. To that end NRS requires a new building to house its operations. However, NRS's parent company Nachi America Inc. ("NA"), owns a corporate campus in Greenwood, Indiana where NRS could operate from, at a significantly lower price. NRS would like to stay in Novi, Michigan, however, in order for the company to justify passing up on the Greenwood facility, staying in Novi must be financial reasonable, and receipt of a PA 198 Abatement would reduce the additional costs incurred by the company by choosing to stay in Novi as opposed to relocating to Greenwood, Indiana. Furthermore, the company's receipt of the abatement would allow it to continue to employ Novi residents. NRS currently employs at least 100 people in the City of Novi, however, all these jobs will be moved to Greenwood, Indiana if the company does not receive an abatement. NRS has been a good corporate citizen in its time in Novi and would relish to opportunity to remain a member of the community in the right conditions.

F. How is the project fiscally beneficial to Novi from a tax revenue standpoint? How will the project provide a potential to increase employment opportunities for citizens of the community? Provide sufficient information for the city to understand the due diligence efforts of why the applicant is initiating this project. Some examples may include: income salaries and range of salaries of new employees serving the Novi area; greater contribution of supporting residential and non-residential properties (groceries, gas, clothing, etc). Response is not a substitute for providing detailed employment breakdown as required and relating to application.

The project will involve substantial improvement to a building that is unoccupied and in a white box state. The building has been unoccupied since its construction in 2015. The real property and personal property improvements will surely increase the taxable value of the parcel. The project is an expansion NRS's current operations. Over the course of the next three years NRS will hire an additional 36 new employees at the facility. The goal is to house a new state of the art facility to showcase NRS as a technology company. The facility will reinforce this message by housing demonstrations of NRS's automation abilities, and well as provide space for training of our products to current and future customers. The projected growth would require space to be able to provide new R&D, and support value add activities in the manufacturing area. In addition, the space allows NRS to house members from the other divisions, further growing the local employment base.

G. Would the company locate or expand in the city if the tax abatement was not available? Provide support for cost/benefit analysis of the savings.

See answer to question E above. If the abatement is not available the company likely be forced by its parent company to relocate to Greenwood, Indiana. The Greenwood facility has a building that is ready for NRS's use without the need for substantial capital costs that the proposed project will require. In addition, although a lease has been signed, NRS's obligation to rent the building for the lease term is contingent on its receipt of economic incentives like the PA 198 abatement. Without the tax abatement, NRS would be forced to walk away from the lease and the state of Michigan. In terms of the cost/benefit analysis, Nachi America (our parent company) considers this a complete savings of ALL the rent,

furnishings, and IT Equipment investments (\$8.8M over the 10 year lease term) as the robotics group can be absorbed into their current facility with no additional infrastructure upgrade needed to their existing facility in Greenwood, IN.

H. Has the company developed the necessary cost disparity between expanding or locating in Novi and any and all other alternative locations outside the community? Provide support for cost analysis developed.

Yes. As noted above, the current facility in Novi is being sold, and NRS is being told we need to move out. Expanding in this location is not an option. The 12 Mile Road location in Novi is the only other location being considered in Michigan. If this location does not work, the robotics North American headquarters would be absorbed into the parent companies location in Greenwood, IN. As stated above, their cost consideration is an \$8.8M investment in a new facility for Robotics, vs. \$0 cost relocation to the existing Greenwood location.

I. What is the long term impact of the project on Novi's economy, particularly in both real and personal property? Provide support of business contributions. Examples may include, but not limited to curing property-related economic obsolescence, revitalizing property and surrounding property tax base, increase property and surrounding property tax base, assisting city in its economic vision of area.

As stated in question F above, the building has been unoccupied since its construction. The project will revitalize the property, increase its value and tax base and well as increase the tax base of surrounding properties and continue to aid in the growth of the Novi community.

J. What are the contributions the business and its employees made to communities where it is currently located (i.e., are they a good neighbor. do they get involved in civic activities)? Provide list both from company and employee contributions.

NRS and it's employees have provided support to Novi Schools robotic and science programs by providing tours of our current facility as well as hosting classes about robotics, and automation. In addition, NRS has annually adopted families at the holiday time as well as held backpack, and school supply drives to ensure that the less fortunate members of our community are supported, and the children equipped for success.

K. Will the applicant lend to diversification and increase of the city's tax base for developing both real and personal? Provide support.

NRS's Japanese staff live within the city limits, and support the city through property taxes paid. Their children take part in the Novi Schools, and support the many Japanese

retailers that call Novi home. In addition NRS's employees will continue their patronage of local Novi businesses.

L. Will the project provide enhanced opportunities for the existing business community? Provide support for response.

As noted in Question K, all of the Japanese members that are sent to work here with their families gladly call Novi their home. They take part in the many Japanese community activities that occur in Novi, and provide daily support to the many Japanese, and Asian businesses that call Novi home. If relocated to Greenwood, this support of these businesses goes away.

M. How will the project provide corporate ongoing profitability, viability and vitality? Demonstrate proof, including but not limited to increases in net profit, by percentage, and in real dollars for the last three corporate fiscal years and forecast years.

NRS has seen growth of 10% to 12% over the last 5 years. With the addition of this investment of the new facility, NRS projects we will be able to continue this growth, and even increase order intake by 20-25% for each of the next 3 years. By being able to show new technology capabilities, we expect that this number could grow even more.

N. How will the project impact the community in terms of benefits outweighing the taxes forgone by the city? Applicant must provide a fiscal impact analysis that demonstrates the positive impacts to the community and where the benefits outweigh the abated amount in taxes for the duration of the abatement.

O. How will the applicant comply with the required yearly abatement compliance review?

The Applicant will provide information to the City of Novi that is relevant to Applicant's achieving the intended employment and investment goals for the Project that are approved as part of the tax Abatement. This information could be included in some type of IFT Status Letter or Report to the City Clerk summarizing the following:

- **The number of new jobs projected in the IFT application and the actual number of new jobs created;**
- **If the projection for creation and/or retention of jobs was not reached, providing an explanation;**
- **The estimated Project cost estimated in the application and the actual Project cost; and**
- **If the actual project costs differ substantially from projected cost, give explanation.**

The above information would be prepared by the Applicant with the assistance of its Counsel and submitted to the City Clerk for review and, if any arise, questions.

P. What assurances does the applicant make to commit itself to the community for the entire term of the tax abatement and into the future? Evidence of this involvement would occur at time abatement is awarded to applicant.

NRS has committed to a 10 year lease with 2 additional 5 year options on this new location. In addition NRS headquarters, has called the City of Novi home for the last 25 years.

Q. Will granting of the industrial facilities exemption certificate, considered together with the aggregate amount of industrial facilities exemption certificates previously granted and currently in force, have the effect of substantially impeding the operation of the City? Demonstrate whether the change would be greater or less than 5%.

According to information provided to Applicant in conversations with City of Novi officials, the Project and prior existing projects will not and do have the effect of substantially impeding the operation of the City.

Estimated New Jobs at New Facility							
Full Time Employees	End of Year 1		End of Year 2		End of Year 3		
	2019		2020		2021		
	New Jobs Created	Avg. Weekly Wage	New Jobs Created	Avg. Weekly Wage	New Jobs Created	Avg. Weekly Wage	
Service	4	\$880	4	\$880	4	\$880	
Managerial	0		1	\$1,645	2	\$1,645	
Technical	0		2	\$1,200	2	\$1,200	
Clerical	0		0		2	\$800	
Sales	0		3	\$2,115	3	\$2,115	
Other	3	\$962	3	\$962	3	\$962	Total New Jobs
Total	7	\$1,824	13	\$6,802	16	\$7,602	36

**INDUSTRIAL FACILITIES EXEMPTION APPLICATION
AFFIDAVIT OF PROJECT BEGIN DATES
NACHI ROBOTIC SYSTEMS**

I swear and affirm by my signature below that to the best of my knowledge the real property project beginning of construction date and/or personal property project installation begin date, associated with the application for Industrial Facilities Exemption Certificate under PA 198 of 1974, as amended, in the amount of \$ 5,735,410.00 filed with the city of Novi for a facility located at 46200 Twelve Mile Rd, Novi Michigan, 48377 are as follows:

Real Property Project Begin Date: 5/18/2018

Personal Property Project Installation Date: 5/18/2018

Nachi Robotic Systems, Inc.

Signature: 

Printed Name: Akira Nozaki

Title: CEO

Date: May 8, 2018

LEASE
BY AND BETWEEN
NOVI CORPORATE PARK V, LLC
LANDLORD
AND
NACHI ROBOTIC SYSTEMS, INC.
TENANT

DATED March 16, 2018

LEASE

THIS LEASE is made between the Landlord and the Tenant hereinafter identified in Sections 1.01(b) and (c) hereof, respectively, and constitutes a Lease between the parties of the "Leased Premises" as identified in Section 1.01(d) hereof on the terms and conditions and with and subject to the covenants and agreements of the parties hereinafter set forth.

