

**CITY OF ROCHESTER HILLS
OFFICE OF THE MAYOR**

BRYAN K. BARNETT, MAYOR

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KOSTAL Kontakt Systeme Chooses Rochester Hills (MI) for \$57.8 Million Investment

German Company Expands U.S. Footprint, Adds High Tech Jobs

What do Rochester Hills, MI USA and Lüdenscheid, Germany have in common? Both cities are similar in size, offer scenic, rolling hills and an equally strong quality of life. And both cities are proud to host KOSTAL Kontakt Systeme's growing global engineering and manufacturing operations. Last week, KOSTAL Kontakt Systeme, Inc. formalized its plans to invest \$57.8 million to construct a new North American Headquarters and production facility along M-59 in Rochester Hills.

KOSTAL Kontakt Systeme (KKS) designs and manufactures reliable electrical connectors, primarily for the automotive industry. KKS is under the ownership of the KOSTAL Group which was founded in 1912 in Lüdenscheid, Germany. The KOSTAL Group is comprised of four independent divisions operating in 21 countries.

What makes this company incredibly unique is its family heritage. Its current Chairman, Andreas Kostal is the 4th generation to run the company and expand its scope. "The KOSTAL Group has 19,000 employees around the world. Our footprint is vast. Eighty-percent of our workforce is located outside of Germany," said Mr. Kostal.

KKS is no stranger to Rochester Hills. Operating in a leased facility on Hamlin Road for seven years, the company has outgrown its 80,000 square foot facility and began seeking areas in which to expand last year. Pamela Valentik, Economic Development Manager for the City of Rochester Hills shared the process of assisting with developing options for KOSTAL's expansion.

“I was delighted when I got the call from KOSTAL Kontakt Systeme sharing that future growth required them to start planning for a larger facility. KKS has been an outstanding corporate citizen and we certainly didn’t want to lose them. But with a vacancy rate of 2% and limited parcels left for development, I knew we had to be resourceful to find the right spot to retain this top employer in Rochester Hills,” said Valentik.

Rochester Hills Mayor Bryan K. Barnett and Valentik recently returned from an economic development trip to Europe with the exciting announcement of KOSTAL’s expansion in the city.

“KOSTAL now brings even more investment in our community and additional high tech employment opportunities for our residents,” said Barnett. “We’re continually impressed with their leadership and we were thrilled with the productive outcome of our discussions at their headquarters in Germany.”

“Early on, we were successful at bringing the MEDC to the table to discuss a plan to ensure KKS’ investment and job growth stayed in Michigan,” shared Mayor Barnett. “KKS was looking at other states and we were thankful that the Michigan Strategic Fund approved a Business Development Grant for the expansion.”

A deal was crafted to purchase 18 acres of vacant land near Adams Road with M-59 frontage. Dr. Markus Bergholz, CEO of the KKS division commented, “This location affords us to build a state-of-the-art facility that will house all engineering, sales, production and distribution operations servicing the North American market. The first phase will be to construct 130,000 square feet, but this land provides us the opportunity to grow to 300,000 square feet. The facility will employ 206 to start but plans include to grow up to 600 jobs at this KOSTAL campus.” Construction is expected to begin in 2020.

Holger Lettmann, President & CEO of the American location of KKS also gives an optimistic outlook: “We see a positive forecast of growth for the automotive sector, specifically in the areas of E-mobility and autonomous driving, and this new Rochester Hills facility strengthens KKS’ ability to deliver the most advanced connections to our customers.”

Established in 1984, the City of Rochester Hills is a prosperous community offering residents and businesses superior services. Voted one of the top places to live by several sources including CNNMoney Magazine, Rochester Hills is committed to sustaining its position among the nation’s preeminent places to live, work and raise a family. Through the city’s focus on health, education, and technology, the community continues to attract forward-thinking leaders and businesses.

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