AUTOMOTIVE COMPONENTS HOLDINGS

CLAWBACK

NO CLAWBACK

PERSONAL PROPERTY VALUATION IN MICHIGAN

1. ORIGINAL ACQUISITION COST REPORTED TO ASSESSOR ON AFFIDAVIT.

2. STATE TAX COMMISSION DEPRECIATION MULTIPLIERS APPLIED TO REPORTED COST.

3. STATE TAX COMMISSION DEVELOPED MULTIPLIERS (BEST FIT LINE) BY CONTRACT DURING 1998 AND 1999 FOR FIRST USE IN 2000. COSTS OF M&E COMPARED TO SALE PRICES.

ACH PERSONAL PROPERTY VALUATION

1. WITH PLANT SALES AND DIVESTITURES, ACH ORDERED APPRAISALS OF REALTY AND PERSONALTY.

2. ACH DEVELOPED PERSONAL PROPERTY MULTIPLIERS (BEST FIT LINE) DURING 2005 FOR THEIR VALUATION POSITION FOR 2006 AND LATER YEARS. COSTS OF M&E COMPARED TO SALE PRICES. VALIDITY OF SALES POSES SOME CONCERNS.

3. DIFFERENT MARKET 6 TO 7 YEARS LATER.

4. ACH APPEALED AD VALOREM (NON-ABATED) AND IFT (ABATED) PERSONAL PROPERTY ASSESSMENTS FOR 2006, WITHDREW APPEALS ON IFT ASSESSMENTS, AND APPEALED 2007 AD VALOREM ASSESSMENT.

5. PRELIMINARY FINDINGS OF APPRAISAL FIRM HIRED BY CITY INDICATE THAT ASSESSMENT REDUCTION IS IMMINENT. CITY ASSESSOR AGREES IN PRINCIPLE.

6. ACH WILLING TO STIPULATE TO REDUCTION CONDITIONED ON CITY NOT PURSUING "CLAWBACK" PROVISION IN IFT AGREEMENTS. IFT ASSESSMENTS NOT UNDER APPEAL.

7. AND HERE WE ARE.

ACH NON-ABATED PP TAXABLE VALUE

2

	2006 TV	2007 TV	2006 CITY TAX***** 0.015919958	2007 CITY TAX***** 0.015919958	CITY REFUND	INT	TOTAL CITY REF
ON ROLL	28,897,060	31,451,980	460,040	500,714			
ACH PETITION*	7,633,200	7,000,000	121,520	111,440			
DIFFERENCE	21,263,860	24,451,980	338,520	389,274	727,794	45,985	773,780
1ST ACH OFFER**	12,722,000	11,666,667	202,534	185,733			
DIFFERENCE	16,175,060	19,785,313	257,506	314,981	572,488	35,769	608,257
1ST MONROE OFFER***	22,770,883	19,783,295	362,512	314,949			
DIFFERENCE	6,126,177	11,668,685	97,528	185,765	283,293	16,325	299,619
2ND ACH OFFER****	21,672,795	18,871,188	345,030	300,429			
DIFFERENCE	7,224,265	12,580,792	115,010	200,286	315,296	18,467	333,762
APPRAISER PRELIM	23,500,000	14,000,000	374,119	222,879			
DIFFERENCE	5,397,060	17,451,980	85,921	277,835	363,756	19,155	382,911

* DEPRECIATION MULTIPLIERS (M&E COST / SALE PRICE) ALLEGEDLY EXTRACTED FROM MARKET, & APPLICATION OF OBSOLESCENCE BASED ON WACC COMPARISON OF AUTO PARTS MANUFACTURING COMPARED TO ENTIRE MANUFACTURING INDUSTRY. DEPRECIATION MULTIPLIERS DEVELOPED BY ACH ARE SIGNIFICANTLY GREATER THAN STC MULTIPLIERS.

** REMOVAL OF WACC OBSOLESCENCE.

*** STC MULTIPLIERS, & APPLICATION OF OBSOLESCENCE BASED ON SEQUENTIAL PLANT EMPLOYMENT REDUCTION.

**** FINAL SETTLEMENT WITH CONDITION OF NO IFT CLAWBACK.

***** INCLUDES 1% ADMIN FEE.

ACH REFUND BY TAXING UNITS (BEFORE INTEREST)

		ORIGINAL	REVISED	REFUND
2006				
		28,897,060	21,672,795	7,224,265
CNTY	0.0052952	153,016	114,762	38,254
ISD	0.0047541	137,380	103,035	34,345
CC	0.0021794	62,978	47,234	15,745
SET	0.0060000	173,382	130,037	43,346
LSO	0.0180000	520,147	390,110	130,037
B&S	0.0009985	28,854	21,640	7,213
CITY	0.0159200	460,042	345,032	115,011
OTHER	0.0014981	43,291	32,468	10,823
TOTAL		1,579,090	1,184,317	394,772
2007				
		31,451,980	18,871,188	12,580,792
CNTY	0.0052952	166,545	99,927	66,618
ISD	0.0047541	149,526	89,716	59,810
CC	0.0021794	68,546	41,128	27,419
SET	0.0060000	188,712	113,227	75,485
LSO	0.0180000	566,136	339,681	226,454
B&S	0.0009985	31,405	18,843	12,562
CITY	0.0159200	500,714	300,429	200,286
OTHER	0.0014896	46,851	28,111	18,740
TOTAL		1,718,434	1,031,061	687,374
TOTAL				
		60,349,040	40,543,983	19,805,057
CNTY		319,560	214,688	104,872
ISD		286,905	192,750	94,155
CC		131,525	88,362	43,163
SET		362,094	243,264	118,830
LSO		1,086,283	729,792	356,491
B&S		60,259	40,483	19,775
CITY		960,757	645,460	315,296
OTHER		90,142	60,579	29,563
TOTAL		3,297,524	2,215,378	1,082,146

4

Delta Consulting Services, Inc.

