



CITY of NOVI CITY COUNCIL

Agenda Item 2
March 13, 2017

SUBJECT: Approval of Resolution authorizing application from Yanfeng US Automotive Interior Systems I LLC. for an Industrial Facilities Tax Exemption Certificate for an approximately 67,364 square foot facility to be located at 41935 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 Yanfeng US Automotive Interior Systems I LLC ("the applicant") for an Industrial Facilities Tax Exception Certificate (IFEC) for real property and personal property to be located on parcel 50-22-14-200-025, also identified as 41935 Twelve Mile Road. The property's legal description is as follows:

T1N, R8E, SEC 14 PART OF NE 1/4 BEG AT PT DIST S 00-35-25 E 60.00 FT & N 89-24-35 E 1066.73 FT FROM N 1/4 COR, TH N 89-24-35 E 420.00 FT, TH S 00-35-25 E 800.00 FT, TH S 89-24-35 W 420.00 FT, TH N 00-35-25 W 800.00 FT TO BEG 7.71 A05/31/84 FR 020

The parcel of land is situated within the C&S Twelve Mile Center LLC Industrial Development District, established on March 13, 2017.

The request was submitted by the applicant on March 1, 2017.

The real property improvement investment is \$8,590,000 and the personal property investment is \$7,610,000, for a total investment of \$16,200,00.¹ The real property consists of a new construction components within an existing 67,364± above grade square foot building used as a North American headquarters for its administrative functions.² The personal property consists of a variety of related furniture, fixtures, and related IT systems.

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.

Because this is a new location for the applicant, this project will result in 0 jobs being retained at this facility. This new facility will result in an expected 320 new jobs created at this facility with employees coming over from its existing facility in Plymouth, Michigan. Granting this request will

¹ Per attached listing.

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

result in an increase in the tax base of the city and should bring economic benefits to the city and to other service oriented businesses.

Ownership and Term of Abatement

The applicant is leasing the real property and will be purchasing the personal property as owner. The lease is for 10.5 years which covers the business residence requirement within the City's tax incentive agreement to remain at the property two years after the expiration of the IFEC certificate.

The applicant is requesting an 8-year abatement, and has signed the City's agreement which requires the additional two (2) years of business residence after the certificate expires.

Tax Delinquencies and Savings

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

If this abatement is granted for the 8-year maximum the potential real and personal property tax savings for the applicant will be approximately \$893,000, over the term of the certificate. Additional real and personal property tax revenue for the city will be approximately \$248,000, over the term of the certificate.

Due to the passage of personal property tax laws in 2014, there is a probability that the personal property will be exempt for ad valorem taxes. This being assumed the total tax savings for real property to the applicant is approximately \$731,000 over the term of the certificate. Additional real property tax revenue for the city will be approximately \$170,000 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.
- 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 an 8-year abatement; with the term of the abatement beginning on 12/31/2017 and ending on 12/30/2025. The City's business residency requirement states with this duration of an abatement certificate the applicant must remain at the facility for an additional two (2) years after the certificate expires.

RECOMMENDED ACTION: Approval of Resolution authorizing application from Yanfeng US Automotive Interior Systems I LLC for an 8-year Industrial Facilities Tax Exemption and Agreement concerning Industrial Facilities Tax Abatement subject to approval by the State Tax Commission pursuant to Public Act 198.

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 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) Yanfeng US Automotive Interior Systems I LLC	▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 3714	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 41935 12 Mile Road	▶ 1d. City/Township/Village (indicate which) Novi	▶ 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 Walled Lake	▶ 3b. School Code 35160
▶ 4. Amount of years requested for exemption (1-12 Years) 8 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 Attachment

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>8,590,000</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>7,610,000</u> Personal Property Costs
6c. Total Project Costs * Round Costs to Nearest Dollar	▶ <u>16,200,000</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.

