



## CITY COUNCIL AGENDA ITEM

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Date: July 25, 2011

To: John Szerlag, City Manager

From: Nino Licari, City Assessor

Subject: Public Hearing for the granting of an Industrial Facilities Exemption Certificate (IFEC) for US Farathane Corporation at 754 W. Maple

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### Background:

US Farathane is consolidating some of its operations in Troy. Along with the transfer of an existing Industrial Facilities Exemption Certificate (IFEC) from Madison Heights to Troy, they are applying for a new IFEC at 754 W. Maple. The IFEC application qualifies for three (3) years abatement under Council's Policy Resolution #2010-08-173.

### Financial Considerations:

The initial amount of the investment is \$1,022,820.00. Over the three (3) year life of the abatement, the estimated total taxes would be \$30,641.70, of which \$9,801.63 would be City Taxes.

A 50% abatement amounts to a total savings to the taxpayer of \$15,320.85, of which \$4,900.81 would be abated City taxes.

### Legal Considerations:

The application meets all requirements of Public Act 198 of 1974 (as amended), the Plant Rehabilitation and Industrial Development Districts legislation.

### Policy Considerations:

The application is in compliance with City Council Tax Abatement Policy Resolution #2010-08-173. Additionally, the following Council Outputs/Outcomes are met;

- H. Recruit and retain new businesses that enhance the community and that meet the goals of the City's Master Plan, as well as the key concepts of the Big Beaver Corridor Study



## CITY COUNCIL AGENDA ITEM

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U. Utilize available economic development tools and partnerships in order to compete for quality businesses

### Recommendation:

Since both legal and policy considerations are met, staff would recommend granting the tax abatement.

### Options:

City Council may approve the tax abatement. Or, City Council may choose not to grant the abatement. In which case, the Petitioner may appeal that decision to the State Tax Commission (STC).

NI/nl H:IFT\US Farathane\Memo IFEC NEW 07.25.11

# Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of P.A. 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 or would like to request an informational packet, call (517) 373-3272.

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) <b>US Farathane Corporation</b>		1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (Four or Six Digit Code) <b>3089</b>	
1c. Address of Facility (real property or personal property location) <b>754 W. Maple Road</b>		1d. Name of City/Township/Village (Indicate which) <b>TROY</b>	1e. County <b>OAKLAND</b>
2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(1)) <input type="checkbox"/> Research and Development (Sec. 2(9))		3a. School District where facility is located <b>TROY</b>	3b. School Code <b>260 63150</b>
		4. Amount of years requested for exemption (1-12 Years) <b>5</b>	

5. Thoroughly describe the project for which exemption is sought: Real Property (Type of Improvements to Land, Building, Size of Addition); Personal Property (Explain New, Used, Transferred from Out-of-State, etc.) and Proposed Use of Facility. (Please attach additional page(s) if more room is needed).  
**US Farathane Corporation ("USF") is relocating its Madison Heights facility to Troy. 74 jobs and \$1,070,000 of taxable value of personal property will be transferred. Also, USF will be investing \$1,023,000 in injection molding and automation equipment to support new business. This investment will create approximately 8 new jobs.**

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.	Real Property Costs <b>61,023,000</b>
6b. Cost of machinery, equipment, furniture and fixtures * Attach itemized listing with month, day and year of beginning of installation plus total costs	Personal Property Costs <b>61,023,000</b>
6c. Total Project Costs * Round Costs to Nearest Dollar	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.