Industrial Appraisers - Engineering Consultants

114 Luray Avenue N.W.
Grand Rapids, Michigan 49504
(616)-453-8193
(616)-453-8519 (FAX)

To: City of Monroe Assessor's Office
(Company)

Phone Number: ( ) -

Fax Number: (734) 243 - 8683

ATTENTION: Sam Guich

FROM: Ron Grzybowski

Number of pages this transmission including cover sheet: 8

MESSAGE:

Draft report copy on ACH, Monroe, Michigan.

RECEIVED

JAN 1 8 2008

CITY OF MONROE
ASSESSORS OFFICE

Note to Receiver: Please deliver this transmission to the listed person. If you do not receive the number of pages noted in good condition, please advise the operator at 616-453-8193 as soon as possible.

Date: January 18, 2008

Operator: plg

5

Delta
CONSULTING SERVICES INC.

Industrial Appraisers • Engineering Consultants
114 Luray Avenue • Grand Rapids, Michigan 49504
Telephone: (616) 453-8193 • Fax: (616) 453-8519

Mr. Sam Guich, City Assessor
City of Monroe, Michigan

January 18, 2008

FAX: 734-243-8683
7 pages

RE: ACH
Monroe, Michigan

Dear Sam:

Attached is a draft copy of our observations and conclusions relative to the appraisal services provided to date by us regarding ACH's personal property tax appeal. This report is provided to assist in the deliberations of the settlement offer presented by ACH.

Should any questions arise, please contact us.

Respectfully submitted,

Ronald C. Grzybowski

RCG:plg
Enclosures

6

CONFIDENTIAL

Summary of Observations and Conclusions Relative to the Personal Property Tax Appeal Submitted by ACH, Monroe, Michigan:

At your request we have reviewed the appraisal services provided to date on this valuation assignment in order to provide information which may prove useful in a proposed settlement with ACH. We have provided the following observations and conclusions.

Actions to Date:

1. We made two inspections of the plant observing the personal property and the physical plant. Although we were allowed to inspect any area we chose, we were accompanied by a company representative at all times.

2. We met with the assessor and ACH's tax representative, Craig Sigworth, as well as the appropriate plant personnel. Generally, the plant personnel were helpful and cooperative. Mr. Sigworth was evasive and extremely slow in providing data and access.

3. We reviewed the asset listing provided by ACH of approximately 8000 lines of data.

4. We reviewed a comprehensive appraisal/analysis performed by Duff & Phelps, a nationally recognized financial analysis company.

5. We attempted to corroborate the database of equipment sales provided by ACH of the sale of equipment at other Ford plants, but found the data inadequate in terms of the number of sales provided. ACH provided data on seven sales involving four buyers. We contacted all four of the purchasers of the equipment and determined that only one buyer considered the sale as an economic arms length transaction. One of the four buyers would not respond. We concluded that the results were so limited so as to be unpersuasive.

6. We also attempted to develop an independent database of sales or offerings of similar equipment. Generally, we determined that many of the sales and offerings found by us were at values less than the sales numbers provided by ACH. We also found offerings that were higher than the proceeds from the Ford sales, as well as a few where the offerings were at the same level as the proceeds. We could not correlate the results because we were unable to determine the percentage of value attributable to general purpose equipment in the total universe of Monroe personal property.

7. We performed a rough calculation of the possible true cash value of the personal property.

Observations:

1. The ACH asset listing is very large and unwieldy so as to be difficult to sort descriptively or mathematically. There is very little description to identify specific equipment. ACH says it can't (or won't) correlate the data to the equipment in the plant without extensive work on their part. According to ACH, it is not possible to enter the plant, select an item of equipment, and locate it on the asset list in a ready and easy manner.

2. We observed 39 catalytic converter lines, 13 robots, 8 large presses, 11 drive shaft assembly lines, 2 stabilizer bar lines, and 2 abandoned spring lines.

3. The vast majority of the plant equipment is special purpose in nature, custom designed and fabricated to produce Ford parts.

4. The physical plant suffers from functional obsolescence. There is a monitor roof, high ceilings with wasted space, and a huge heat loss. The boilers have been shut down, and steam unit heaters removed from the plant.

5. This is a captive plant. Its customers are Ford or Ford affiliates, and it is doubtful that most of the equipment could be used for purposes other than producing Ford parts.

6. Closing this plant, and all the other plants chosen by Ford, is a strategic decision on the part of Ford to make fewer cars at greater per unit profit.