WITNESSETH:

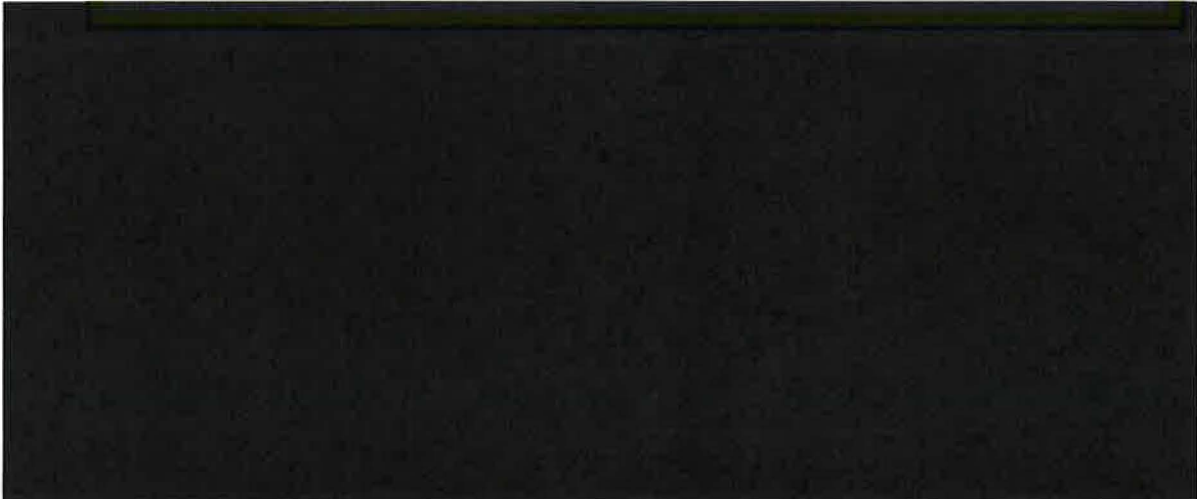
ARTICLE I.
BASIC LEASE PROVISIONS

SECTION 1.01 BASIC LEASE PROVISIONS. The following are certain lease provisions which are part of, and, in certain instances, referred to, in subsequent provisions of this Lease:

- (a) **Date of Lease:** March 16, 2018
- (b) **Landlord:** NOVI CORPORATE PARK V, LLC,
a Michigan limited liability company
- (c) **Tenant:** NACHI ROBOTIC SYSTEMS, INC.,
a Delaware corporation

(d) **Leased Premises:** That certain approximately 4.85 acre parcel of real property that is commonly known as 46200 W. Twelve Mile Road, Novi, Michigan 48377, more particularly described on Exhibit "A-1" attached hereto and made a part hereof (the "**Land**"), with an approximately 65,500 square foot building (the "**Building**") containing office, lab and warehouse space, a minimum 153 car surface parking and such other permanent improvements as set forth in the Plans and Specifications on Exhibit "B" attached hereto and made a part hereof, that are to be constructed on the Land, together with all ingress and egress rights, easement rights and other licenses and privileges appurtenant to the Land and to exclusively use the parking lot located on the Land, as more particularly shown on the Site Plan attached hereto as Exhibit "A-2" and made a part of this Lease.

- (e) **Initial Term:** One Hundred Twenty (120) Months, unless terminated earlier in accordance with the terms of this Lease.

- 
- (g) **Landlord's Address:** 27750 Stansbury, Suite 200
Farmington Hills, Michigan 48334
 - (h) **Tenant's Address:** 46200 Twelve Mile
Novi, Michigan 48377

- (i) **Tenant's Use of the Leased Premises:** General office, research, development, light manufacturing and assembly, product display and showroom, storage and any other lawful use to the extent consistent with zoning laws and Use Restrictions applicable to the Leased Premises.
- (j) **Guarantor:** Nachi America, Inc.,
a New York corporation.

**ARTICLE II.
GRANT AND TERM**

SECTION 2.01 **LEASED PREMISES.** The Leased Premises are described and/or depicted in Section 1.01(d) and on **Exhibit "A"** hereto. Landlord, in consideration of the rent to be paid and the covenants to be performed by Tenant, does hereby demise and lease unto Tenant, and Tenant hereby rents from Landlord, the Leased Premises.

SECTION 2.02 **COMMENCEMENT AND ENDING DAY OF TERM; CONTINGENCY FOR INCENTIVES.**

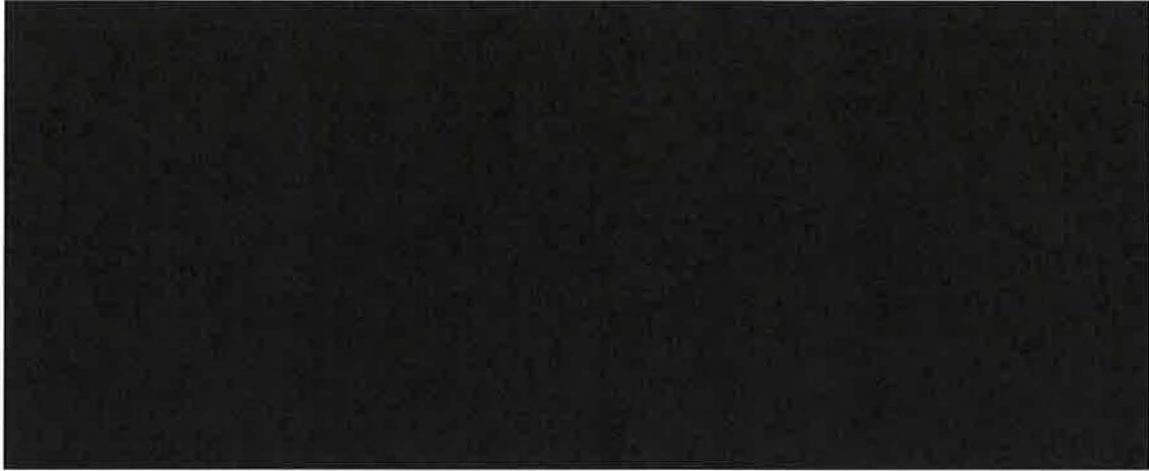
(a) The initial term (the "**Initial Term**") of this Lease shall commence (the "**Commencement Date**") on the date that is the earlier of: (i) the date Tenant takes possession of the Leased Premises or any part thereof (other than as provided in Section 5.02), and (ii) Landlord delivers the Leased Premises to Tenant with Substantial Completion (as defined in Section 5.01) of Landlord's Work (as defined in Section 4.01). The Initial Term of this Lease shall end on the date that is one hundred twenty (120) complete calendar months following the Commencement Date, unless sooner terminated as hereinafter provided. Upon request by Landlord, Tenant will execute a memorandum to confirm the Commencement Date and expiration of the Initial Term.

(b) Tenant's obligations under this Lease shall be contingent upon Tenant obtaining such state and local economic and tax incentives that are reasonably satisfactory to Tenant in connection with its lease, use and occupancy of the Leased Premises ("**Tenant Incentives**"). In the event Tenant does not obtain written approval of the Tenant Incentives within forty five (45) days from the execution of this Lease, Tenant may either (i) terminate this Lease by delivering written notice thereof to Landlord and the parties thereafter shall be released from all obligations hereunder; or (ii) waive such lease contingency by delivering written notice thereof to Landlord and the parties thereafter shall proceed to comply with all of their respective obligations under this Lease.

(c) Upon reasonable advance notice from Tenant, Landlord agrees (i) to reasonably cooperate with Tenant, at no cost to Landlord, in providing information required for all state and local incentive filings required of Tenant during the Term, and (ii) to reasonably cooperate with Tenant, at no cost to Landlord, in connection with any challenges to state and local incentives, so long as Tenant (A) complies with the requirements of the applicable jurisdiction and pays all costs and expenses associated with the contest, including but not limited to any penalties or other charges assessed in connection with any adverse outcome of the contest, and (B) such contest by Tenant does not subject Landlord or the Leased Premises to any fines, penalties and/or liability.