	<u>Begin Date (M/D/Y)</u>	<u>End Date (M/D/Y)</u>	
Real Property Improvements	-	-	<input type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements	<b>5-19-11</b>	<b>12-31-11</b>	<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. Number of existing jobs at this facility that will be retained as a result of this project. <b>74</b>	10. Number of new jobs at this facility expected to be created within two years of project completion. <b>8</b>
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11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of valuation for the entire plant rehabilitation district and obsolescence statement for property. The SEV data below must be as of December 31 of the year prior to the rehabilitation.

a. SEV of Real Property (excluding land)	<b>N/A</b>
b. SEV of Personal Property (excluding inventory)	<b>N/A</b>
c. Total SEV	<b>N/A</b>

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))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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**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 <b>Richard L. KNAPPE</b>	13b. Phone Number <b>248-754-7000 x1155</b>	13c. Fax Number <b>248-276-2601</b>	13d. E-mail Address <b>rknappe@ustarathane.com</b>
14a. Name of Contact Person <b>Richard L. KNAPPE</b>	14b. Phone Number <b>248-754-7000 x1155</b>	14c. Fax Number <b>248-276-2601</b>	14d. E-mail Address <b>rknappe@ustarathane.com</b>
15a. Name of Company Officer (No Authorized Agents) <b>Richard L. KNAPPE</b>			
15b. Signature of Company Officer (No Authorized Agents) <i>[Signature]</i>		15c. Fax Number <b>248-276-2601</b>	15d. Date <b>5-19-11</b>
15e. Mailing Address (Street, City, State, ZIP) <b>2700 HIGH MEADOW, Auburn Hills, MI 48326</b>		15f. Phone Number <b>248-754-7000 x1155</b>	15g. E-mail Address <b>rknappe@ustarathane.com</b>

**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 _____ Years (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: <b>Check or Indicate N/A if Not Applicable</b> <input checked="" type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input checked="" type="checkbox"/> 2. Resolution establishing district <input checked="" type="checkbox"/> 3. Resolution approving/denying application. <input checked="" type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input checked="" 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 checked="" type="checkbox"/> 7. Equipment List with dates of beginning of installation <input checked="" 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 <b>Check or Indicate N/A if Not Applicable</b> <input checked="" type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input checked="" type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input checked="" type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input checked="" type="checkbox"/> 4. Lease Agreement showing applicants tax liability.	
16c. LUCI Code <b>3089</b>	16d. School Code <b>63150</b>
17. Name of Local Government Body <b>CITY OF TROY</b>	18. Date of Resolution Approving/Denying this Application

Attached hereto is an original and one copy of the 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.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP Code) <b>500 W BIG BEAVER, TROY, MI, 48064-5254</b>		
19e. Phone Number <b>248 524-3316</b>	19f. Fax Number <b>248 524-1770</b>	

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:

**State Tax Commission  
Michigan Department of Treasury  
P.O. Box 30471  
Lansing, MI 48909-7971**

(For guaranteed receipt by the STC, it is recommended that applications are sent by certified mail.)

STC USE ONLY			
LUCI Code	Begin Date	End Date	End Date2

US Farathane Corporation  
Itemized Equipment Listing

Purchase	<u>Date</u>	<u>Description</u>	<u>Amount</u>
3	Aug-11	USF Sign	10,000.00
5	Jun-11	Camera System	40,000.00
7	Aug-11	Floor Scrubber	20,000.00
8	Aug-11	Bailer	13,500.00
10	Aug-11	Shrink / Stretch Wrapper	9,000.00
11	Jun-11	Air Compressor	5,000.00
	Jun-11	Chiller	10,000.00
	Jun-11	Ancillary Equipment - Molding Presses	33,317.00
	Jun-11	Injection molding machines and robots - 8	496,623.86
	Jun-11	Assembly Equipment	301,058.00
	Aug-11	Miscellaneous Manufacturing Equipment (e.g. check fixtures, warehouse racks, etc.)	69,021.00
	Jun-11	Phone System	15,300.00
		<b>total</b>	<b>1,022,819.86</b>

## **NET LEASE**

This Lease is made as of 11-23, 2010, by and between Bostick Real Estate, L.L.C. ("Landlord"), whose address is 32900 Dequindre, Warren, Michigan 48092 and US Farathane Corporation ("Tenant"), whose corporate address is 38000 Mound Road, Sterling Heights, Michigan 48310, who agree as follows:

### **SECTION 1: THE PREMISES**

1.01 In consideration of the mutual promises, covenants and agreements herein contained, the adequacy of which is by both parties acknowledged, and in further consideration of the rent and other charges to be paid and the covenants to be performed by Tenant, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the real property located in the City of Troy, County of Oakland, and State of Michigan, more particularly described in Exhibit "A" attached to, and made an integral part of, this Lease (the "Land"), together with the building and other improvements now existing or hereafter to be constructed on the Land under Section 2 (the "Improvements") (the Land and the Improvements collectively will constitute and be referred to in this Lease as the "Premises").