7. ACH has tried to present an image of cooperation with the cities involved, but has dragged its feet in providing data and access to the plants, and has implied refusal to provide certain information and data if requested. While this is done, ACH sits with an easily updatable appraisal to present to the Tribunal, while the clock runs on the cities' ability to complete appraisals.

8. Ford doesn't say that Monroe is its least efficient plant producing whatever parts are manufactured. They don't even say it's a particularly inefficient plant. Duff and Phelps indicates in very general terms that all the plants have inefficiencies. They probably chose this plant to close because of its age.

9. We don't know if the equipment suffers from functional obsolescence because there are so few catalytic converter manufacturers with whom to compare equipment or manufacturing cost.

10. We don't know if Ford's decision to close the plant is an economic decision.

8

Conclusions:

To complete an appraisal that could be presented to the Tribunal:

1. An automotive economist is probably required to analyze economic obsolescence. Such an analysis would be needed to offset the Duff & Phelps analysis. Preferably, this expert should be familiar with the market for the specific parts manufactured in this plant. It will be difficult to counter the argument that the U.S. auto industry is not currently suffering significantly in terms of economic obsolescence.

2. An engineering expert is also probably needed, also familiar with the product, to establish if functional obsolescence exists, and to what degree. Again, the selected expert would counter the Duff & Phelps analysis.

3. Ideally, it would be extremely useful if ACH could identify the asset listing items which are special purpose. However, I would not expect much assistance with this beyond what has been supplied.

4. Extensive legal assistance would be needed to obtain information on the specific economics of this plant. Again, even though the discovery process can be useful and is necessary, it has been our experience that skillful attorneys can evade providing proper responses and procrastinate to the point of making the information untimely.

Valuation Calculations:

It is not possible at this time to prepare a complete and detailed appraisal of the Monroe ACH personal property for many of the reasons indicated above. We do not have sufficient information on the personal property to accurately estimate the percentage of special purpose equipment which would be appraised using a cost approach, that is, reproduction cost less physical depreciation and obsolescence, versus general purpose equipment which would have a market value. Similarly, sufficient information to estimate functional and economic obsolescence has not been made available to us.

However, it is possible to perform some rough calculations utilizing certain assumptions. These calculations would allow a valuation indication which may be useful for settlement purposes. We performed the following calculations to arrive at valuation estimates.

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Summary of Observations and Conclusions
ACH, Monroe, Michigan

1. We used the asset listing to identify the total original cost of the personal property, $253,000,000.

2. The IFT's were subtracted and an additional $1.5 million for idle equipment. This produced a cost of $156,000,000.

3. The first 2000 items on the listing were averaged for age. The average age was determined at nine years in 2007, the year of the listing.

4. Using inflation indices, the $156,000,000 was deflated and inflated to 2006, 2007, and 2008, the appeal years.

5. Using the first 1000 items, we tried to determine the items that appeared to be special purpose in nature. Based on the sparse descriptions in the asset listing, a count was made of the items which appeared to be special purpose. We found the percentage of this number to be 90%.

6. Assuming that special purpose equipment had a life corresponding to typical model life of eight to twelve years, we depreciated the special purpose equipment on a straight line basis of age over expected life using a ten year economic life. From past experience, we know that most general purpose equipment has a physical life of twenty years. Usually, market value is less than the value produced using age-life calculations. We attempted to predict this reduction by using a physical life of 17.5 years on the general purpose equipment. This process produced values of $60,000,000 in 2006, $44,000,000 in 2007, and $28,000,000 in 2008.

7. Recognizing that some economic obsolescence exists, specifically that this plant is relying on Ford for sales, and no one can force Ford to buy from this plant, we relied on your numbers of employment decrease as a measure of economic obsolescence. Gross sales might be a better number, but these figures are unavailable to us. Employment becomes a good surrogate for sales, although it does not reflect increase in plant efficiency or even decreases caused by the use of inexperienced employees. This process produces net cash values of $47,000,000 in 2006, $28,000,000 in 2007, and $16,000,000 in 2008, using the employment decreases of 21% in 2006, 37% in 2007, and 44% in 2008.

8. The shortcomings of this approach are that it does not consider functional obsolescence, although we would suspect that this is not a large number; the process identifying special purpose equipment is flawed, and it likely overstates the percentage of special purpose equipment. Statistically, it would have been better to use a random sampling from the asset listing, but this was very difficult and time consuming because of the difficulty in manipulating the large quantity of numbers. Additionally, 2008 presents an appraisal problem. The plant closing was

not announced until 2007. A prospective buyer of this facility buying this plant on December 31, 2007, would have to consider the future of the plant. Since sales are limited to Ford products, and 90% of the plant has equipment that cannot be modified to produce non-Ford catalytic converters or driveshafts, without assurances from Ford that they would continue to buy from this plant, the purchaser would have probably pay no more than one year's depreciation on the equipment plus the salvage value. We would expect this value to be significantly lower than the 2008 true cash value indicated above.

It should be emphasized that the computations above are crude, but they do produce numbers that are reasonable given the assumptions. They are presented as a check figure for settlement numbers under consideration.

Duff & Phelps and ACH Case Is Not Bulletproof:

1. They base their conclusions on the auto industry in general, and not specifically on catalytic converters and drive shaft manufacture. Although these markets are obviously related, we don't know that they are the same. A study of catalytic converter and drive shaft business, which has a very limited number of manufacturers, would be required.