	Begin Date (M/D/Y)	End Date (M/D/Y)	
Real Property Improvements	▶ <u>01/10/2017</u>	<u>01/09/2019</u>	▶ <input type="checkbox"/> Owned <input checked="" type="checkbox"/> Leased
Personal Property Improvements	▶ <u>01/10/2017</u>	<u>01/09/2019</u>	▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased

▶ 8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. Yes No

▶ 9. No. of existing jobs at this facility that will be retained as a result of this project. 0	▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. 320
-----------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------

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 Kenneth Holman	13b. Telephone Number 734-254-3562	13c. Fax Number 734-254-3469	13d. E-mail Address Kenneth.Holman@YFai.co
14a. Name of Contact Person Same as above	14b. Telephone Number	14c. Fax Number	14d. E-mail Address
15a. Name of Company Officer (No Authorized Agents) Nathan Bowen			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number 734-254-3469	15d. Date
15e. Mailing Address (Street, City, State, ZIP Code) 45000 Helm Street, Plymouth, MI 48170		15f. Telephone Number 734-254-3756	15g. E-mail Address Nathan.Bowen@YFai.com

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

16. Action taken by local government unit <input type="checkbox"/> Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Denied (Include Resolution Denying)	16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Check or indicate N/A if Not Applicable <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)
16a. Documents Required to be on file with the Local Unit Check or indicate N/A if Not Applicable <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.	
16c. LUCI Code	16d. School Code
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

YanFeng US Automotive Interior Systems Site



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

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Map Print Date:
 3/7/2017



City of Novi
 48175 Ten Mile Rd
 Novi, MI 48375
 cityofnovi.org



45000 Helm Street
Plymouth, MI 48170

YFai – Headquarters Fact Sheet

Yanfeng US Automotive Interior Systems I LLC is a subsidiary of Yanfeng Automotive Interiors, the world’s largest supplier of automotive interior components. Yanfeng Automotive Interiors (YFai) is moving its headquarters to a free standing, single tenant building on 12 Mile Road in the City of Novi.

YFai has entered into a lease with the owner of the facility that formally housed DMC Medical offices, which has been vacant for several years. The former use of this 37 year old building dictated many small offices and rooms where patients were seen by doctors, connected by a maze of hallways. YFAI, along with the building’s owner, are gutting the three above ground stories and one lower level and then completely renovating it into a modern office complex with an open floor plan. Upon completion, this fully renovated 93,558 square feet building would be home to a YFAI Headquarters facility, housing a technical center for instrument panel engineering and testing, along with several members of the executive leadership team. This facility will also have an in-house showroom which will showcase our latest innovations in our customers’ vehicles.

Yanfeng Automotive Interiors has a strategic objective to be a top tier 1 supplier of choice for instrument panels in the North American market.

Beyond the formation of a world class instrument panel technical center, this proposed office site would allow YFAI North America to combine two Southeast Michigan corporate facilities into one. These two existing sites the YF USA location in Harrison Township and the JCI Interiors headquarters in Plymouth are quite a distance apart. The proposed site is located between YFAI’s current locations and would provide a shorter average commute for all employees.

Yanfeng US Automotive Interior Systems I LLC has committed to creating 60 new jobs in Michigan by the end of 2019, of which all 60 will be at the new Novi headquarters location, in technical roles. (See chart below for further information regarding jobs to be created.) Full time employees will receive medical, dental and vision insurance; short-term and long-term disability benefits, 401(k) with company match; paid vacations and holidays, and Workers Compensation Insurance.

Quality				
	2017	2018	2019	Total
Quality Engineering	6	7	7	20
Advanced Manufacturing Engineering	8	7	7	22
Engineering	6	6	6	18
	20	20	20	60
Avg Salary	\$ 90,000			



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: Yanfeng US Automotive Interior Systems I LLC
Contact Person: Kenneth Holman
Address: 45000 Helm St, Plymouth MI 48170
Phone: 734-254-3562 Email: Kenneth.holman@~~YFAI.com~~ YFAI.com

Please answer the following questions as completely as possible.