### **SECTION 2: IMPROVEMENTS**

2.01 Landlord agrees to make certain additional improvements described as Landlord's Work on Exhibit "B" attached hereto at its sole cost prior to the Commencement Date of the Lease. If the cumulative cost of Landlord's Work which is the subject of a \_\_\_\_\_ allowance is less than \_\_\_\_\_ the Landlord agrees to reduce the Monthly Base Rent by the amount of the difference between the cost of the Landlord's Work and \_\_\_\_\_ divided by the number of months remaining in the Lease. Tenant shall submit to Landlord within thirty (30) days, a punch-list of items to be completed and/or repaired. Landlord shall have sixty (60) days to complete or repair these items. If the punch-list is not completed within the time frame mentioned, Tenant shall have the right to complete or repair these items and bill the Landlord.

### **SECTION 3: THE TERM**

3.01 The Term will commence on December 1, 2010 (the "Commencement Date") or substantial completion of the Landlord's work, whichever is later; but in no event will the commencement date be later than January 1, 2011.

The Term will be seven (7) years and six (6) months, from and after the Commencement Date. If the Commencement Date is other than the first day of a calendar month, the Term will be extended to terminate at the end of the calendar month in which it would otherwise terminate under the preceding sentence.

3.02 Except as otherwise provided in this Section 3.02, by occupying the Premises, Tenant will be deemed to have accepted the Premises and acknowledged that they are in the condition called for in this Lease, subject only to punch list items. Tenant's installation of its phone and computer systems as well as its machinery and other items shall not constitute occupancy of the Premises for purposes of this Section 3.02.

3.03 Tenant shall be permitted to enter the Premises prior to the Commencement Date for the purpose of inspecting the Premises and to set up its phone and computer systems as well as its machinery and other items necessary for Tenant to conduct its business, provided Tenant first provides Landlord with payment of the security deposit.

3.04 Upon request by Landlord, Tenant will execute a written instrument confirming the Commencement Date and the expiration date of the Term.

### **SECTION 4: THE BASE RENT**

4.01 Tenant agrees to pay to Landlord, as minimum net rental for the original Term of this Lease, in monthly installments as follows:

<u>Month</u>	<u>Lease Rate/SF</u>	<u>Monthly Rent</u>
01-04		
05-06		
07-18		
19-30		
31-42		
43-54		
55-66		
67-78		
79-90		

The Monthly Rent is computed using 75,500 square feet.

4.02 Each monthly installment of minimum net rental will be paid in advance, without any set-offs or deductions, on the first day of each and every month (the "Rent Day") during the Term, at the office of the Landlord at the address first shown above, or at such other place as Landlord from time to time may designate in writing. In the event the Commencement Date is other than the first day of a calendar month, the rental for the partial first calendar month of the Term will be prorated accordingly.

Landlord and Tenant acknowledge and agree that this is a net lease, and that it must yield, net, to Landlord during the original Term, not less than the minimum net rent shown in Section 4.01. Except as otherwise expressly provided herein, all costs, expenses, and charges of every nature relating to the Premises which may be attributable to, or become due during, the Term will be paid by Tenant, and Tenant will indemnify and hold harmless Landlord from and against such costs, expenses and charges.

Tenant shall have options ("Options") to extend the term of this Lease for two (2) five (5) year periods in accordance with all of the covenants, terms and provisions set forth in this Lease:

A. Each Option may only be exercised by Tenant's delivery to Landlord of written notice thereof not later than two hundred ten (210) days prior to the expiration of the Lease term or the first Option period, as the case may be.