2. Their statistical methods are not immune from attack. The depreciation curves they produce do not have significantly high reliability factors. Additionally, the sales data they provided to us did not indicate that all the sales were economic. In some instances, the sales data was indicated by the buyer to be salvage value.

3. Their analysis assumes that the auto market will not turn around. Some tier one and two suppliers are already expressing belief that profitability will return in the near future.

4. Their use of auction values without consideration for freight, sales tax, and installation assumes that a prospective buyer would not use the equipment for any productive use. In order to use the equipment, it must be moved and installed.

5. We believe that their tactic of attacking the MTC tables puts the Tribunal in the uncomfortable position of defending the tables from future attack by industry in general. A better tactic would have been to produce their figures based exclusively on the past sales data they derived and then indicate that it was applied to automotive manufacture only without comparison to the tables.

Although it is possible to attack their position, it still must be recognized that in order to mount such an attack would be expensive in terms of legal, appraisal, and expert costs. There is no guarantee that the city will prevail before the Tribunal. It is also likely that the MCT tables overstate value with respect to special purpose automotive parts manufacturing equipment which may have an economic life shorter than the physical life

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due to model turnover. This consideration would lead to the conclusion that Ford may have been overtaxed in previous years since the MCT tables seem to be based on a fifteen year life which is extended into perpetuity with a fixed terminal percentage, while the special purpose equipment may have an economic life of eight to twelve years.

We trust that the above analysis is useful in your deliberations. If any additional information is required, please call upon us.

Respectfully submitted.

Ronald C. Grzybowski

2000-694

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INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE AGREEMENT

City of Monroe, Michigan – Visteon Corporation

This agreement between the City of Monroe, Monroe County, Michigan, a Michigan municipal corporation whose address is 120 East First Street, Monroe, Michigan 48161, and Visteon Corporation, 5500 Auto Club Drive, Dearborn, Michigan 48126, is entered into by and between the parties to comply with the provisions of P.A. No. 334 of the Public Acts of 1993.

The City Council of the City of Monroe by resolution adopted September 18, 2000, approves the granting of a twelve (12) year Industrial Facilities Exemption Certificate to Visteon Corporation for personal property improvements at their Monroe Plant located at 3200 East Elm Avenue, which is identified with particularity in its Application for Industrial Facilities Exemption Certificate dated June 29, 2000, and incorporated by reference, subject to the terms and conditions hereinafter stated. In accepting the Industrial Facilities Exemption Certificate, Visteon Corporation agrees to the following terms and conditions:

IMPROVEMENTS: INVESTMENT COSTS TO PROPERTY

1. That Visteon Corporation shall invest a sum not less than Sixty-nine million, one hundred thousand dollars ($69,100,000.00), for the installation of certain personal property improvements at the site, more particularly described in its Application for Industrial Facilities Exemption Certificate;

IMPROVEMENTS: COMPLIANCE

2. That the City of Monroe shall have the right to, and may withdraw the abatement if Visteon Corporation fails to install certain personal property improvements as stated in its Application for Industrial Facilities Exemption Certificate. Within six (6) months following the completion of the installation of certain personal property improvements as set out in the Application, the applicant shall provide the City of Monroe Assessor's Office with proof of the actual costs of the improvements. If the costs of the construction of certain personal property improvements are less than the amount set out herein, the City of Monroe may revoke or change the terms of the Industrial Facilities Exemption Certificate after a hearing;

JOB RETENTION

3. That Visteon Corporation shall retain at minimum Six hundred thirty-six (636) existing jobs and that it shall maintain the positions retained for the remainder of the abatement period. Demonstration by Visteon Corporation of the need for reduction of jobs due to non-controllable economic or casualty conditions may be considered an exemption from this requirement subject to provisions found in Section 6;

LOCATION OF FACILITY

4. The Monroe Plant of the Visteon Corporation shall maintain its facility within the boundaries of the City of Monroe during the entire period of time contemplated by the Industrial Facilities Exemption Certificate. Should Visteon Corporation fail to do so, they shall agree to pay the taxing units affected by the Industrial Facilities Exemption Certificate an amount equal to the sum abated under the terms of the agreement as well as any required administrative fees. Demonstration by Visteon Corporation of the need for closure of the facility due to non-controllable economic or casualty conditions may be considered an exemption form this requirement subject to provisions found in Section 6;

VALUATIONS BY THE CITY OF MONROE ASSESSOR'S OFFICE

5. The Visteon Corporation shall not appeal the valuations placed by the City of Monroe on the personal property component of the property which is the subject of this abatement provided the City of Monroe applies Michigan State Tax Commission personal property multipliers to respective acquisition costs new to arrive at such valuations;

PERIODIC REVIEW / NON-COMPLIANCE HEARING:

6. The City of Monroe shall have the right to periodically review the business and facilities of Visteon Corporation – Monroe Plant to assure compliance with the terms of this Agreement. Should any such review identify any non-compliance with the terms of this Agreement, the City of Monroe reserves the right to amend the Industrial Facilities Exemption Certificate or revoke it in its entirety after a hearing is conducted by the City of Monroe Economic Development Review Committee. The hearing will provide the opportunity to explain why there may be non-compliance with the terms of this Agreement.

