

LETTER OF AGREEMENT
BETWEEN
THE CHARTER TOWNSHIP OF LYON
AND
COMPANY NAME

RE: Industrial Facilities Exemption Certificate Agreement
COMPANY NAME

THIS AGREEMENT is executed between the CHARTER TOWNSHIP OF LYON (the "Township") and [COMPANY NAME] (hereinafter the "Company") including its successors, assigns, or any entity subsequently organized by the owners/incorporators of Company for the purpose of carrying out the business described herein, pursuant to the authority granted by and in satisfaction of the requirements of Section 22 of Michigan Public Act 198 of 1974, as amended ("Act 198"). [COMPANY NAME] has submitted an Application dated [date] (the "Application"), to the Township requesting approval of an Industrial Facilities Exemption Certificate (the "IFEC"), pursuant to Act 198 for industrial property (the "Exempt Property") to be located at Company's proposed facility at;

TAX PARCEL ID # _____ - Property Description:

Example: T1N, R7E, SEC 12 PART OF N 1/2 OF SEC BEG AT PT DIST N 2144.87 FT & N 71-02-20 W 2919.78 FT FROM SE SEC COR, TH N 71-02-20 W 741.21 FT, TH N 00-38-51 E 1367.19 FT, TH S 66-59-48 E 760.85 FT, TH S 00-38- 51 W 1310.69 FT TO BEG 21.63 A 7-23-98 FR 008 & 251-001

TAX PARCEL ID # _____ - Property Description:

Example: T1N, R7E, SEC 12 PART OF N 1/2 BEG AT PT DIST N 00-00-00 E 2144.87 FT & N 71-02-20 W 2576.24 FT FROM SE SEC COR, TH N 71-02-20 W 343.54 FT, TH N 00-38-51 E 1310.69 FT, TH S 66-59-48 E 760.63 FT, TH S 00-40- 06 W 259.26 FT, TH N 89-19-54 W 324.83 FT, TH S 35-12-39 E 67.40 FT, TH S 00-40-06 W 104.75 FT, TH ALG CURVE TO RIGHT, RAD 228 FT, CHORD BEARS S 13-26-44 W 100.85 FT, DIST OF 101.69 FT, TH ALG CURVE TO LEFT, RAD 232 FT, CHORD BEARS S S 13-26-38 W 102.64 FT, DIST OF 103.49 FT, TH S 00-40-06 W 323.80 FT, TH ALG CURVE TO RIGHT, RAD 300 FT, CHORD BEARS S 09-52-12 W 95.94 FT, DIST OF 96.36 FT, TH S 19-04-18 W 98.95 FT TO BEG 13.73 A 3-27-15 FR 013

These parcels are located in [Industrial Development District Number X], established by Resolution of the Charter of Lyon Township Board of Trustees at their Regular Meeting held on [Date]. The Application shall be deemed filed with the Township Clerk for purposes of Section 5(1) and 6 of Act 198 upon the establishment, pursuant to the provisions of Section 4 of Act 198, by the Township Board of an Industrial Development District within which Exempt Property will be located.

To encourage approval of the IFEC and in recognition of the investments the Township will make toward the economic growth of Company, which in turn will benefit the Township, the Company agrees as follows:

1. General

a. The Company will invest approximately \$xxx,xxx... to construct and occupy the subject Facility, located at [address], and consisting of approximately x, sq. ft. (the "Project"). In accordance with the provisions of the Act, the Township shall take any reasonable steps needed for the State Tax Commission to approve or issue the IFEC the Company has requested, including but not limited to sending the State Tax Commission, within fifteen days of the Township Board's approval of the IFEC, all documents necessary for the State Tax Commission to issue the IFEC.

b. As a result of approval of the IFEC, the Company intends to create at least X new full-time jobs at the Facility within 2 years of completion.

For purposes of this Agreement, a "full-time job" means a job performed by an individual for consideration for 35 hours or more each week and for which the employer withholds income and social security taxes, and across all full-time jobs paying an Average Weekly Wage of at least \$961.53. Also, the Company shall provide health care benefits for each employee and pay a portion of the premium. For purposes of the Agreement, "Average Weekly Wage" shall have the same meaning as in the Michigan Economic Growth Authority Act ("MEGA Act"). To the extent permitted under Michigan law, including but not limited to Act 198, and to the extent it is consistent with the Company business needs, the Company will use its best efforts to: 1) use Township residents as its vendors for the project; 2) hire Township residents for new jobs created by the project; and 3) advertise for the new jobs at the project in a newspaper that is sold in the Township.

c. The IFEC will pertain solely to, and will include all the property as set forth in the application (and any amendments or supplements) consisting of new industrial real and personal property, as set forth in Section 1a.