B. The Options may be exercised if, and only if, Tenant shall not be in default at the time that the applicable Option is exercised and if

Tenant shall have faithfully performed all covenants and obligations required of Tenant under the terms and provisions of this Lease.

C. The Annual Rent determination for each Option period shall follow this procedure:

Tenant shall pay to Landlord as Annual Rent for the Leased Premises an amount equal to the existing rent increased (if any) by the change in the Consumer Price Index (Detroit Consumer Price Index All Consumer Items 1982-84 = 100, or any replacement thereof) from the Commencement Date or the renewal date, as the case may be, to the end of the Term or a renewal Term not to exceed 25% for each renewal Term of five (5) years, as the case may be.

D. All other terms and conditions of the Lease shall remain the same during the renewal term(s) as during the Term of this Lease.

#### **SECTION 5: LATE CHARGES AND INTEREST**

5.01 Tenant's failure to pay rent when due will cause Landlord to incur unanticipated costs and expenses, the exact amount of which are impractical or extremely difficult to ascertain, including, but not limited to, processing and accounting charges or late charges imposed on Landlord. Therefore, any rent or other sums, if any, payable by Tenant to Landlord under this Lease which are not paid on or before the 5th day of each month, will be subject to a late charge of five percent (5%) of the amount due. Such late charges will be due and payable as additional rent on or before the next Rent Day. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late payment.

5.02 Any rent, late charges or other sums payable by Tenant to Landlord under this Lease not paid within thirty (30) days after the same are due will bear interest at a per annum rate equal to the greater of twelve percent (12%) or three (3) percentage points above the base rate of interest per annum from time to time published or announced by The Wall Street Journal as the "prime rate," as of the date when such rent, late charges or other sums became due, but not in excess of the maximum interest rate permitted by law. Such interest will be due and payable as additional rent on or before the next Rent Day, and will accrue from the date that such rent, late charges or other sums are payable under the provisions of this Lease until actually paid by Tenant.

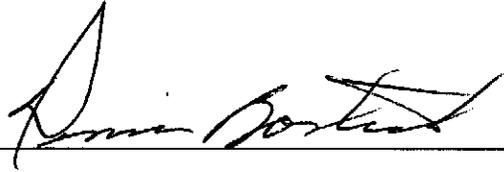
**IN WITNESS WHEREOF** the Landlord and Tenant have executed this Lease as of the date set forth at the outset hereof.

WITNESSES:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**LANDLORD: BOSTICK REAL ESTATE,  
L.L.C.**

BY:  \_\_\_\_\_

**TENANT: US FARATHANE  
CORPORATION**

BY:  \_\_\_\_\_

Applicant Name US Farathane Corp.
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## Fiscal Statement (to be completed by local unit)

	<u>YES</u>	<u>NO</u>
Is this project:		
Real Property?	<input type="checkbox"/>	<input type="checkbox"/>
Personal Property?	<input type="checkbox"/>	<input type="checkbox"/>
Both Real and Personal Property - New Facility?	<input type="checkbox"/>	<input type="checkbox"/>
Both Real and Personal Property - Rehabilitation Facility?	<input type="checkbox"/>	<input type="checkbox"/>
Both New and Replacement Facility?	<input type="checkbox"/>	<input type="checkbox"/>

Estimated Project Investment (not assessed value):