SECTION 2.03 **EXTENSION TERM.** Provided that Tenant is not in default hereunder beyond any applicable notice and cure period at the time it elects to extend the Initial Term of this Lease, Tenant shall have the right to extend the Initial Term of this Lease for two (2) additional successive terms of five (5) years each (each an "**Extension Term**") upon the same terms and conditions set forth herein, except as set forth in this paragraph. The Extension Terms are not assignable separate and apart from this Lease, and may not be separated from this Lease in any manner, either by reservation or otherwise. Tenant must exercise each option to renew, if at all, by providing written notice thereof to Landlord of its intention to exercise such option no fewer than two hundred seventy (270) days prior to the expiration of the Initial Term or the first

Extension Term, as the case may be. Time is of the essence with respect to the exercise of the option(s) by Tenant. For purposes of this Lease, the use of the phrase "**Term**" herein shall refer to the Initial Term and the Extension Terms, if properly exercised Tenant. The rent for each Extension Term shall be as follows:



**ARTICLE III.
RENT**

SECTION 3.01 RENT. Minimum annual rent during the Term of this Lease shall be the sums set forth in the payment schedules made a part of Section 1.01(f) and Section 2.03 hereof, which sums shall be payable by Tenant in equal consecutive monthly installments as set forth in said payment schedules (collectively, the "**Minimum Rent**"). Minimum Rent shall be paid on or before the first day of each month commencing on the Commencement Date, in advance, at the office of Landlord, or such other place as Landlord may designate in writing, without any prior demand therefor and without any deductions or setoff whatsoever. Notwithstanding the foregoing, Landlord agrees that Tenant shall have no obligation to pay Minimum Rent for the first month of the Initial Term. In the event the expiration date of the Term is other than the last day of a calendar month, the Minimum Rent for the number of days of such partial last calendar month of the Term will be prorated on a daily basis based on the number of days in the calendar month. If the Commencement Date is on a date other than the first day of the month, the monthly Minimum Rent due for such partial month shall be prorated on a daily basis at the rental rate to be charged during the first lease year by the numbers of days that Tenant will occupy the Leased Premises for such partial calendar month, and the Lease will continuing for 120 months from the 1st day of the succeeding month.

SECTION 3.02 TENANT'S TAX OBLIGATION.

(a) Tenant agrees to pay directly to the applicable taxing authority all taxes, existing and future assessments, levies and charges, general and special, and all similar impositions of any kind or nature whatsoever, which have been or may be levied or assessed by any lawful authority against the land, buildings and improvements presently and/or at any time during the Term of this Lease comprising the Leased Premises, and which are payable during or for any calendar year during the Term hereof, irrespective of whether such taxes are assessed against real or personal property, provided however, at the expiration or termination of this Lease, the Landlord shall reimburse Tenant its proportionate share of all Taxes that Tenant paid in advance for the benefit of the Leased Premises and/or Landlord. Such taxes, assessments, charges and impositions hereinafter are referred to, collectively, as "**Taxes**". Tenant shall have the right to pay any assessments over the longest period possible, but in all events Tenant shall be responsible for all portions of assessments due and payable during the period of the Term hereof. Notwithstanding the foregoing, the taxes described in the next sentence shall be accrued ratably during the calendar year. Should the United States, the State of Michigan or any political subdivision thereof or any governmental authority having jurisdiction either: (i) impose a tax and/or assessment of any kind or nature upon, against, measured by or with respect to the rentals payable by Tenant to Landlord or with respect to the Landlord's, or the individuals' or entities' which form the Landlord herein, ownership of the land and buildings presently and/or at any

time during the Term of this Lease comprising the Leased Premises, either by way of substitution for all or any part of the taxes and assessments levied or assessed against such land and such buildings, or in lieu of increase thereof; and/or (ii) impose a tax or surcharge of any kind or nature, upon, against or with respect to the parking areas or the number of parking spaces in the Leased Premises, then in either or both of such events, such tax, assessment and/or surcharge shall be deemed to constitute Taxes for the purpose of this Section 3.02 and Tenant shall be obligated to pay the same. Notwithstanding the foregoing, in no event shall any federal or local income tax of general applicability, transfer tax and/or estate or gift tax applicable to Landlord and/or its constituent members, as applicable, be payable by Tenant.

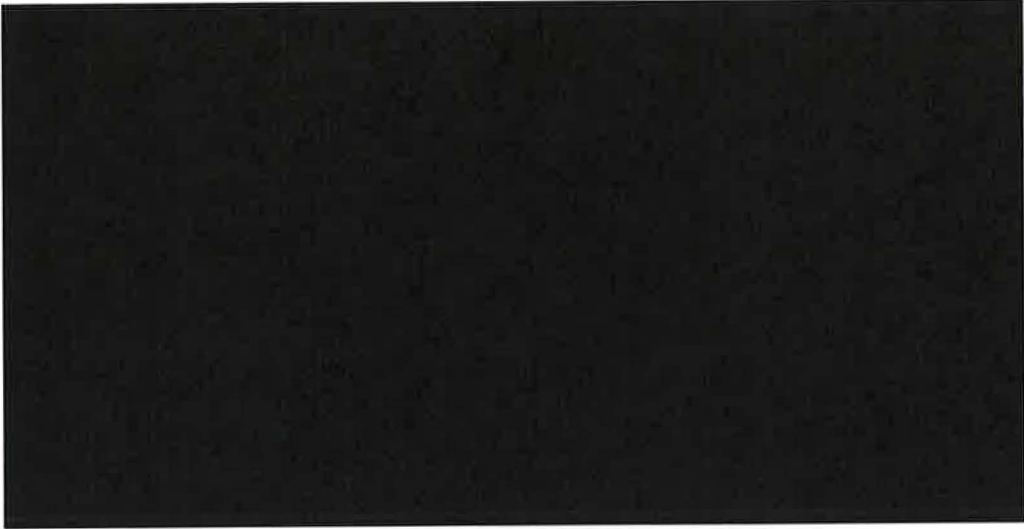
(b) Within ten (10) days prior to the date on which each installment of Taxes may be paid without penalty and/or interest, Tenant shall pay such Taxes and provide to Landlord a receipt from the applicable taxing authority indicating the payment thereof. To the extent that any of the bills for the Taxes are first provided to Landlord by the applicable taxing authority, Landlord shall provide the same to Tenant within thirty (30) days after Landlord's receipt thereof. Upon the Commencement Date, notwithstanding that Taxes are deemed paid in advance in the location of the Lease Premises, Tenant shall have no obligation to pay to Landlord the portion of Taxes for the then current period which Landlord has paid or credited to the seller of the Leased Premises. Penalties and interest for non-payment of Taxes accruing during the Term hereof and thereafter with respect to Taxes applicable to the Term hereof shall be payable by Tenant and the foregoing covenant shall survive the expiration or earlier termination of the Term hereof; provided, however, Tenant shall not be responsible for paying any penalties and/or interest in the event Landlord fails to timely deliver a tax bill to Tenant or if Landlord is collecting Taxes from Tenant as additional rent as provided below. At any time Tenant is in default under this Lease, beyond any applicable notice and cure period, or at the request of any mortgagee of the Leased Premises, Landlord may require, upon written notice, to have Tenant pay to Landlord, with each monthly payment of Minimum Rent, and additional rent equal to 1/12th of the estimated Taxes for that calendar year, instead of directly to the applicable taxing authority.

(c) Tenant may contest any assessment or the imposition of any Tax against the Leased Premises, by appropriate legal proceedings, unless such proceedings shall operate to cause the sale of the Leased Premises or any part thereof, the sale or foreclosure of any lien thereon or the imposition of fines or other civil or criminal liability prior to the final determination of such proceedings. Landlord shall promptly inform Tenant of any new or increased taxes, assessments or other charges of which Landlord has actual knowledge and which Tenant is obligated to pay hereunder within sufficient time to contest or appeal the same or seek reassessment in respect thereof. Landlord agrees to execute appeals, petitions, suit papers and other documents legally necessary in connection with any such contest and to cooperate reasonably in such proceedings, all upon Tenant's request, provided, Tenant fully indemnifies Landlord for its participation and pays all reasonable costs and expenses of Landlord associated with such proceedings. During any such contest, Tenant shall take all steps legally necessary, including payments under protest, to prevent foreclosure and public sale or other divesting of Landlord's title by reason of nonpayment of Taxes. In any event, Tenant shall pay all Taxes prior to the issuance of an execution for such payment.

(d) The parties desire to act in accordance with the State of Michigan requirements that Tenant must be billed for property taxes directly and that Tenant is directly responsible for paying the property taxes to the local unit of government as a precondition to being eligible for certain tax abatement benefits. As a result, Tenant must be billed for property taxes directly and Tenant is directly responsible for paying the property taxes to the local units of government.