1. How many acres does the project include? 7.42
2. How many new jobs would be brought to the City of Novi? 320
 - a. Average salary range of new hires? 90K

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

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

Yanfeng US Automotive Interior Systems I LLC, hereinafter referred to as the
"Company," located at 41935 12 Mile Road, Novi, MI 48377

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) 50-422-12-100-1-100

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 tax years.
 - b. Tax abatement term of over eight (8) years (including extensions) = length of the abatement certificate AND an additional four 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.

8. 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.

9. 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.

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

11. 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

Kenneth Holman
PRINT NAME

COMPANY REPRESENTATIVE:

BY: 

ITS: General Manager, North America

DATED: 28 - FEB - 2017

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: _____

**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: _____

Yanfeng US Automotive Interior Systems I LLC
Company/Applicant Name

Signed:  _____

Printed Name: Nathan Bowen

Title: General Manager, North America

Dated: 28-FEB-2017

Yanfeng US Automotive Interior Systems I LLC

New Headquarters Costs

Real Property Costs

Start Date	End Date	Description	Cost
1/10/2017	12/31/2017	Building Exterior - Parking Lot, Landscaping, etc.	\$ 500,000
1/10/2017	12/31/2017	Building Interior - Mechanical, Electrical, Flooring, Carpentry, Ceiling, Paint, Fire Protection, Walls	4,997,000
1/10/2017	12/31/2017	Building Interior/Basement - Mechanical, Electrical, Flooring, Carpentry, Ceiling, Paint, Fire Protection, Walls	688,000
5/1/2017	1/9/2019	Building Interior/Basement - Instrument Panel Testing Lab Infrastructure	1,034,000
1/10/2017	12/31/2017	Infrastructure Communications Cabling	270,000
1/10/2017	12/31/2017	Security System Cabling/Installation	121,000
1/10/2017	12/31/2017	Fees & Contingency - Architectural, Construction, Developer, Permits	980,000
Real Property Total			\$ 8,590,000

Personal Property Costs

Start Date	End Date	Description	Cost
1/10/2017	12/31/2017	Furniture & Fixtures	\$ 1,914,000
1/10/2017	12/31/2017	IT Equipment - Data Center, Phones, Computers	1,100,000
1/10/2017	12/31/2017	Audio/Visual Equipment	221,000
1/10/2017	12/31/2017	Signage	61,000
5/1/2017	1/9/2019	Engineering Equipment - Basement	4,314,000
Personal Property Total			\$ 7,610,000
Grand Total			\$ 16,200,000

City of Novi
Property Tax Policy
Supplemental Questions

Date: March 3, 2017

Applicant Name: Yanfeng US Automotive Interior Systems I LLC

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.

A. A project must not have started more than 6 months before an application for abatement was received by the City, and be located in a plant rehabilitation district or industrial development district established prior to the commencement of the project.

The lease was signed on December 15, 2016 and the demolition began on January 10, 2017.

B. There must be no outstanding taxes owed by the applicant or entity on the project.

There are no outstanding taxes owed.

C. If the facility is leased, the number of years awarded will not exceed the length of the lease.

The facility lease term is ten years and five months. The exemption request is for 8 years.

D. There is no pending or current litigation, including but not limited to property tax appeals, against the City by the applicant or its agents.

There is no pending or current litigation against the City of Novi by the applicant or its agents.

E. Tax incentives will only be offered for the current phase of a project.

This exemption application is for the current phase of the project.

F. The project must be fiscally beneficial to Novi from a tax revenue standpoint and must have the potential to increase employment opportunities for citizens of the community.

This site formally housed DMC Medical offices and has been vacant for several years. The project will include building improvements of \$8.5M which will have a direct and immediate impact to the revenue of Novi and other taxing jurisdictions. The project will also include 60 new high-tech positions over the next three years.

G. The company must demonstrate it would not locate or expand in the City if tax abatement was not available.

The Company evaluated the Novi site along with its current location in Plymouth as well as other potential sites in neighboring communities. In order for the Novi site to be cost competitive with the other potential locations, the property tax incentives and MEDC grants must be included.