Real Property	Personal Property	Total
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	<u>YES</u>	<u>NO</u>	<u>REMARKS</u>
1. A. Has the proper local authority reviewed the plan?	<input type="checkbox"/>	<input type="checkbox"/>	_____
B. Is the project located in a certified industrial park?	<input type="checkbox"/>	<input type="checkbox"/>	_____
C. Is this a renovation or expansion of an existing building?	<input type="checkbox"/>	<input type="checkbox"/>	_____
2. Will this project require improvement of your road service?	<input type="checkbox"/>	<input type="checkbox"/>	_____
3. Will this project require improvement of your sanitary sewer services?	<input type="checkbox"/>	<input type="checkbox"/>	_____
4. Will this project require improvement of your storm sewer services?	<input type="checkbox"/>	<input type="checkbox"/>	_____
5. Will this project require improvement of your water services?	<input type="checkbox"/>	<input type="checkbox"/>	_____
6. Will this project require additional police personnel, police equipment or a need for new police building expansion?	<input type="checkbox"/>	<input type="checkbox"/>	_____
7. Will this project require the need for additional fire personnel, additional or specialized fire equipment or the need for a new fire building?	<input type="checkbox"/>	<input type="checkbox"/>	_____
8. Will this project require other costs?	<input type="checkbox"/>	<input type="checkbox"/>	_____
9. Are costs of infrastructure elements to be provided through Local Development Finance Authority or Tax Increment Finance Authority Bonds?	<input type="checkbox"/>	<input type="checkbox"/>	_____

If you answered yes to any of questions 2 through 8, the appropriate sections of the Supplement to Fiscal Statement form must be completed and accompany the IFT application. Call (517) 373-3272 to obtain that form.

### LOCAL UNIT CERTIFICATION

This is to certify that the following has been provided as accurately as possible.

Signature	Name and Title of Local Governmental Unit Official
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City of Troy – Assessing Department

Industrial Development District (IDD) – Industrial Facilities Exemption Certificate (IFEC)

LEGAL DESCRIPTION

US Farathane Corporation  
88-20-28-304-023  
754 W Maple  
Troy, MI. 48084-5315

T2N, R11E, SEC 28  
PART OF SW 1/4  
BEG AT PT DIST  
S 89-02-00 E 1336.66 FT &  
S 88-39-00 E 1027.55 FT  
FROM SW SEC COR,  
TH N 01-02-20 E 800 FT,  
TH S 88-39-00 E 229.98 FT,  
TH S 01-02-20 W 800 FT,  
TH N 88-39-00 W 229.98 FT  
TO BEG EXC  
S 60 FT TAKEN FOR RD  
3.91 A  
12/16/86 FR 019

**City of Troy - Assessing Department**  
**US Farathane IFEC - NEW**  
**Estimate of Total Taxes and Tax Savings for IFEC Application**

Market Value	1,022,820	910,310	691,835	463,530
50% of Value	511,410	455,155	345,918	231,765
Year		<b>2012</b>	<b>2013</b>	<b>2014</b>
Depreciation		0.8900	0.7600	0.6700
<b>Taxable Value</b>		<b>455,155</b>	<b>345,918</b>	<b>231,765</b>

Taxes	100% of Millage	Taxes	Taxes	Taxes
Trans	0.59000	\$268.54	\$204.09	\$136.74
County	4.64610	\$2,114.70	\$1,607.17	\$1,076.80
Zoo	0.10000	\$45.52	\$34.59	\$23.18
Int Schools	3.36900	\$1,533.42	\$1,165.40	\$780.82
Comm Coll	1.58440	\$721.15	\$548.07	\$367.21
State Ed	0.00000	\$0.00	\$0.00	\$0.00
School Op	0.00000	\$0.00	\$0.00	\$0.00
Sch Debt	4.70000	\$2,139.23	\$1,625.81	\$1,089.29
Hold Harmless	5.03810	\$2,293.12	\$1,742.77	\$1,167.65
Admin	0.14990	\$68.23	\$51.85	\$34.74
City	9.49000	\$4,319.42	\$3,282.76	\$2,199.45
<b>Total</b>	<b>29.66750</b>	<b>\$13,503.31</b>	<b>\$10,262.51</b>	<b>\$6,875.88</b>

Total Taxes 3 Yrs	\$30,641.70
<b>Total City Taxes 3 Yrs</b>	<b>\$9,801.63</b>

50% Total Taxes 3 Yrs	\$15,320.85	Net Total Taxes Abated
50% Total City Taxes 3 yrs	\$4,900.81	Net Total City Taxes Abated
2% Total City 3 Yrs	\$98.02	Application Fee (2% total city)