(e) As of the date of this Lease, Landlord and Tenant agree that Novi Corporate Park LLC, a Michigan limited liability company ("**Developer**") has not formed an owner's association ("**Association**") as contemplated by that certain Declaration of Building and Use Restrictions dated June 1, 2006 and recorded February 21, 2007 in Liber 38787, Page 714, as amended by that certain Amendment to Novi Corporate Park (Novi Corporate Campus) Declaration of Building and Use Restrictions dated January 24, 2007 and recorded February 21, 2007 in Liber 38787, page 731, and further amended by the Second Amendment to Building and Use Restrictions dated July 18, 2014 and recorded July 30, 2014 in Liber 47260, Page 247 (collectively, the "**Use Restrictions**") for purposes of maintaining the detention pond, easement areas, right-of-way and common property located within the "Novi Corporate Campus" property of which and other subdivisions in which the property is subdivided. During the Term of this

Agreement, Landlord, at its sole cost and expense, shall perform the obligations which relate to the Land with respect to the Use Restrictions, and any and all obligations due and owing to any Association that may be formed in the future, including, without limitation, Landlord, at its own expense and without reimbursement from Tenant, paying for all operating, maintenance, repair and/or replacement costs and expenses relating to the Use Restrictions for the common property located within the "Novi Corporate Campus" property. Notwithstanding the foregoing, Tenant shall not violate any of the prohibitions in the Use Restrictions.

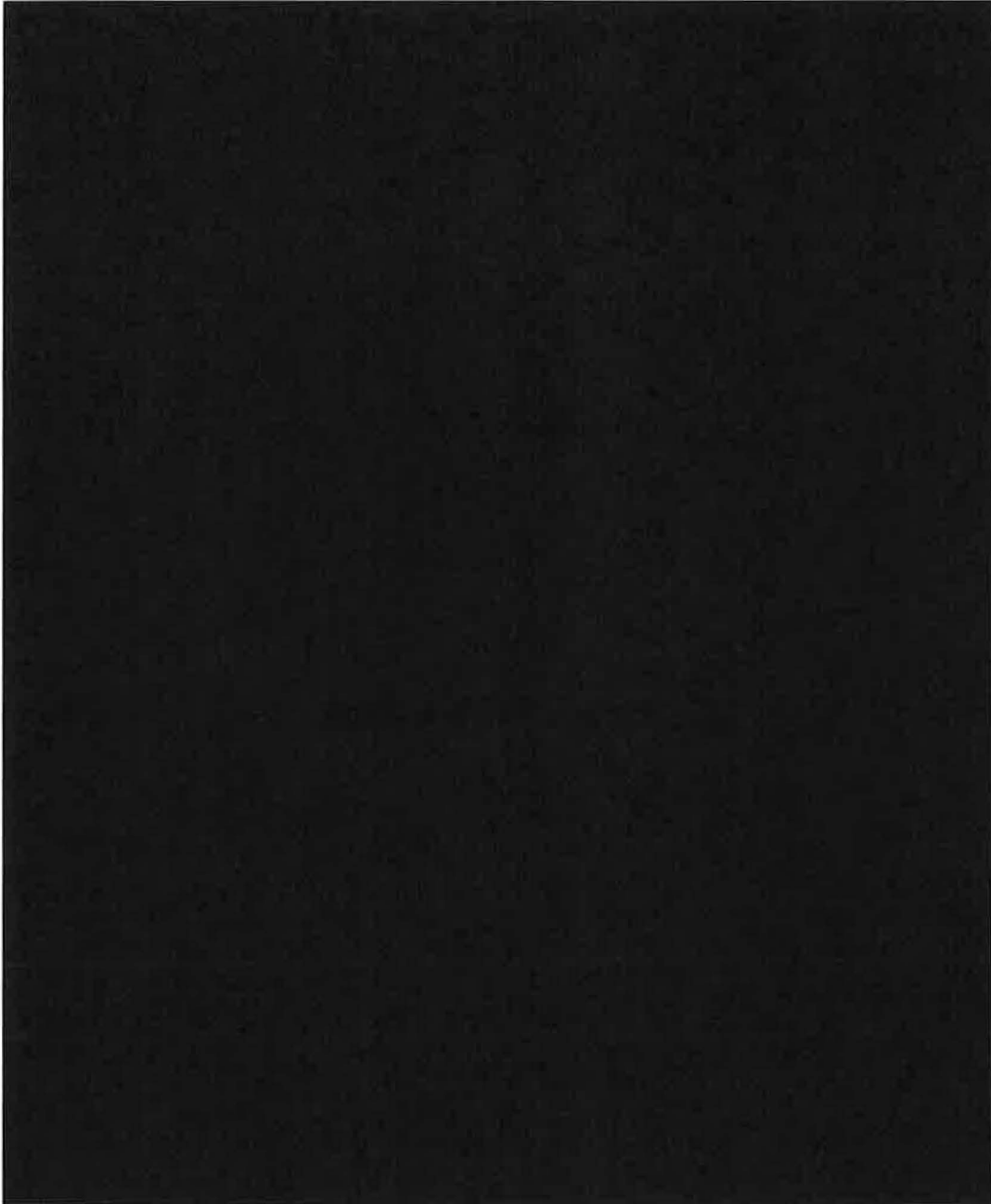


**ARTICLE IV.
CONSTRUCTION**

SECTION 4.01 CONSTRUCTION OF THE LEASED PREMISES.

(a) The Building and other improvements on the leased premises shall be constructed by Landlord substantially in accordance with the Plans and Specifications set forth in **Exhibit "B"** attached hereto and made a part hereof (the "**Plans and Specifications**"), which Plans and Specifications have been approved by Tenant ("**Landlord's Work**"). Landlord's construction work shall be further completed in a good workmanlike manner and pursuant to all applicable codes, ordinances, statutes, rules, regulations and laws (collectively, the "**Applicable Laws**"). During construction of the Building or Leased Premises, Landlord shall not use any materials containing asbestos, and prior to delivering the Building or Leased Premises to Tenant, the Landlord shall either: (i) provide to, and on behalf of Tenant, an architect's certification that no asbestos-containing materials ("**ACMs**") have been used in the construction of the Building or the Leased Premises; or (ii) a survey identifying the location where any ACMs have been used during the construction of the Building or the Leased Premises.

(b) Subject to Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed, Tenant may request changes to any drawing or to any aspect of the design and construction of Landlord's Work. Such changes shall only be valid if issued by Tenant in writing as a Tenant-directed change order and approved in writing by Landlord (a "**Tenant-Directed Change Order**"). Within three (3) business days after receipt of a written Tenant-Directed Change Order request from Tenant, Landlord shall notify Tenant of Landlord's approval or disapproval of the request. At the time of Landlord's notification pursuant to this Section, Landlord shall inform Tenant of Landlord's estimated cost to complete such work, including a charge of eight percent (8%) of the requested change, and the delay which will result from the requested change, if any and Tenant shall be responsible for the cost of such change (which includes the eight percent (8%) charge) of such cost payable to Landlord upon completion of the work pursuant to the change order. Tenant shall have the right, for a period of two (2) business days after receipt of Landlord's notification to revoke the change request and Tenant's failure to so revoke the same shall be deemed acceptance of the change order on Landlord's terms. Tenant shall be responsible for the cost of all Tenant-Directed Change Orders.



**ARTICLE VIII.
MAINTENANCE OF LEASED PREMISES**

SECTION 8.01 LANDLORD'S OBLIGATIONS FOR MAINTENANCE. Landlord shall, at its sole cost and expense, except as provided below, keep and maintain during the Term of this Lease the exterior walls and roof of the Building in good repair, but only to the extent such repairs are necessitated by the improper construction by Landlord. In no event shall Landlord be responsible to make any repairs occasioned by the act or negligence of Tenant, its agents, employees, invitees, licensees or contractors, except to the extent that Landlord is reimbursed therefor under any policy of insurance permitting waiver of subrogation in advance of loss. Landlord agrees to enforce any warranties and guarantees and, if necessary, professional liability claims arising from the work of any professionals performing work relating to the Building or Leased Premises which results in design or construction defects, latent or otherwise. In the event the Leased Premises should become in need of repairs required to be made by Landlord under this Section 8.01, Tenant must give prompt written notice to Landlord, and Landlord shall

perform or cause to be performed any such maintenance and repairs within a reasonable time (in light of the maintenance or repair required) after receipt of such notice by Landlord. Notwithstanding the foregoing, Landlord agrees that the roof, parking lot, HVAC, plumbing, electrical and other mechanical and operating systems of the Leased Premises will be in good operating condition on the Commencement Date and warrants to Tenant that it will repair the same in a good operating condition for a period of twelve (12) months from and after the Commencement Date as more fully set forth in the Section 4.03, such repair is not required as a result of: (i) Tenant's failure to perform its maintenance and other obligations in accordance with the terms and conditions of this Lease, and (ii) the repair is not caused due to or caused by misuse, negligence, damage, injury or abuse by Tenant, its employees, agents, representatives or contractors.