2. Term of IFEC

Unless earlier revoked as provided in Act 198, the IFEC shall remain in force and effect for a period commencing with its initial effective date (which is the immediately succeeding December 31) following the date of the IFEC is issued by the Michigan State Tax commission (the "Tax Commission") and ending X years thereafter, based on each year of investment.

3. Status Report

a. Initial Status Report: The Company shall submit a schedule to the Township Economic Development Coordinator, not later than the January 31st first following the dated the IFEC is issued by the Tax Commission, in a form acceptable to the Township, which shall indicate as of the immediately preceding December 31 the number of full-time jobs created to date, the number full-time jobs projected to be created and retained within the time period identified in paragraph 1, and an identification and explanation of any variations from the facts and representations set forth in the application.

b. Annual State Reports: The Company shall submit an Annual Status Report to the Township Economic Development Coordinator not later than the first anniversary of the filing of the Initial State Report and annually thereafter until the expiration of the IFEC. The Annual Status Report shall be prepared in a form acceptable to the Township, which shall indicate the number of full-time jobs created and retained as of December 31st of the year preceding the date of the report. The Annual Status Report shall also include an explanation if full-time job creation and retention has not equaled or exceeded the numbers set forth in Section 1 hereof.

4. Shortfall of Jobs: Payment to Township

If the number of new full-time jobs created at the Facility as a result of the Project as of the December 31 preceding the date of the Initial or annual Status Report is less than the number of new full-time jobs to be created as indicated in paragraph 1 above, the Company shall pay to the township an amount equal to (i) one-half of the Township’s portion of the Company general property taxes which would have been due absent the issuance of the IFEC for the year in which the Initial or Annual Status Report is filed, multiplied by(ii) a fraction, the numerator of which is the shortfall in the number of full-time jobs indicated in the Initial or Annual Status Report, and the denominator of which is the total number of created full-time jobs indicated in Section 1 above. The shortfall of full-time jobs shall not be a basis for termination or revocation of the IFEC.

5. Location of Facility

In order for the Company to continue to receive the benefits of the IFEC, the Company must operate within the Township. If the Company moves the operation of the Facility outside of the Township, the Company shall repay to the Township that percentage of the amount equal to one-half of the amount of the Township’s portion of the general property tax that would have been due if the IFEC had not been issued for each year the IFEC was in effect, reduced by the amount of any payments made by the Company pursuant to paragraph 4 of this Agreement, according to the following schedule:

<u>Years Following IFEC Effective Date</u>	<u>Portion of Township Abated Taxes Repaid</u>
0-2	100%
3	80%
4	70%
5	60%
6	50%
7	40
8	30%
9	20%
10 and thereafter	None

6. Representation

Except as set forth in Section 1, the Company does not agree to maintain any specific level of employment for any period of time. The Company's sole obligation in the event of an employment shortfall is as defined in paragraph 4 of this Agreement. A proven breach of the representations and warranties made by the Company herein shall be sufficient grounds for the Township Board of the Township to adopt a resolution requesting the Tax Commission to revoke the IFEC in accordance with Section 15(2) of Act 198. The Company shall have all remedies available at law and in equity to prove no such breach occurred including the right to have a judicial determination.

7. Assessed Value

The Township Assessor shall establish an initial taxable value (the "Base Year") for the Exempt Property as and when completed and/or installed in accordance with Section 10 of Act 198. The Base Value and thereafter the assessed value and taxable value of the Exempt Property shall be established by the Township Assessor in the reasonable exercise of the Assessor's professional judgment in accordance with prevailing Tax Commission guidelines and methodologies for valuing real and personal property. The Company agrees that it shall use good faith reasonable efforts to resolve any dispute over the assessment of the Exempt Property with the local taxing authorities prior to exercising its right to appeal such assessment to the Michigan Tax Tribunal.