H. The cost disparity between expanding or locating in Novi and alternative locations outside the community must be demonstrated by the applicant.

The project consists of two segments, a HQ office and an Instrument Panel Technical Center. The Company could remain in its current location in Plymouth at a significantly lower cost than relocating to Novi. For the Instrument Panel Technical Center, YFAI North America could rely on back office design from one of our existing IP Technical Centers in Germany or China. Another option for YFAI North America would be to follow the production shift of 2M vehicles announced for the Mexican market, and locate there. YFAI is currently undergoing an expansion of the Queretaro Mexico facility. The expansion includes a technical center for CAD design and plant based engineering. The annual salary range of engineers in Mexico is approximately \$40,000 - \$50,000 compared to a range of \$80,000 - \$120,000 for engineers in Southeast Michigan. Based on YFAI's estimated engineering headcount increase of 60, the annual salary expense would be \$2.4M to \$3M higher annually in Southeast Michigan. YFAI would prefer to keep the full complement of engineering and development near its North American OEM Headquarters in Southeast Michigan and Northwest Ohio.

I. The long term impact of the project on Novi's economy, particularly in both real and personal property.

The Company will relocate 280 employees to Novi and add an additional 60 high paying positions. The project will include a total estimated spend of up to \$16.2M of real and personal property to the City of Novi.

J. The contributions the business has made to communities where it is currently located (i.e., are they a good neighbor. do they get involved in civic activities).

In 2016, the Yanfeng Automotive Interiors team donated more than \$830,000 to charitable organizations. Here's an overview of our giving:

- **iCare:** A global, employee-driven program that encourages employees to form volunteer teams and work with local non-profit organizations and schools to support environmental stewardship, social service and education efforts in local communities. Employees receive \$1000 grants to do charitable work. All locations participate, including our headquarters locations.
- **Community donations & event support:** Sponsorships of charitable organizations and events (ie: walks or parades) in communities where the company has a presence. Sponsorships included the American Cancer Society Relay for Life; American Diabetes Association Walk; Strides against Breast Cancer; local parades (Tulip Time Parade) and Habitat for Humanity.
- **Care & Share:** Employee outreach initiative which encourages employee volunteerism on both a local and global scale. Employees are encouraged to make donations to the program and participate in program-sponsored events. All the proceeds from the Care and Share events are donated toward local, sponsored causes and organizations. In addition to raising funds, employees also volunteer their time at many of the Care and Share supported charities.

K. Diversification of the tax base that will have the effect of developing both real and personal property to Novi's tax base.

The addition of YFAI to Novi will have an immediate positive impact on the community. The move will bring 280 employees to the city daily. YFAI's North America HQ would also draw employees from other locations, customers, and vendors to the city on a daily basis. The positive impact on the hotels, restaurants, stores, and many other businesses will be significant.

L. The development will provide enhanced opportunities for the existing business community.

YFAI's North America HQ will create opportunities for many businesses in the community. The relocation of the Company's administrative functions (Engineering, Purchasing, Sales, IT, Accounting, Finance, Tax, and Legal) will create opportunity for many local businesses involved in those services. There will also be increased opportunities for hotels, car rental, restaurants, catering, and many other local businesses.

M. Evidence of corporate ongoing profitability, viability and vitality must be demonstrated, such as net profit, by percentage, and in real dollars for the last three corporate fiscal years.

Yanfeng Automotive Interiors (YFAI) is the global leader in automotive interiors. YFAI is redefining how people relax, work and play in their vehicle interiors today and decades from now. Headquartered in Shanghai, China, the company has approximately 100 manufacturing plants and technical centers in 18 countries and more than 30,000 employees globally. YFAI designs, develops and manufactures interior components for all automakers. Established in 2015, Yanfeng Automotive Interiors is a joint venture between Yanfeng Automotive Trim Systems Co., Ltd, a wholly owned subsidiary of Huayu Automotive Systems Co., Ltd. (HASCO), the component group of SAIC Motor Corporation Limited (SAIC Motor), and Adient, the global leader in automotive seating. The company has sales of \$8.5 billion with a backlog to reach \$10 billion in the next few years.