SECTION 8.02 TENANT'S OBLIGATIONS FOR MAINTENANCE.

(a) Except as provided in Section 8.01 and Section 4.03 hereof, Tenant shall, at its sole cost and expense, and through its sole efforts, keep and maintain in good order, condition and repair the Leased Premises and the Building both inside and out (including replacements or repairs of any portion of the Leased Premises or the Building) and every part thereof and any and all appurtenances thereto wherever located, including, without limitation, the exterior and interior portion of the roof, all walls, doors, door frames, door checks, windows, window frames, plate glass, all plumbing and sewage facilities servicing the Leased Premises, including free flow up to the main sewer line, hair traps, fixtures, electrical systems, sprinkler system, elevators, walls, floors, and ceilings, parking and drive areas, sidewalks, landscaping, the HVAC system of the Building and all other fixtures, machinery and equipment now or hereafter belonging to or connected with said Leased Premises. The plumbing and sewage facilities serving the Leased Premises shall not be used for any purpose other than that for which they are constructed, nor shall Tenant introduce any matter therein which results in blocking the said facilities. Tenant hereby agrees to be responsible for any expenses incurred in connection with any breakage, stoppage or damage resulting from a violation of this provision by Tenant, its agents, employees, invitees, licensees or contractors.

All such repairs and replacements shall be substantially similar to the quality of materials and workmanship provided for the Leased Premises that is sufficient for the proper maintenance and operation of the Leased Premises. If Tenant, at Tenant's sole discretion, elects to have Landlord contract for the completion of any maintenance item or repair Tenant shall reimburse Landlord for all cost and expenses insured plus an administrative fee of fifteen percent (15%). The Tenant shall not obstruct or permit the obstruction of the street or sidewalk and shall keep the sidewalk and curb adjoining the Leased Premises clean and free of snow and ice.

Notwithstanding the foregoing, Landlord shall be obligated to reimburse Tenant for the reasonable costs of such maintenance, repair or replacement to the extent such work is occasioned by the intentional acts or gross negligence of Landlord and its agents, employees, invitees, licensees or contractors, except to the extent that Tenant is reimbursed therefor under any policy of insurance permitting waiver of subrogation in advance of loss, with any such reimbursement to be made within fifteen (15) days following Tenant's submission to Landlord of invoices or other reasonable evidence of costs incurred.

Notwithstanding any obligation of Tenant set forth in this Section, Tenant's replacement obligations under this Lease with respect to the HVAC system, parking lot, roof structure and any other major structural or capital improvement of the Leased Premises that is customarily capitalized (the "Replacement Items") shall be limited to the payment of Tenant's Proportionate Share of the cost of any Replacement Items and Landlord shall be responsible for the payment of the balance of any such Replacement Items or replacement, provided the following conditions are satisfied: (i) the Replacement Item is not required as a result of Tenant's failure to perform its maintenance, repair and other obligations in accordance with the terms and conditions of this Lease, and (ii) the Replacement Item is not due to or caused by misuse, negligence, damage, injury or abuse by Tenant, its employees, agents, representatives or contractors. "Tenant's Proportionate Share" shall be calculated by multiplying the cost of the Replacement Item by a fraction, the numerator of which is the number of months remaining in the Term of this Lease (with an partial month being prorated), and the denominator of which is the number of months of the useful life of the Replacement Item. Tenant shall pay Landlord Tenant's Proportionate Share

upon Landlord's completion of the Replacement Item and within thirty (30) days of written demand. Landlord shall not be paid an administrative fee with respect to construction or installation of any Replacement Item. In the event Tenant exercises any option to extend the Lease after a Replacement Item is made, then Landlord shall recalculate Tenant's Proportionate Share by adding the number of months in the applicable Extension Term to the number of months utilized in the initial calculation and Tenant shall pay Landlord the increased amount of Tenant's Proportionate Share within thirty (30) days of written demand.

(b) At the time of the expiration or sooner termination of the tenancy created herein, Tenant shall: (i) surrender the Leased Premises, including all systems covering the same, in equivalent condition to that in which it was delivered to Tenant, reasonable wear and tear, loss by fire or other unavoidable casualty excepted; and (ii) at Tenant's sole cost and expense and in a careful manner and pursuant to procedures as reasonably designated by Landlord, remove all of its trade fixtures, personal property, furniture and equipment affixed to or located within the Leased Premises and repair any damage caused to the Leased Premises by such removal. Landlord hereby waives any right it may have to any Landlord's lien or similar lien upon trade fixtures, personal property, tenant furniture, equipment or any other property of Tenant, regardless of whether such lien is created otherwise. Tenant shall contract for, in its own name, and shall pay for a qualified service contractor to inspect, adjust, clean and repair the heating, ventilating and air conditioning equipment which services the Building, including changing filters on a quarterly basis. Upon request from Landlord, Tenant shall deliver to Landlord a copy of Tenant's current service contract from time to time during the Term of this Lease. The service contract must include all services suggested by the equipment manufacturer within the operation/maintenance manual and must become effective (and a copy thereof delivered to Landlord) within thirty (30) days of the date Tenant takes possession of the Leased Premises. Tenant shall from time to time, upon Landlord's request, furnish proof reasonably satisfactory to Landlord that all such systems and equipment are being serviced in accordance with the maintenance/service contract.

(c) Tenant shall keep the Leased Premises free from any and all liens arising out of any work performed, materials furnished or obligations incurred by or for Tenant, and agrees to bond against or discharge any mechanic's or materialmen's lien within ten (10) days after written request therefor by Landlord. Tenant shall reimburse Landlord for any and all costs and expenses which may be incurred by Landlord by reason of the filing of any such liens and/or the removal of same, such reimbursement to be made within ten (10) days after receipt by Tenant from Landlord of a statement setting forth the amount of such costs and expenses. The failure of Tenant to pay any such amount to Landlord within said ten (10) day period shall carry with it the same consequences as failure to pay any installment of Minimum Rent.

(d) Tenant, at its own expense, shall install and maintain fire extinguishers and other fire protection devices as may be required from time to time by any agency having jurisdiction thereof and the insurance underwriters insuring the Building. Tenant further agrees to comply with any and all requirements of the insurance underwriters insuring the Leased Premises.

(e) Any damage caused to the roof arising out of the entry by or on behalf of Tenant shall be the responsibility of Tenant, entitling Landlord to make all necessary roof repairs and charge the cost thereof to Tenant.

ARTICLE IX. INSURANCE AND INDEMNITY

SECTION 9.01 TENANT'S INSURANCE. During the Term of this Lease and any early access period provided herein, Tenant, at its sole cost expense, shall keep in force and effect the following:

(a) Broad form commercial general liability insurance policy, protecting against claims for bodily injury, personal injury and property damage with respect to the Leased Premises and the business operated by Tenant and any other persons and entities conducting business in the Leased Premises, including steam boiler insurance if applicable, in which the limits for bodily injury (including personal injury and contractual liability) shall be not less than Three Million Dollars (\$3,000,000) combined single limit and Ten Million Dollars (\$10,000,000)

annual aggregate of umbrella or excess coverage, and in which the limit of property damage liability shall be not less than Five Hundred Thousand Dollars (\$500,000), without any provision for a deductible or self-insured retention in excess of \$50,000.00;

(b) property insurance including fire and lightning, extended coverage, sprinkler damage, theft, vandalism and malicious mischief, and flood insurance, in an amount equal to not less than one hundred percent (100%) of the full replacement cost of Tenant's trade fixtures, furnishings, operating equipment, inventory and personal property;

(c) comprehensive automobile insurance, if applicable;

(d) workers' compensation coverage as required by law; and

(e) employer's liability insurance.

With respect to subsections (a) and (c) above, the following paragraph shall apply:

The limits of such coverage may be increased from time to time as is commercially reasonable for similar type properties in Novi, Michigan, as reasonably determined by Landlord and/or as may be required by Landlord's mortgagee. All policies shall: (i) name Landlord, Landlord's lender and any other parties in interest designated by Landlord, as additional insured(s), (ii) contain a clause that the insurer will not cancel or change the insurance without first giving Landlord (and any other additional insured) thirty (30) days prior written notice, (iii) be written as primary policy coverage and not contributing with or in excess of any coverage which Landlord may carry, and (iv) provide coverage to Landlord (and any other additional insured) whether or not the event or occurrence giving rise to the claim is alleged to have been caused in whole or in part by the acts of negligence of Landlord (or the additional insured). All insurance required to be carried by Tenant pursuant to this Article IX shall be written by responsible insurance companies, licensed to do business in the State of Michigan, with an A.M. Best rating of at least A:-VII. In the event any policy or policies of insurance which Tenant is required to maintain shall be written on a "claims made" insurance form, each policy shall have a "retroactive date" which is not later than the Commencement Date. Furthermore, should insurance coverage be written on a claims made basis, Tenant's obligation to provide insurance shall be extended for an additional period equal to the statute of limitations for such claims in the State of Michigan on the end of the Initial Term. Any such insurance may be furnished by Tenant under any blanket policy carried by it or under a separate policy therefor, provided such blanket insurance complies with all of the other requirements of this Lease with respect to the insurance involved. A certificate of insurance for each insurance policy to be maintained hereunder by Tenant shall be delivered to Landlord prior to the Commencement Date and upon renewals not less than thirty (30) days prior to the expiration of such coverage. Any policies required pursuant to subpart (b) above shall be written on a so-called "all risk" form and shall be carried in sufficient amount so as to avoid the imposition of any co-insurance penalty in the event of a loss.