It is agreed by and between the parties that the above conditions shall remain in effect for the life of the tax abatement.

In witness whereof, the parties have this caused this Agreement to be properly executed, as of the _____ day of October 2000.

WITNESSES:

CITY OF MONROE

By: _____
C. D. Cappuccilli, Mayor

By: _____
Charles D. Evans, City Clerk/Treasurer

VISTEON CORPORATION

By: _____ 10/30/2000
Larry Hinkle, Plant Manager

By: _____ 10/30/00
Basil Robbins, Controller

2002-151
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INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE AGREEMENT

City of Monroe, Michigan – Visteon Corporation

This agreement between the City of Monroe, Monroe County, Michigan, a Michigan municipal corporation whose address is 120 East First Street, Monroe, Michigan 48161, and Visteon Corporation, 5500 Auto Club Drive, Dearborn, Michigan 48126, is entered into by and between the parties to comply with the provisions of P.A. No. 334 of the Public Acts of 1993.

The City Council of the City of Monroe by resolution adopted October 21, 2002, approves the granting of a twelve (12) year Industrial Facilities Exemption Certificate to Visteon Corporation for real and personal property improvements at their Monroe Plant located at 3200 East Elm Avenue, which is identified with particularity in its Application for Industrial Facilities Exemption Certificate dated September 23, 2002, and incorporated by reference, subject to the terms and conditions hereinafter stated. In accepting the Industrial Facilities Exemption Certificate, Visteon Corporation agrees to the following terms and conditions:

IMPROVEMENTS: INVESTMENT COSTS TO PROPERTY

1. That Visteon Corporation shall invest a sum not less than forty-nine million, five hundred fifty-two thousand seven hundred fifty dollars ($49,552,750), for the installation of certain real and personal property improvements at the site, more particularly described in its Application for Industrial Facilities Exemption Certificate;

IMPROVEMENTS: COMPLIANCE

2. That the City of Monroe shall have the right to request that the State Tax Commission withdraw the abatement if Visteon Corporation fails to install certain real and personal property improvements as stated in its Application for Industrial Facilities Exemption Certificate. Within six (6) months following the completion of the installation of certain real and personal property improvements as set out in the Application, the applicant shall provide the City of Monroe Assessor's Office with proof of the actual costs of the improvements. If the costs of the construction of certain real and personal property improvements are less than the amount set out herein, the City of Monroe may request that the State Tax Commission revoke or change the terms of the Industrial Facilities Exemption Certificate after a hearing;

JOB RETENTION

3. That Visteon Corporation shall retain at minimum three hundred forty-four (344) existing jobs and that it shall maintain the positions retained for the remainder of the abatement period. Demonstration by Visteon Corporation of the need for reduction of jobs due to non-controllable economic or casualty conditions may be

considered an exemption from this requirement subject to provisions found in Section 6;

LOCATION OF FACILITY

4. That the Monroe Plant of the Visteon Corporation shall maintain its facility within the boundaries of the City of Monroe during the entire period of time contemplated by the Industrial Facilities Exemption Certificate. Should Visteon Corporation fail to do so, they shall agree to pay the taxing units affected by the Industrial Facilities Exemption Certificate an amount equal to the sum abated under the terms of the agreement as well as any required administrative fees. Demonstration by Visteon Corporation of the need for closure of the facility due to non-controllable economic or casualty conditions may be considered an exemption from this requirement subject to provisions found in Section 6;

VALUATIONS BY THE CITY OF MONROE ASSESSOR'S OFFICE

5. A. That Visteon Corporation shall file personal property statements with the City of Monroe no later than February 20 of each year relative to the personal property component of the property which is the subject of this abatement as well as other personal property acquired by Visteon Corporation in the City of Monroe.

   B. That Visteon Corporation shall not appeal the valuations placed by the City of Monroe on the personal property component of the property which is the subject of this abatement providing the City of Monroe applies Michigan State Tax Commission personal property multipliers to respective acquisition costs new to arrive at such valuations.

   C. That Visteon Corporation shall not appeal the valuation placed by the City of Monroe on the real property component of the property which is the subject of this abatement on the basis that such real property suffers form any form of obsolescence.

PERIODIC REVIEW / NON-COMPLIANCE HEARING:

6. The City of Monroe shall have the right to periodically review the business and facilities of Visteon Corporation – Monroe Plant to assure compliance with the terms of this Agreement. Should any such review identify any non-compliance with the terms of this Agreement, the City of Monroe reserves the right to request that the State Tax Commission amend the Industrial Facilities Exemption Certificate or revoke it in its entirety after a hearing is conducted by the City of Monroe Economic Development Review Committee. The hearing will provide the opportunity to explain why there may be non-compliance with the terms of this Agreement.

It is agreed by and between the parties that the above conditions shall remain in effect for the life of the tax abatement.

In witness whereof, the parties have this caused this Agreement to be properly executed, as of the 28 day of October 2002.