8. Unforeseen Events

By execution of this Agreement, it is understood that the Company's investment in the Project and the Township's investment in granting of the IFEC is to encourage economic growth and job creation within the Township. The Township acknowledges that in some instances, economic conditions make it difficult for the Company to fully comply with this Agreement and the terms of the Application. The Township will give the Company an opportunity to explain the reasons for any variations from the representations and warranties contained in the Application and supporting documents will evaluate the Company's situation prior to taking any action respecting revocation for the IFEC.

9. Expenses and Fees

The actual fees and expenses including legal and professional consulting fee, incurred by the Township in connection with the consideration and approval of the Application for the IFEC, of forwarding the Application, if approved, to the Tax Commission, of forwarding this Agreement to the Michigan Department of Treasury, and of any other actions of the Township in support of the Company's efforts to obtain the IFEC shall be payable by the Company to the extent permitted by Act 198, provided that such fees and expenses shall not exceed 2% of the total amount of taxes abated over the life of the certificate.

10. Future Investment

If additional full-time jobs in addition to the targets set forth in paragraph 1 hereof involving activities related to the applicant's primary business are anticipated to be created by the Company, its successor or assigns, or a third-party entity under contract with the Company, or if any suppliers to the Company, an entity functionally related to the Company, or its or their successors or assigns, are considering expanding or locating in the Township by approving an

IFEC to the extent then permitted by Act 198, the Company shall use good faith reasonable efforts to consider placing any such additional full-time jobs, any facility or plant employing such full-time jobs, or any such supplier within the Township. Reasonable efforts shall not require the Company to be located in the Township if, by doing so, it would in its judgment incur higher operating costs, provided that such higher operating costs are not insignificant in the reasonable judgment of management of the Company. The parties acknowledge that while the Company's actions in this paragraph are dependent upon the Township's actions, this paragraph does not impose any obligation on the Township to grant tax abatement to any enterprise or entity.

11. Local School Involvement

The Company will institute a high school co-op program for qualified juniors and seniors in the South Lyon Community School District, if request by the South Lyon Community School District. In addition, the Company will work with the South Lyon Community School District, and, at the Company's sole discretion, sponsor science fairs or other school-related activities.

12. Effective Date of Agreement; Binding Nature

This Agreement shall become effective upon issuance of the Tax Commission of the IFEC covering the Project and shall be null and void and of no force or effect whatsoever unless the Tax Commission issues the IFEC to the Company covering the Project and shall be null and void after the expiration of the IFEC; provided, however, that the Company's payment obligations to the Township shall be binding against the Company, its successors, assigns, or any entity subsequently organized by the owners/incorporators of the Company for the purpose of carrying out the business described herein, notwithstanding any failure of defect in the creation of the legal entity intended to enjoy the benefit of the IFEC. The acceptance of the IFEC by any such legal entity shall be conclusive evidence of the binding nature of this Agreement against such entity.

13. Severability Clause

This Agreement contains the entire agreement between the parties with respect to this matter and supersedes: (i) any prior agreements relating to the parties' contractual obligations to each other, and (ii) any remedies the 198 Act provides including those set forth in Act section 21(2), MCL 207.571(2). In the event a Court of competent jurisdiction should find part of this agreement invalid, such holding shall not invalidate the other provisions of this Agreement. The Agreement may be amended only by written agreement signed by the parties.

14. Filing

This Agreement shall be filed with the Michigan Department of Treasury as required by Section 22 of Act 198.

15. Governing Law

This Agreement is governed by the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the _____ day of _____, 2019.

COMPANY NAME

By:
Its: President/CEO
Date: _____

(STATE OF MICHIGAN)
(COUNTY OF _____)

The foregoing Agreement was acknowledged before me by _____ as President and CEO of CARL ZEISS METROLOGY, LLC on the _____ day of _____ 2019.

Notary Public
_____ County, Michigan
My commission expires: _____
Acting in _____ County

CHARTER TOWNSHIP OF LYON

By: John Dolan

Its: Supervisor

Date: _____

By: Michele Cash

Its: Clerk

Date: _____

(STATE OF MICHIGAN)
(COUNTY OF _____)

The foregoing Agreement was acknowledged before me by John Dolan, Supervisor and Michele Cash, Clerk for the Charter Township of Lyon on the _____ day of _____, 2019.

Notary Public

_____ County, Michigan

My commission expires: _____

Acting in _____ County