N. Applicants are to 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.

This site formally housed DMC Medical offices and has been vacant for several years. The project will include building improvements of \$8.5M which will have a direct and immediate impact to the revenue of Novi and other taxing jurisdictions. The project will also include 60 new high-tech positions over the next three years. These positions will be filled to some extent by Novi residents. In addition to the additional property tax revenue, the influx of YFAI's employees, customers, and vendors will bring additional revenue to many local businesses. The world class instrument panel tech center will draw employees, customers and vendors from all over the world. These visitors will increase revenue for many local businesses within the community.

The positive impact to the community will far outweigh the cost of any abatements.

O. Any approved tax abatements will undergo a yearly compliance review.

The Company is prepared to comply with all reporting requirements associated with any awarded tax abatements.

P. The applicant must be committed to the community for the entire term of the tax abatement and into the future. Evidence of this involvement would need to occur once abatement is awarded to applicant.

The Company is making a significant investment in the location. This a strategic investment that aligns with the Company's long term goals.

Q. The granting of the industrial facilities exemption certificate, considered together with the aggregate amount of industrial facilities exemption certificates previously granted and currently in force, shall not have the effect of substantially impeding the operation of the City.

YFAI's NA HQ and Instrument Panel Technical Center will take a building that is currently vacant and significantly increase the value and tax revenue associated with it even with accounting for a tax abatement.

Yanfeng Automotive Interiors Overview

Yanfeng Automotive Interiors (YFAI) is the global leader in automotive interiors. YFAI is redefining how people relax, work and play in their vehicle interiors today and decades from now.

- Headquartered in Shanghai
- More than 113 manufacturing and technical centers in 18 countries
- 33,000 employees globally
- Established in 2015, Yanfeng Automotive Interiors is a joint venture between Yanfeng Automotive Trim Systems Co., Ltd, a wholly owned subsidiary of Huayu Automotive Systems Co., Ltd. (HASCO), the component group of SAIC Motor Corporation Limited (SAIC Motor), and Adient, the global leader in automotive seating.



Yan 延 + Feng 峰 = Yanfeng.

Translated from Chinese, "Yan 延" means inheriting and developing and "Feng 峰" means pioneer or leader.

The name builds on our history and the strength of the Yanfeng brand. It was created by a merger of two factories in 1978, with the mission to create an industrial pioneer and leader in the Chinese auto industry. So the name reflects strong heritage and pioneering spirit.

1



Our History



2



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Vision, Mission, Values

Vision

- Better life on board through superior automotive interior solutions.

Mission

- To bring our vision to life, we've made it our mission to be our customers' preferred partner for automotive interior solutions.
- We will do this through our global capabilities and partnerships, imaginative and cost-effective innovations, and execution excellence.

Values C-SPIRIT-S

 Customer	 Respect
 Striving	 Integrity
 People	 Teamwork
 Innovation	 Sustainability