(f) If Tenant fails to provide any of the insurance or subsequently fails to maintain the insurance in accordance with the requirements of this Lease, Landlord may, but is not required to, after five (5) days' prior written notice to Tenant, procure or renew such insurance to protect its own interests only, and any amounts paid by Landlord for such insurance will be rental due and payable on or before the next day Minimum Rent is due hereunder. Landlord and Tenant agree that any insurance acquired by Landlord shall not cover any interest or liability of Tenant.

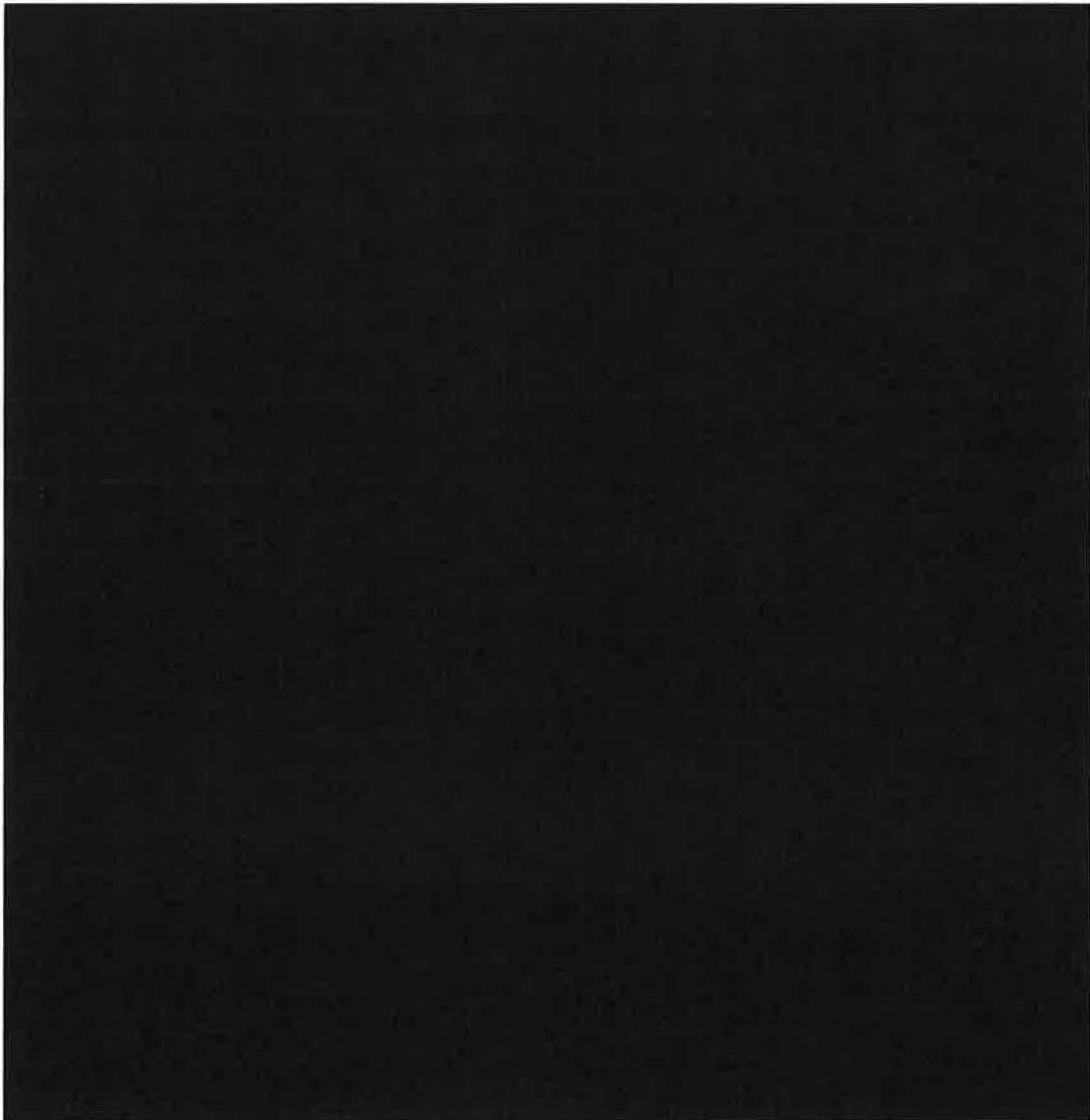
SECTION 9.02 PROPERTY INSURANCE.

(a) During the Term of this Lease, Landlord shall carry "all risk" property insurance (as determined by Landlord provided such insurance shall be at commercially reasonable rates consistent with similar properties in Novi, Michigan area) insuring the Leased Premises and all appurtenances thereto (except Tenant's trade fixtures, furnishings, operating equipment, inventory and personal property) in an amount equal to not less than one hundred percent (100%) of the full replacement cost thereof (with commercially reasonable deductibles), such insurance coverage shall include the improvements provided by Landlord as part of Landlord's Work, and

may include rental insurance and may be written on the ISO Special Cause of Loss Form or its equivalent.

(b) The cost of the premiums for all such insurance (and specifically excluding any appraisal expense related to insurance), adjusters and reasonable insurance consultants' and attorneys' fees in connection therewith shall be paid by Tenant to Landlord within thirty (30) days after receipt by Tenant of statement (or statements) therefor (which statements shall include reasonable documentation in support of all costs). Such charges may include the cost of premiums covering more than a single year provided any additional years cover time periods during the Term and Landlord receives a discount for payment of more than one (1) year in advance and Tenant receives the benefit thereof.

(c) Tenant will not do or suffer to be done, or keep or suffer to be kept, anything in, upon or about the Leased Premises which will contravene Landlord's policies insuring against loss or damage by fire or other hazards (including, without limitation, public liability) or which will prevent Landlord from procuring such policies in companies reasonably acceptable to Landlord. If anything done, omitted to be done or suffered to be done by Tenant, or kept or suffered by Tenant to be kept, in, upon or about the Leased Premises, shall cause the rate of fire or other insurance on the Leased Premises, in companies reasonably acceptable to Landlord, to be increased beyond the minimum rate from time to time applicable to the Leased Premises for the use permitted under this Lease or to any other property for the use or uses made thereof, Tenant will pay the amount of any increases.

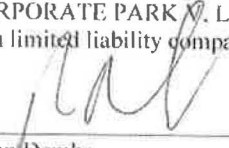


SUBMITTED PURSUANT TO NON DISCLOSURE AGREEMENT: NOT SUBJECT TO FOIA

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

NOVI CORPORATE PARK V, LLC,
a Michigan limited liability company

By: 
Ryan Dembs
Its: Authorized Representative

TENANT:

NACHI ROBOTIC SYSTEMS, INC.,
a Delaware corporation

By: 
Its: President & CEO

Exhibits:

- A-1 - Legal Description
- A-2 - Site Plan
- B - Plans and Specifications
- C - Subordination, Non-Disturbance and Attornment Agreement
- D - Environmental Report
- E - Guaranty

Summary of Previously Approve and Proposed PA 198 Projects

Proposed Data Related to Nachi Robotic Systems, Inc.