**I-4 Amending the Personal Property Tax Abatement Policy**

Resolution #2010-08-173

Moved by Beltramini

Seconded by Kerwin

WHEREAS, The City of Troy has the economic objective of (a) increasing employment opportunities, (b) diversifying and stabilizing the tax base of the community, (c) reducing economic obsolescence, (d) providing homogenous industrial areas, (e) encouraging expansion, (f) providing for improved public facilities, and (g) encouraging attractive, viable building sites and (h) enhancing our economic development tools to attract and retain businesses; and

WHEREAS, The Industrial Facilities Tax Act (P.A. 1974 No. 198), as amended, empowers cities to establish Industrial Development Districts (IDD) and to grant tax abatements for eligible properties established by the Act;

THEREFORE, BE IT RESOLVED, That Troy City Council hereby **ADOPTS** the following minimum criteria, as authorized by the Industrial Facilities Tax Act (P.A. 1974 No. 198):

1. An Industrial Facilities Exemption Certificate (IFEC) tax abatement shall not be granted until there is compliance with MCL 207.559; and
2. Any real and/or personal property tax abatement at a minimum must be revenue neutral to the City of Troy.
3. Leasehold property shall not qualify for an IFEC tax abatement unless applicant is responsible for payment of the property taxes, and can demonstrate timely payment of property taxes upon the City's request; and
4. An IFEC tax abatement shall not be issued for a period or term exceeding 12 years; and
5. An IFEC tax abatement shall not be issued unless an Applicant will create more than 10 jobs and/or has a personal property investment of at least \$750,000.00, and/or owns the underlying real property or has a lease for the underlying property for a minimum term of 5 years, as long as two of the three criteria are satisfied.

BE IT FURTHER RESOLVED, That Troy City Council hereby **APPROVES** the use of the following matrix to calculate the length of an IFEC tax abatement, where the increase in the number of jobs created will increase the term of the IFEC abatement, and similarly the increase in the personal property investment and the ownership/lease conditions on the real property will increase the term of the IFEC abatement:

Tax Abatement Matrix for Real and Personal Property					
Job Creation		Building Terms		RP and/or PP Investment	
10 - 24	1 year	Own	4 years	\$ 750,000	1 year
25 - 49	2 years	Lease		\$ 2,000,000	2 years
50 - 99	3 years	5 year	1 Year	\$ 5,000,000	3 years
100 - 149	4 years	6 - 9 year	2 years	\$ 10,000,000	4 years
150 - 199	5 years	10 + year	4 years	\$ 20,000,000	5 years
200 +	6 years				

BE IT FINALLY RESOLVED, That Troy City Council hereby **AUTHORIZES** the implementation of an application fee equal to 2% of the estimated personal property taxes abated under the terms of the IFEC tax abatement, or the actual costs of processing the application, whichever is less, and the City of Troy will not charge or collect any other fees for the application, in keeping with MCL 207.555 (3).

Yes: Schilling, Beltramini, Fleming, Kerwin, McGinnis, Slater

No: Howrylak

**MOTION CARRIED**

June 15, 2011

To: State Tax Commission  
P. O. Box 30471  
Lansing, MI 48909-7971

From: Leger A. (Nino) Licari, City Assessor

Re: Affidavit of Application Fees For IFEC

This affidavit attests to the fact that the City of Troy has charged an application fee in the amount of \$98.02, equal to 2% of the estimated abated City taxes for the life of the exemption for US Farathane Corporation, 754 W Maple, Troy, MI. 48084-5315

Further, no other fee or concession has been charged or accepted in regards to this application, or consideration thereof.