3


113+ Global Locations

18

Countries

33,000

Global employees

1

Seamless global network



Americas

28 Locations

around 12,000+ Employees

Europe & South Africa

15 Locations

around 8,000+ Employees

Asia Pacific

70 Locations

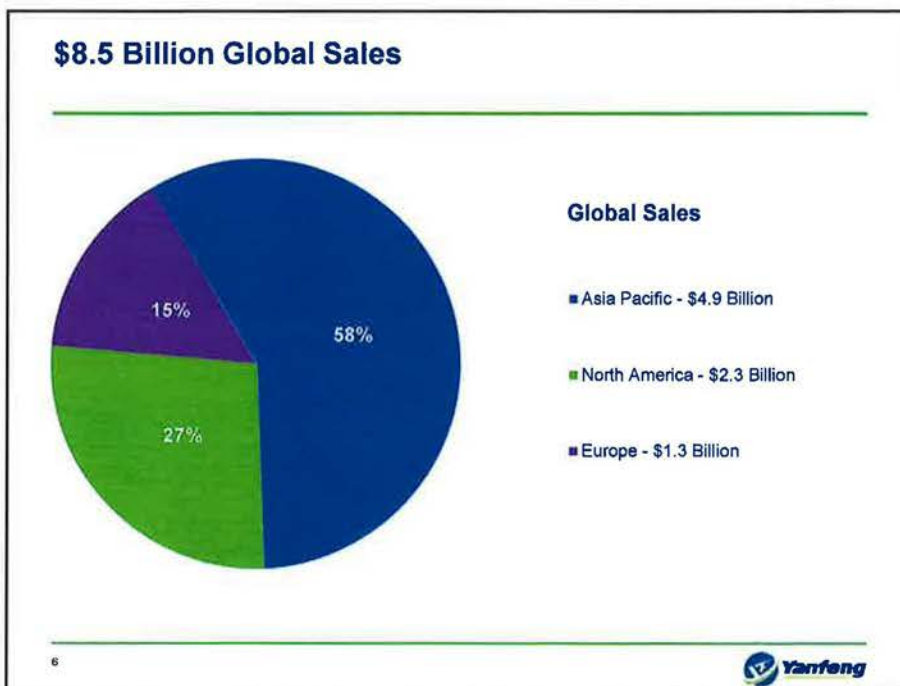
around 13,000+ Employees

- Global HQ
- Regional HQ
- Tech Center
- Plant
- Business Center

Up to Nov, 2016


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Product Overview



- Carrier technologies
- Surface capabilities
- Carrier technologies
- Surface capabilities
- Carrier technologies
- Surface capabilities
- Lighting
- Consumer interface
- Deco & hard trim
- Lighting integration

7



Global Customer Examples



8



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Overview Yanfeng Automotive Interiors' Corporate Giving Initiatives

In 2016, the Yanfeng Automotive Interiors team donated more than \$830,000 to charitable organizations. Here's an overview of our giving:

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• 9



North American International Auto Show

- We are a sponsor of the North American International Auto Show (NAIAS) in Detroit
 - 22 years of sponsorship (including as JCI)
- We have 4,500 sq. ft. of exhibit space / 3,000 sq. ft. of meeting space
- 70+ products / parts displayed, including an autonomous vehicle concept (XiM17) that answers the question, "How will you use your interior when you no longer have to drive?"
- Held a press conference
- Hosted more than 600 customers, 50 reporters and 900 employees at our display the week of January 9.
- Important customer engagement event for us
- Channel 7 called our show car "Best in Show"