Property Tax Estimate

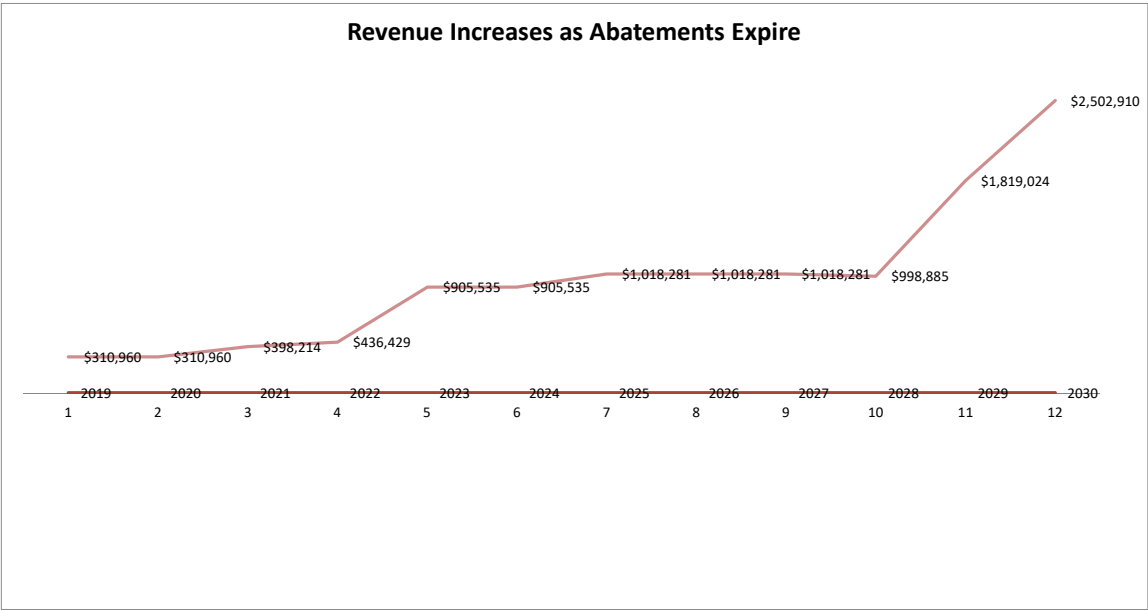
Total Increase By Fiscal Year Ended

	<u>Mills**</u>	<u>Annual Tax Bill</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>Total Increase Revenues</u>
General	4.9925	\$ 45,223	\$ 29,570	\$ 29,570	\$ 37,868	\$ 41,502	\$ 86,111	\$ 86,111	\$ 96,832	\$ 96,832	\$ 96,832	\$ 96,832	\$ 173,818	\$ 240,114	\$ 1,111,993
Streets	1.4923	\$ 13,518	\$ 8,839	\$ 8,839	\$ 11,319	\$ 12,405	\$ 25,739	\$ 25,739	\$ 28,944	\$ 28,944	\$ 28,944	\$ 28,944	\$ 51,956	\$ 71,772	\$ 332,384
Public Safety	1.4208	\$ 12,870	\$ 8,415	\$ 8,415	\$ 10,777	\$ 11,811	\$ 24,506	\$ 24,506	\$ 27,557	\$ 27,557	\$ 27,557	\$ 27,557	\$ 49,466	\$ 68,333	\$ 316,459
Parks & Rec	0.3836	\$ 3,475	\$ 2,272	\$ 2,272	\$ 2,910	\$ 3,189	\$ 6,616	\$ 6,616	\$ 7,440	\$ 7,440	\$ 7,440	\$ 7,440	\$ 13,355	\$ 18,449	\$ 85,440
Drain	0.1006	\$ 911	\$ 596	\$ 596	\$ 763	\$ 836	\$ 1,735	\$ 1,735	\$ 1,951	\$ 1,951	\$ 1,951	\$ 1,951	\$ 3,502	\$ 4,838	\$ 22,407
CIP	1.0000	\$ 9,058	\$ 5,923	\$ 5,923	\$ 7,585	\$ 8,313	\$ 17,248	\$ 17,248	\$ 19,396	\$ 19,396	\$ 19,396	\$ -	\$ -	\$ -	\$ 120,426
Library	0.7678	\$ 6,955	\$ 4,548	\$ 4,548	\$ 5,824	\$ 6,383	\$ 13,243	\$ 13,243	\$ 14,892	\$ 14,892	\$ 14,892	\$ 14,892	\$ 26,732	\$ 36,927	\$ 171,014
Debt Library***	0.3800	\$ 3,442	\$ 2,251	\$ 2,251	\$ 2,882	\$ 3,159	\$ 6,554	\$ 6,554	\$ 7,370	\$ 7,370	\$ 7,370	\$ 7,370	\$ 13,230	\$ 18,276	\$ 84,638
City	10.5376	\$ 95,453	\$ 62,414	\$ 62,414	\$ 79,927	\$ 87,597	\$ 181,753	\$ 181,753	\$ 204,382	\$ 204,382	\$ 204,382	\$ 184,987	\$ 332,060	\$ 458,711	\$ 2,244,762
School (Novi)	32.3118	\$ 292,689	\$ 191,381	\$ 191,381	\$ 245,082	\$ 268,602	\$ 557,315	\$ 557,315	\$ 626,704	\$ 626,704	\$ 626,704	\$ 626,704	\$ 1,124,964	\$ 1,554,037	\$ 7,196,895
County	4.7880	\$ 43,371	\$ 28,359	\$ 28,359	\$ 36,317	\$ 39,802	\$ 82,584	\$ 82,584	\$ 92,866	\$ 92,866	\$ 92,866	\$ 92,866	\$ 166,699	\$ 230,279	\$ 1,066,444
OCC	1.5555	\$ 14,090	\$ 9,213	\$ 9,213	\$ 11,798	\$ 12,931	\$ 26,829	\$ 26,829	\$ 30,170	\$ 30,170	\$ 30,170	\$ 30,170	\$ 54,156	\$ 74,812	\$ 346,461
ISD	3.3079	\$ 29,964	\$ 19,593	\$ 19,593	\$ 25,090	\$ 27,498	\$ 57,055	\$ 57,055	\$ 64,158	\$ 64,158	\$ 64,158	\$ 64,158	\$ 141,145	\$ 185,071	\$ 788,732
Total	52.5008	\$ 475,567	\$ 310,960	\$ 310,960	\$ 398,214	\$ 436,429	\$ 905,535	\$ 905,535	\$ 1,018,281	\$ 1,018,281	\$ 1,018,281	\$ 998,885	\$ 1,819,024	\$ 2,502,910	\$ 11,643,294

* Starting and future values are based on initial investment in property with annual 1.5% increases for inflation.
 ** Annual tax bill based on the 2017 Tax Year millage rates, including 1.000 CIP.
 *** Current Debt Millages scheduled to fall off in future fiscal years

The City's current abatements and when they are set to expire are as follows:

Name	Taxable Value**	Fiscal Year Expiration	Revenue Increase At Expiration @50%
HCP Land LLC (Tognum)	\$2,384,890	2019-2020	\$62,604
Harman Becker	\$9,968,950	2023-2024	\$261,689
Magna Seating	\$6,935,250	2029-2030	\$182,053
Stoneridge	\$402,750	2018-2019	\$10,572
Boco Enterprises	\$5,000,000	2029-2030	\$131,252
Daifuku NA Holding	\$5,307,500	2029-2030	\$139,324
A123 Supplies	\$13,598,000	2029-2030	\$356,953
Yafeng Auto	\$4,295,000	2025-2026	\$112,745
EJ Brooks	\$973,926	2021-2022	\$25,566
Hino Motors	\$7,901,500	2023-2024	\$207,418
Hanon Systems	\$9,058,278	2030-2031	\$237,783
Production Tool Supply	\$17,500,000	2030-2031	\$459,382
Orotex Corporation	\$2,350,000	2020-2021	\$61,688
Nachi Robotics Systems, Inc.	\$1,455,755	2021-2022	\$38,214



Proposed Data Related to Nachi Robotic Systems, Inc.

Applicant Nachi Robotics Systems, Inc.
 The following summary is additional information related to the abatement.

Total estimated investment and estimated taxable value*: Investment \$2,911,510 Taxable (50%) \$1,455,755 (investment value added at application cost)

Property Tax Estimate

			Total Incentive By Year (50%)												
			2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
<u>Mills**</u>	<u>Annual Tax Bill</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Total Incentive</u>	
General	4.9925	\$7,268	\$3,634	\$3,688	\$3,744	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ 11,066
Streets	1.4923	\$2,172	\$1,086	\$1,103	\$1,119	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ 3,308
Public Safety	1.4208	\$2,068	\$1,034	\$1,050	\$1,065	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ 3,149
Parks & Rec	0.3836	\$558	\$279	\$283	\$288	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ 850
Drain	0.1006	\$146	\$73	\$74	\$75	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ 223
CIP	1.0000	\$1,456	\$728	\$739	\$750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ 2,217
Library	0.7678	\$1,118	\$559	\$567	\$576	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ 1,702
Debt Library ***	0.3800	\$553	\$277	\$281	\$285	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ 842
City	10.5376	\$15,340	\$7,670	\$7,785	\$7,902	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	23,357
School (Novi)	32.3118	\$47,038	\$23,519	\$23,872	\$24,230	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	71,621
County	4.7880	\$6,970	\$3,485	\$3,537	\$3,590	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	10,613
OCC	1.5555	\$2,264	\$1,132	\$1,149	\$1,166	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	3,448
ISD	3.3079	\$4,815	\$2,408	\$2,444	\$2,481	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	7,332
Total	52.5008	\$76,428	\$38,214	\$38,787	\$39,369	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ 116,371