WITNESSES:

Theresa R. Whalen

CITY OF MONROE

By: C. D. Cappucelli
C. D. Cappucelli, Mayor

By: Charles D. Evans
Charles D. Evans, City Clerk/Treasurer

VISTEON CORPORATION

By: Pat Todd

Its: Vice President - Tax

By: _____

Its: _____

2003-378

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INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE AGREEMENT

City of Monroe, Michigan – Visteon Corporation

This agreement between the City of Monroe, Monroe County, Michigan, a Michigan municipal corporation whose address is 120 East First Street, Monroe, Michigan 48161, and Visteon Corporation, 1700 Rotunda Drive, Dearborn, Michigan 48120, is entered into by and between the parties to comply with the provisions of P.A. No. 334 of the Public Acts of 1993.

The City Council of the City of Monroe by resolution adopted September 15, 2003, approves the granting of a twelve (12) year Industrial Facilities Exemption Certificate to Visteon Corporation for personal property improvements at their Monroe Plant located at 3200 East Elm Avenue, which is identified with particularity in its Application for Industrial Facilities Exemption Certificate dated June 27, 2003, and incorporated by reference, subject to the terms and conditions hereinafter stated. In accepting the Industrial Facilities Exemption Certificate, Visteon Corporation agrees to the following terms and conditions:

IMPROVEMENTS: INVESTMENT COSTS TO PROPERTY

1. That Visteon Corporation shall invest a sum not less than nineteen million four hundred seventy-two thousand three hundred dollars ($19,472,300), for the installation of certain personal property improvements at the site, more particularly described in its Application for Industrial Facilities Exemption Certificate;

IMPROVEMENTS: COMPLIANCE

2. That the City of Monroe shall have the right to request that the State Tax Commission withdraw the abatement if Visteon Corporation fails to install certain personal property improvements as stated in its Application for Industrial Facilities Exemption Certificate. Within six (6) months following the completion of the installation of certain personal property improvements as set out in the Application, the applicant shall provide the City of Monroe Assessor's Office with proof of the actual costs of the improvements. If the costs of the construction of certain personal property improvements are less than the amount set out herein, the City of Monroe may request that the State Tax Commission revoke or change the terms of the Industrial Facilities Exemption Certificate after a hearing;

JOB RETENTION

3. That Visteon Corporation shall retain at minimum two hundred fifty-seven (257) existing jobs and that it shall maintain the positions retained for the remainder of the abatement period. Demonstration by Visteon Corporation of the need for reduction of jobs due to non-controllable economic or casualty conditions may be considered an exemption from this requirement subject to provisions found in Section 6;

LOCATION OF FACILITY

4. That the Monroe Plant of the Visteon Corporation shall maintain its facility within the boundaries of the City of Monroe during the entire period of time contemplated by the Industrial Facilities Exemption Certificate. Should Visteon Corporation fail to do so, they shall agree to pay the taxing units affected by the Industrial Facilities Exemption Certificate an amount equal to the sum abated under the terms of the agreement as well as any required administrative fees. Demonstration by Visteon Corporation of the need for closure of the facility due to non-controllable economic or casualty conditions may be considered an exemption from this requirement subject to provisions found in Section 6;

VALUATIONS BY THE CITY OF MONROE ASSESSOR'S OFFICE

5. A. That Visteon Corporation shall file personal property statements with the City of Monroe no later than February 20 of each year relative to the personal property component of the property which is the subject of this abatement as well as other personal property acquired by Visteon Corporation in the City of Monroe.

   B. That Visteon Corporation shall not appeal the valuations placed by the City of Monroe on the personal property component of the property which is the subject of this abatement providing the City of Monroe applies Michigan State Tax Commission personal property multipliers to respective acquisition costs new to arrive at such valuations.

PERIODIC REVIEW / NON-COMPLIANCE HEARING

6. That the City of Monroe shall have the right to periodically review the business and facilities of Visteon Corporation – Monroe Plant to assure compliance with the terms of this Agreement. Should any such review identify any non-compliance with the terms of this Agreement, the City of Monroe reserves the right to request that the State Tax Commission amend the Industrial Facilities Exemption Certificate or revoke it in its entirety after a hearing is conducted by the City of Monroe Economic Development Review Committee. The hearing will provide the opportunity to explain why there may be non-compliance with the terms of this Agreement.

It is agreed by and between the parties that the above conditions shall remain in effect for the life of the tax abatement.

In witness hereof, the parties have thus caused this Agreement to be properly executed as of the 25th day of September 2003.

WITNESSES:

Patricia Weaver
PATRICIA WEAVER

Rosalind Boswell
ROSALIND BOSWELL

Thomas M. Elliott
Thomas Elliott

Michelle L. Hampton
Michelle L. Hampton

CITY OF MONROE

By: C. D. Cappuccilli, Mayor

By: Charles D. Evans, City Clerk/Treasurer

VISTEON CORPORATION

By: _____

Its: Vice President - Tax & Treasurer

By: _____

Its: _____

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Guich, Samuel

From: Nancy Armstrong [ArmstrongN@michigan.gov]
Sent: Wednesday, January 16, 2008 2:53 PM
To: Guich, Samuel
Subject: Re: IFT "CLAWBACKS"

Our office is not a party to the recovery of taxes based on the IFT written agreements so I am unaware of any at this time.

