

**CITY OF ROCHESTER HILLS
INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
DEVELOPMENT AGREEMENT**

Whereas, the City of Rochester Hills is a Home Rule Michigan Municipal Corporation and a local governmental unit within the meaning of Public Act 198 of the Public Acts of 1974, as amended; and

Whereas, Public Act 198 of 1974, as amended, provides for the consideration by a local governmental unit of an application for an Industrial Facilities Exemption Certificate; and

Whereas, effective April 1, 1994 Public Act 198 was amended to require a written agreement between the local governmental unit and the owner of an industrial property which is to be filed with the Department of Treasury; and

Whereas, 1350 W. Hamlin Road (the “facility”), also known as Parcel Number 70-15-21-476-054, is located within an established Plant Rehabilitation District within the City of Rochester Hills; and

Whereas, all conditions precedent as required by Public Act 198 of 1974, as amended, have been met; and

Whereas, The City of Rochester Hills City Council, after notice and public hearing as required by statute, has approved KOSTAL Kontakt Systeme, Inc.’s application for an industrial facilities exemption certificate.

Now, Therefore, Be It Resolved, that it is mutually agreed and understood as follows:

1. The application for an Industrial Facilities Exemption Certificate is approved for a period of _____ years effective on Dec. 31, 2010 for personal property, subject to approval by the State Tax Commission and the conditions stated in this Agreement. KOSTAL Kontakt Systeme, Inc. understands that it has until December 31, 2012 to complete its investment commitment described in Section 6, below.
2. The approval of the City of Rochester Hills is based upon a legislative finding that the granting of the Industrial Facilities Exemption Certificate (the “Certificate”) considered with the aggregate amount of previously granted Industrial Facilities Exemption Certificates does not have the effect of substantially impeding the operation of the City of Rochester Hills or impairing the financial soundness of a taxing unit that levies an ad valorem property tax within the City of Rochester Hills.
3. In the event the applicant, KOSTAL Kontakt Systeme, Inc., completely ceases doing business in the facility or lays off more than 50 percent of the work force located there for a period of six months or more prior to the expiration of the Certificate, unless the cessation or lay off is due to one or more of the following: an act of nature (including but not limited to a tornado or earthquake), eminent domain, fire, a criminal act, energy shortage, act of terrorism or war, or other catastrophic event, and provided in either case that no transfer of the Certificate is approved by the City to a third party that continues adequate operations within the facilities, then and in such event the remaining term of the

Certificate shall at the option of the City be null and void, in which case all ad valorem taxes abated as a result of the issuance of the Certificate through the date of termination shall become due and payable to the taxing units to which they pertain upon demand by the City. Notwithstanding the foregoing, the City shall not terminate the Certificate without having given written notice of its intent to do so to KOSTAL Kontakt Systeme, Inc., and the opportunity to be heard before the City Council at a subsequent regular meeting of the City Council. Failure by KOSTAL Kontakt Systeme, Inc. to pay said abated taxes within 120 days of demand by the City shall result in the City placing a lien upon all properties covered by the Certificate on the tax rolls of the City and/or County, which lien shall not be discharged until the payment thereof and which lien may be enforced in the same manner as delinquent property taxes.

4. The provisions of Paragraph 3 (above) for termination of the term of the Certificate shall be implemented pursuant to Public Act 198 of 1974, Sections 13 and 15, since the purposes for the issuance of the certificate are no longer being fulfilled and there is no reasonable likelihood that employment will be created or retained.
5. KOSTAL Kontakt Systeme, Inc. shall notify the City of Rochester Hills in writing within 72 hours of the date in which the facility has been closed or more than 50 percent of its employees have been laid off within the meaning of Paragraph 3, above. The failure to do so shall result in the addition of penalties, interest and costs allowed by statute in the case of delinquent taxes to be levied on the abated taxes in addition to the principal amounts.
6. Applicant KOSTAL Kontakt Systeme, Inc. has represented that at least 198 jobs will be created within 24 months of project completion. For purposes of this agreement, a “new” job means either a new employee on the company’s payroll, an employee transferred to the facility from outside of Rochester Hills, or a combination of both. KOSTAL Kontakt Systeme, Inc. has indicated an initial investment of \$21,035,600 in personal property and special tooling to be located in the facility by December 31, 2012. This investment shall include the cost of machinery and equipment.
7. If within 24 months of project completion, and any time subsequent thereto, applicant KOSTAL Kontakt Systeme, Inc. has not employed the number of persons set forth in Paragraph 6, or has not made a minimum investment of \$21,035,600 in the facility, the City shall be entitled to reduce the number of years of the Certificate in accordance with the Smart Investment Chart in Exhibit "A".
8. No later than the 30th day of January immediately following the second year after the issuance of the Certificate and annually thereafter, the company shall submit a letter to the City Assessor stating:
 - A. The number of new jobs identified in the IFT application within a two-year period and the actual number of new jobs created.
 - B. If the IFT was granted on the basis of job retention, the number of employees at the time of the application and the current number of employees.
 - C. If projection for creation of jobs was not reached, give explanation.
 - D. The estimated project cost given in the application and the actual project cost

- E. If actual project costs differ substantially from projected cost, give explanation.
- F. Current number of employees.
- G. If the current number of employees is less than the number projected in the application, an explanation for the reduced number shall be included.
9. The applicant, KOSTAL Kontakt Systeme, Inc., agrees to remain in the City of Rochester Hills for the period of the Industrial Facilities Exemption Certificate to retain the benefits of the abated taxes, unless permission to relocate is granted by the City Council. Failure to obtain such permission to relocate prior to the end of the term of the Certificate shall result in the right of the City to recapture from applicant all taxes abated through the date of relocation. The taxes shall be a lien placed upon the tax rolls of the City and/or County and collected in the same manner as set forth in Paragraph 3.
10. The covenants herein shall bind the heirs, designees, legatees, assigns and successors of the respective parties. The laws of the State of Michigan shall govern this contract. In the event that any provision of this agreement shall be deemed to be unlawful or unenforceable, it shall be construed to be severed here-from and not affect the enforceability of any provision herein contained.
11. This agreement shall not be effective until approved by the City Council of the City of Rochester Hills and signed by the Mayor and City Clerk of the City and the appropriate company representatives.

IN WITNESS WHEREOF, the Parties hereto caused this Agreement to be executed by their duly authorized representatives as of the day and year indicated below.

(Signatures on the Next Page)

KOSTAL KONTAKT SYSTEME, INC.

Address: 350 Stephenson Hwy.
Troy, MI 48083

WITNESSES:

BY: _____

ITS: _____

DATE: _____

CITY OF ROCHESTER HILLS

Address: 1000 Rochester Hills Dr.
Rochester Hills, MI. 48309

WITNESSES:

BY: _____

Bryan K. Barnett

ITS: Mayor

DATE: _____

WITNESSES:

BY: _____

Jane Leslie

ITS: City Clerk

DATE: _____