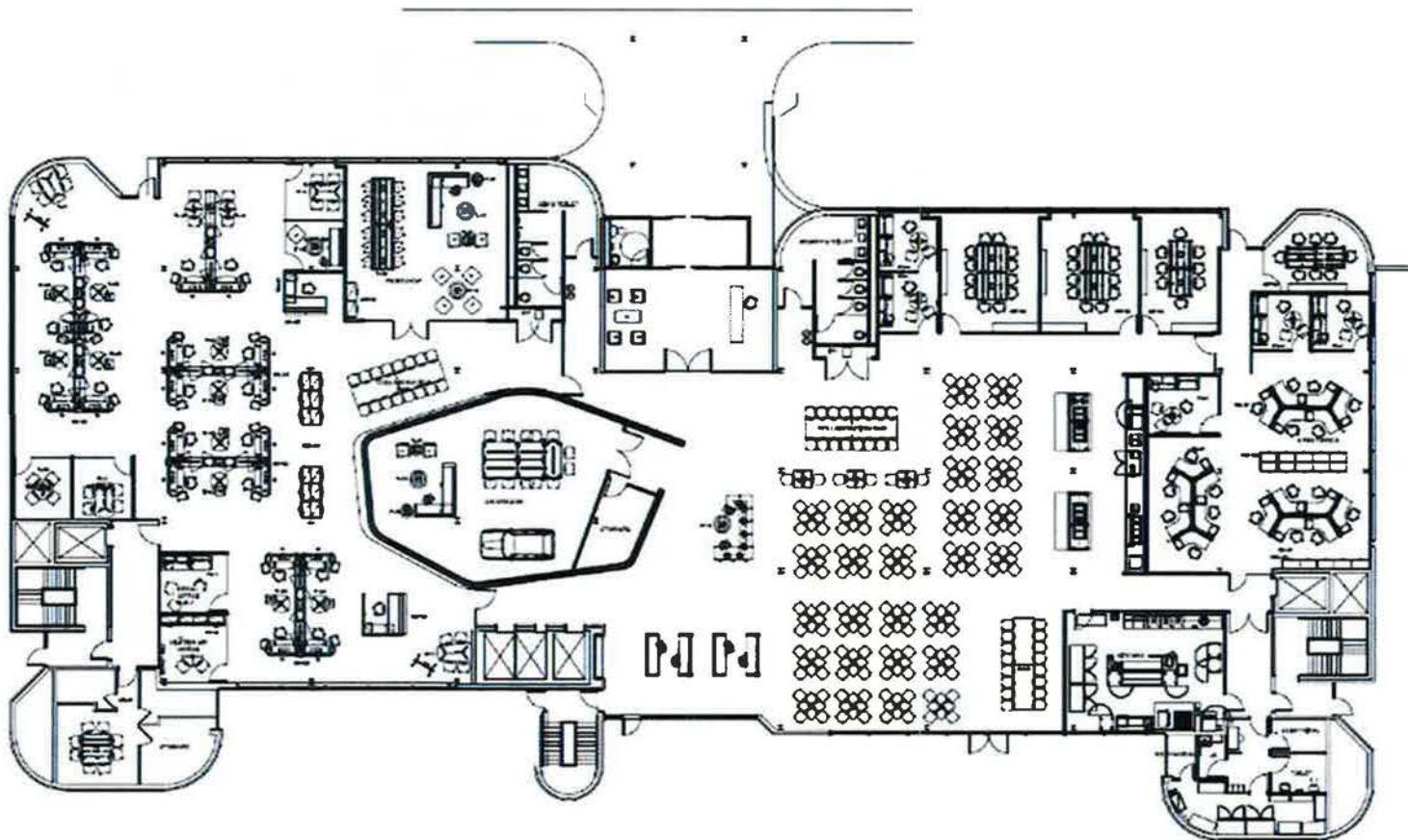


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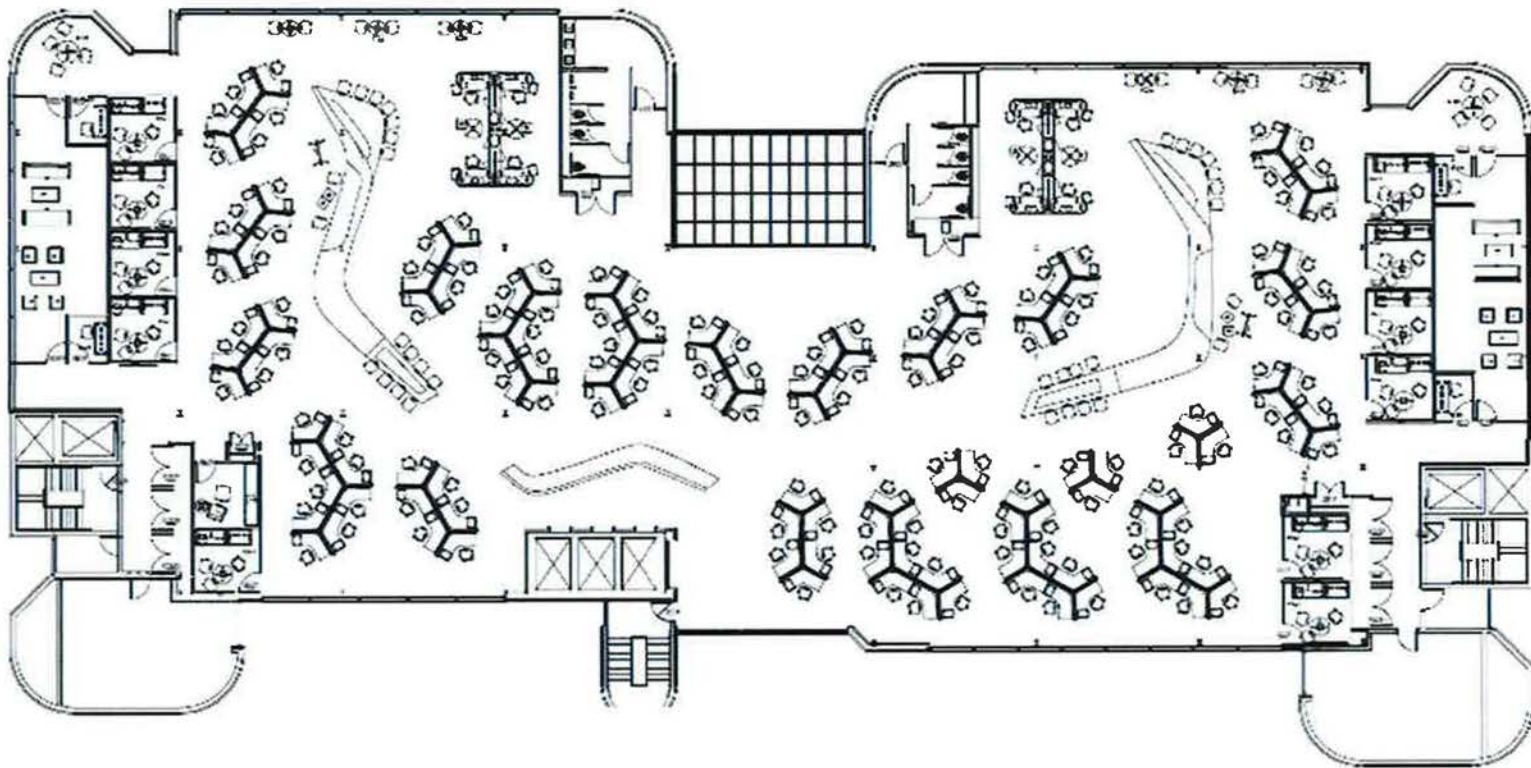
Layout – First floor

- The first floor will house the leadership team; HR; cafeteria and a customer meeting area. The cafeteria is reconfigurable to a town hall space.



Layout – Second & Third floors

- The second and third floors will house employees in such areas as engineering, finance, IT, purchasing and sales.



Look & Feel



**CITY OF NOVI
RESOLUTION
APPROVING AN INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
FOR YANFENG US AUTOMOTIVE INTERIOR SYSTEMS I LLC**

At a regular meeting of the City Council of the City of Novi, Oakland County, Michigan, held in the Council Chambers at 45175 Ten Mile Road, Novi MI 48375 on the **13th day of March, 2017**.

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

WHEREAS, pursuant to P.A. 198, 1974, M.C.L. 207.551 et seq., after a duly noticed public hearing held on the **13th day of March, 2017**, the City of Novi, established an Industrial Development District, commonly referred to as the **C&S Twelve Mile Center LLC Industrial Development District; and**

WHEREAS, **Yanfeng US Automotive Interior Systems I, LLC** has filed an application for an Industrial Facility Exemption Certificate with the Clerk of the City of Novi with respect to proposed new **real property** and **personal property** within the **C&S Twelve Mile Center LLC Industrial Development District; and**

WHEREAS, before acting on said application, the City Council of Novi held a hearing on the **13th day of March, 2017** at a regularly scheduled meeting, at which time the applicant, the assessor, and a representative of the affected taxing units were given written notice and were afforded an opportunity to be heard on said application; and

WHEREAS, construction of the facility real property and installation of new personal property has not begun earlier than six (6) months before **1st day of March, 2017**, 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:

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 **13th day of March, 2017.**

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

Cortney Hanson, City Clerk