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Magna Seating	IN-15-100-195	\$6,935,250	2029-2030	\$182,053
Stoneridge	IN-16-100-095	\$402,750	2018-2019	\$10,572
Boco Enterprises	IN-16-100-096	\$5,000,000	2029-2030	\$131,252
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Orotex Corporation***		\$2,350,000	2020-2021	\$61,688
Nachi Robotics***		\$1,455,755	2021-2022	\$38,214

**** Proposed

Above estimates are real property only if applied for after 2016 tax year for EMPP



Proposed Lobby Views for:

NACHI



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Proposed Lobby Views for:

NACHI



FAUDIE ARCHITECTURE

Design to Inspire



Proposed Lobby Views for:

NACHI



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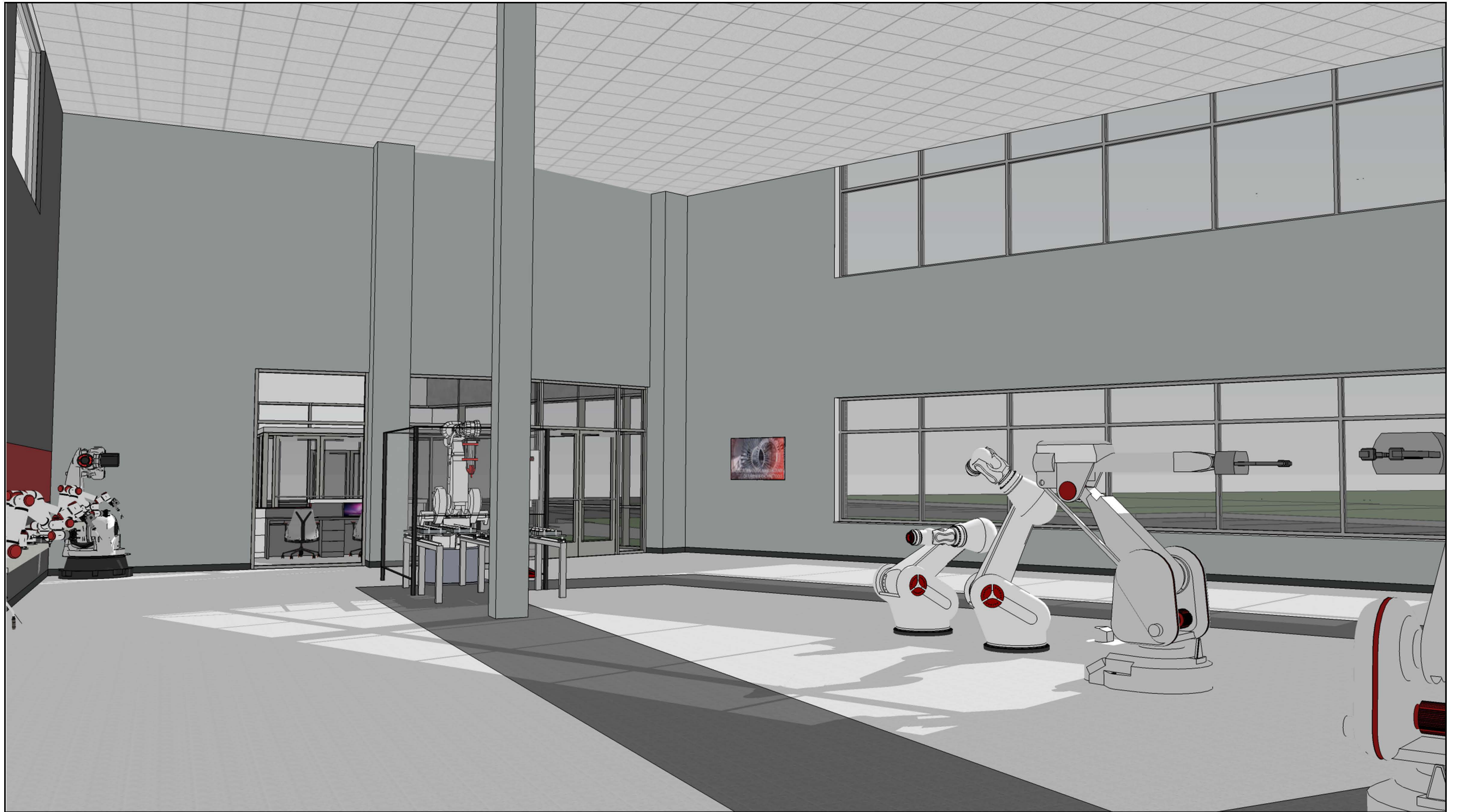
Proposed Lobby Views for:

NACHI



FAUDIE ARCHITECTURE

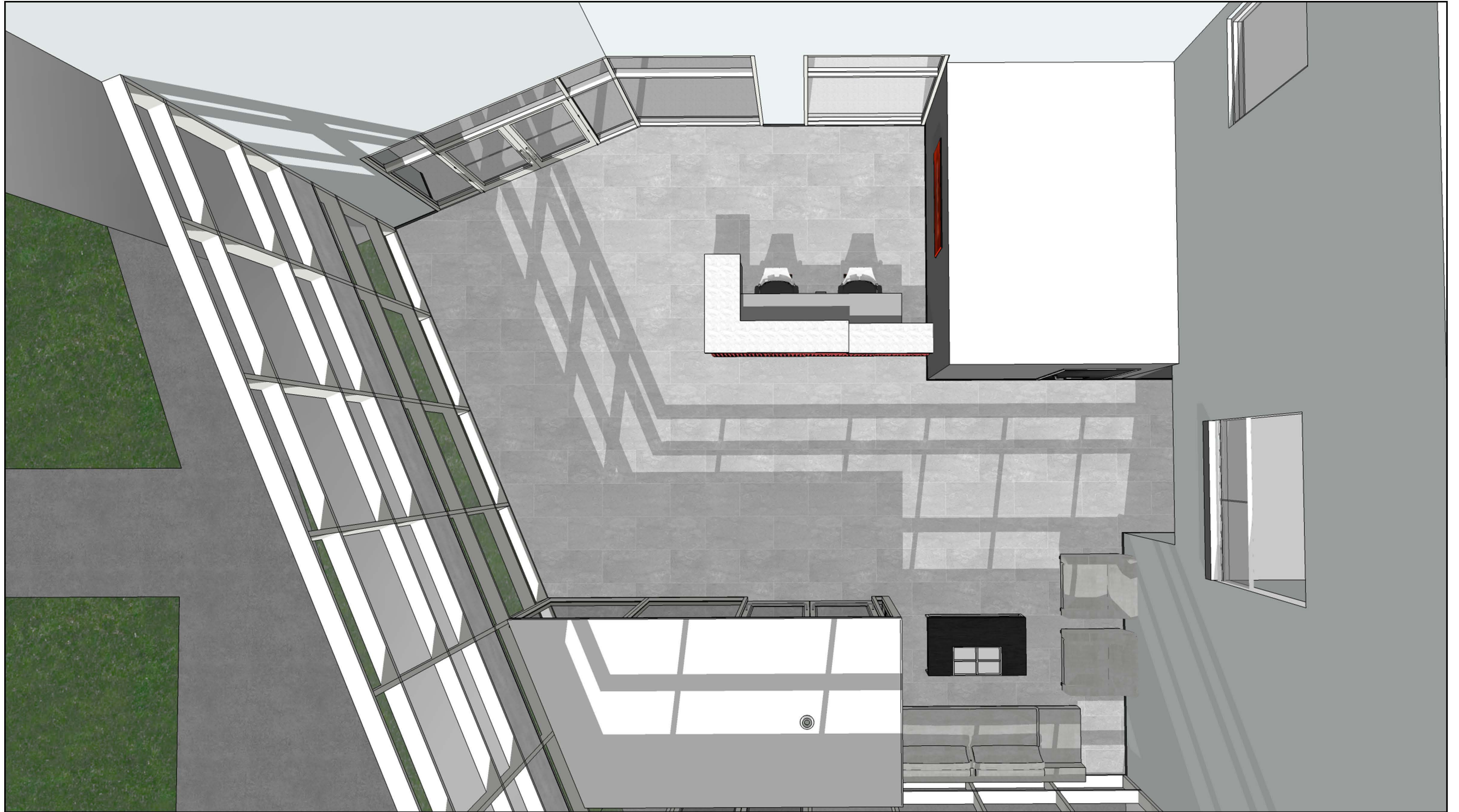
Design to Inspire



Proposed Lobby Views for:

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Proposed Lobby Views for:

NACHI

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