>>> "Guich, Samuel" <samuel.guich@monroemi.gov> 01/16/2008 11:54 AM >>>
NANCY,

ARE YOU AWARE OF ANY UNITS WHICH HAVE IMPLEMENTED OR CONTEMPLATED IMPLEMENTING "CLAWBACK" PROVISIONS IN IFT AGREEMENTS FOR PAYBACK OF ABATED TAXES WHEN THE PROPERTY OWNER STOPPED USING THE FACILITY FOR WHICH THE EXEMPTION WAS GRANTED?

SAM GUICH

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ACH IFT "CLAWBACK"

ALL ABATED PERSONAL PROPERTY

	I8-00694-000		I8-00461-002		I8-00378-003		TOTAL	
	CITY	ALL UNITS	CITY	ALL UNITS	CITY	ALL UNITS	CITY	ALL UNITS
2001	126,210	404,308					126,210	404,308
2002	142,116	455,231					142,116	455,231
2003	119,358	381,018	111,702	425,178			231,061	806,196
2004	102,480	329,893	167,677	671,992	18,911	60,877	289,068	1,062,762
2005	90,381	284,886	144,705	571,271	65,067	205,097	300,153	1,061,253
2006	67,384	213,404	98,734	388,960	67,223	212,893	233,341	815,257
2007	57,945	183,478	82,248	323,969	51,759	163,891	191,952	671,338
TOTAL	705,873	2,252,217	605,068	2,381,370	202,960	642,758	1,513,901	5,276,345

DRIVESHAFT ABATED PERSONAL PROPERTY ONLY PER IFT APPLICATIONS*

TOTAL	323,690	1,032,793	180,094	708,800	65,466	207,325	569,251	1,948,918

<u>I8-00694-000</u>

HALFSHAFTS AND DRIVESHAFTS*	19,617,000
NEW SUV DRIVESHAFT	1,984,000
GMT RAINBOW DRIVESHAFT	1,957,000
HARLEY 5.0" DRIVESHAFT	302,000
CAR TWO PIECE DRIVESHAFT	1,987,000
LARGE SU FRONT & REAR DRVSHFT	5,840,000
TOTAL	31,687,000
TOTAL INVESTMENT	69,100,000
% DRIVESHAFT	45.9%

<u>I8-00378-003</u>

SLIP YOKE	470,000
1 PIECE DRIVESAHFT	3,234,000
2-PC DRIVESHAFT	893,750
FRONT DRIVESHAFT	662,550
REAR 2-PC DRIVESHAFT	509,250
1 PIECE DRIVESHAFT	511,350
TOTAL	6,280,900
TOTAL INVESTMENT	19,472,300
% DRIVESHAFT	32.3%

<u>I8-00461-002</u>

DRIVESHAFT FACILITIES, LONG-LEAD	14,630,000
TOTAL INVESTMENT	49,152,750
% DRIVESHAFT	29.8%

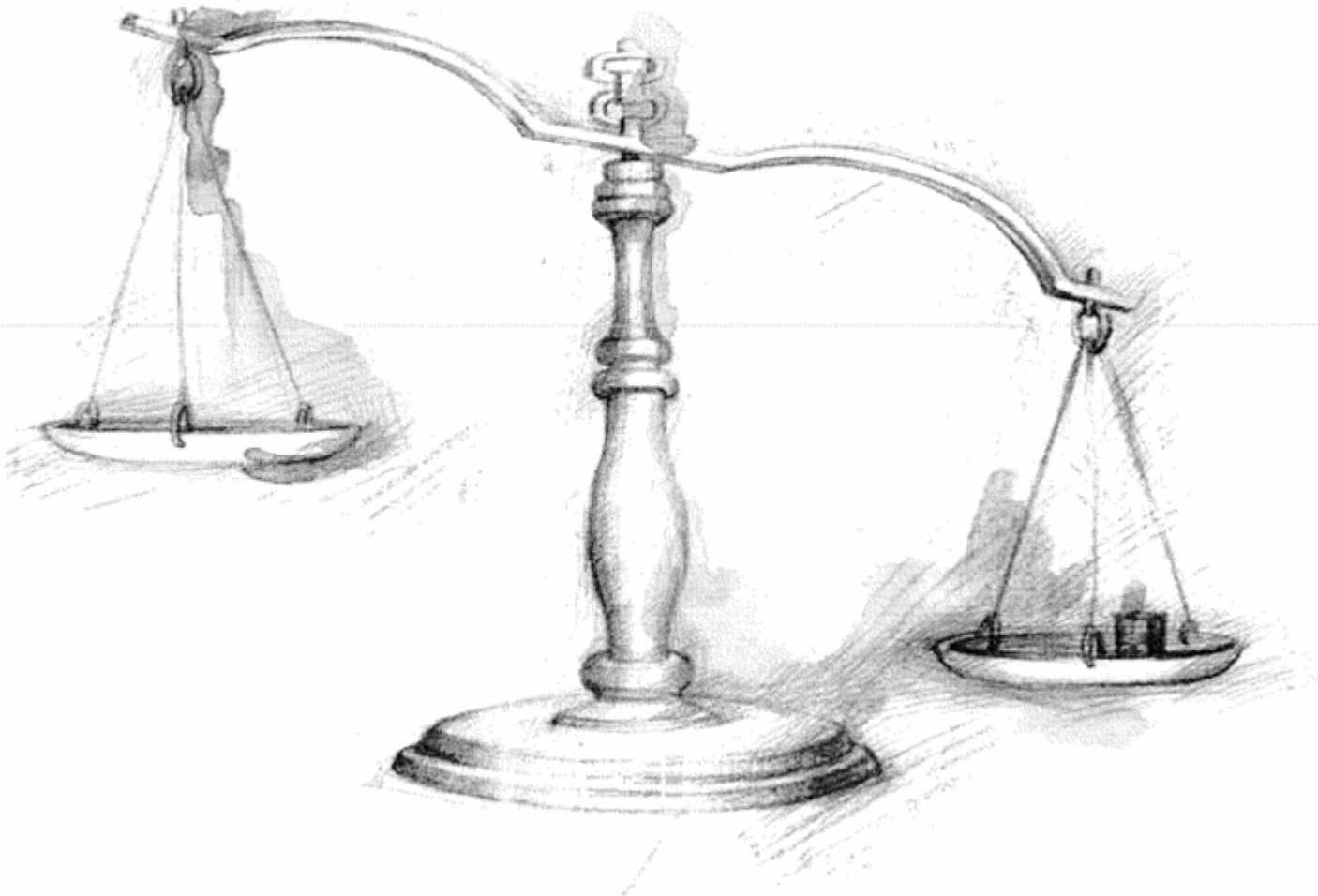
*HALFSHAFT AND ALL DRIVESHAFT M&E WHICH WILL NOT TRANSFER TO NEAPCO MUST BE SUBTRACTED.

ACH AD VALOREM TAX DISPUTE AND IFT "CLAWBACK"

	CITY MONIES	ADDITIONAL COSTS
WIN CLAWBACK ATTEMPT ON ALL IFT M&E	1,513,901	YES
WIN TAX COURT	-299,619	YES
TOTAL	1,214,282	
WIN CLAWBACK ATTEMPT ON NEAPCO IFT M&E ONLY*	569,251	YES
WIN TAX COURT	-299,619	YES
TOTAL	269,632	
WIN CLAWBACK ATTEMPT ON ALL IFT M&E	1,513,901	YES
LOSE TAX COURT	-773,780	YES
TOTAL	740,121	
WIN CLAWBACK ATTEMPT ON NEAPCO IFT M&E ONLY*	569,521	YES
LOSE TAX COURT	-773,780	YES
TOTAL	-204,259	
LOSE CLAWBACK ATTEMPT	0	YES
WIN TAX COURT	-299,619	YES
TOTAL	-299,619	
LOSE CLAWBACK ATTEMPT	0	YES
LOSE TAX COURT	-773,780	YES
TOTAL	-773,780	
NO CLAWBACK ATTEMPT	0	NO
TAX COURT STIPULATION	-333,762	NO
TOTAL	-333,762	

*NEAPCO SALE EXCLUDES HALFSHAFT M&E AND MAY EXCLUDE SOME DRIVESHAFT M&E, THEREBY REDUCING THESE AMOUNTS.

AUTOMOTIVE COMPONENTS HOLDINGS



CLAWBACK

NO CLAWBACK

ADDENDUM TO

INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE AGREEMENT

City of Monroe, Michigan – Visteon Corporation

This Addendum to the attached Industrial Facilities Exemption Certificate Agreement, which Agreement is hereby incorporated by reference and hereinafter referred to as the "Agreement", and which Agreement pertains to personal property identified on the assessment roll as parcel no. 58-55-I8-00694-000 with an investment cost of $69,100,000, is made and entered into by and between the City of Monroe, Monroe County, Michigan, a Michigan municipal corporation whose address is 120 East First Street, Monroe, Michigan, 48161, and Automotive Components Holdings, LLC, a Michigan corporation, whose address is Office of General Counsel -- Tax, P.O. Box 6252, Dearborn, Michigan, 48121, successor to Visteon Corporation, a Michigan corporation, whose address is 5500 Auto Club Drive, Dearborn, Michigan, 48126.

As an Addendum to the Agreement, the parties further agree as follows:

ABATED TAX REIMBURSEMENT TO TAXING UNITS

7. Upon entry of a Consent Judgement by the Michigan Tax Tribunal in Docket No. 327599 pursuant to filing of a Stipulation to Entry of Consent Judgement by the Petitioner and Respondent in said Docket No., the second and third sentences of Section 4, LOCATION OF FACILITY, of the Agreement are hereby deleted.

ENTIRE AGREEMENT; ADDENDUM

8. This Addendum and the Agreement contain the entire agreement between the parties with respect to the actions contemplated herein. No amendment or variation of the terms and conditions of this agreement shall be valid unless the same is in writing and signed by all of the parties hereto.

IN WITNESS WHEREOF, the parties have caused this Addendum to be executed, and delivered by their duly authorized representatives, as of the _____ day of February 2008.

WITNESSES:

_____

_____

_____

CITY OF MONROE

_____
Mark Worrell, Mayor

_____
Charles Evans, Clerk/Treasurer

AUTOMOTIVE COMPONENTS HOLDINGS, LLC

_____
Craig Sigworth, Director, Property Taxes