---

Signed: Leger A. (Nino) Licari, City Assessor

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Dated:

**CITY OF TROY  
INDUSTRIAL FACILITIES EXEMPTION  
CERTIFICATE LETTER OF AGREEMENT**

This agreement between **US Farathane Corporation**, (“Company”) and the **City of Troy**, is for the purpose of fulfilling the requirements of Public Act 198, as amended in Public Act 334, Section 22.

In consideration of approval of an Industrial Facilities Exemption Certificate (IFEC), **US Farathane Corporation**, understands that through its investment of \$1,022,820.00 ~~and its qualification for Michigan Economic Growth Authority incentives~~, and the **City of Troy**, by its investment of the Industrial Facilities Exemption Certificate, are mutually investing in and benefiting from this economic development project, and furthermore, agree to the following:

- 1.) The length of time for which the abatement is approved is **3** years after either completion of construction of the facilities, or December 31, 2016, whichever is sooner.
- 2.) At the end of two (2) years or no later than December 31, 2013, **US Farathane Corporation**, will report to the Assessing Department of the City of Troy the actual cost of this project and indicate any differences and the reason for any differences in the cost or scope of the project as compared to the IFEC application submitted by the Company.
- 3.) **US Farathane Corporation**, agrees to remain within the City of Troy for the period of the Industrial Facilities Tax (IFT) abatement in order to retain the benefits of the IFT, unless permission for relocation is granted by the **City Council of the City of Troy**.

**US Farathane Corporation**, further understands that if it chooses to leave the City of Troy without permission for relocation prior to the end of the term of the IFT, the **City Council of the City of Troy** has the right to recapture from the Company the total amount of taxes abated by the IFT.

- 4.) **US Farathane Corporation**, understands that the City of Troy may reduce the term of the IFEC, revoke the IFEC and/or recover from the Company, the amount of taxes which were abated if the project has not been completed, expenditures made, as represented by the Company, in Section 12’C of its application, by sending a copy of this Agreement along with a copy of the City Council Resolution authorizing such action to the State Tax Commission.

- 5.) **US Farathane Corporation**, agrees that it will operate the Project in accordance with all applicable Federal, State and Local laws or regulations, including but not limited to zoning, outside storage, industrial waste disposal, air and water quality, noise control, other environmental regulations, and all of the terms and conditions of any Consent Judgment governing the parcel.
- 6.) By execution of the Agreement, it is understood that the Company's investment in the Project, and the City of Troy's investment in the granting of the IFEC is to encourage economic growth within the City of Troy.

The City of Troy acknowledges that in some instances economic conditions may prevent the Company from complying fully with this Agreement, and the terms of the Application. The City of Troy will give the Company an opportunity to explain the reasons for any variations from the representations contained in the Application and will evaluate the Company's situation prior to taking any action authorized by Paragraph 4 and 5 of this Letter of Agreement.

- 7.) This Agreement constitutes the entire Agreement between the parties and there are no other remedies for breach of this Agreement other than as specified in this Agreement or as provided for in Public Act 198.

This agreement may only be altered upon mutual consent of both parties.

**CITY OF TROY  
INDUSTRIAL FACILITIES EXEMPTION  
CERTIFICATE LETTER OF AGREEMENT  
(Signature page)**

Signed: \_\_\_\_\_ (date) \_\_\_\_\_

Name:

Title:

Signed: \_\_\_\_\_ (date) \_\_\_\_\_  
Louise E. Schilling , Mayor  
City of Troy  
500 W Big Beaver  
Troy, MI 48084-5285

Signed: \_\_\_\_\_ (date) \_\_\_\_\_  
M. Aileen Bittner  
Acting City Clerk

**CITY OF TROY**  
**PUBLIC HEARING**

A Public Hearing will be held by and before the City Council of the City of Troy at City Hall, 500 W. Big Beaver, Troy, Michigan on Monday, July 25, 2011 at 7:30 P.M. to consider the establishment of an Industrial Development District (IDD), the granting of an Industrial Facilities Exemption Certificate (IFEC) and the transfer of an existing Industrial Facilities Exemption Certificate (IFEC) from Madison Heights, for US Farathane Corporation, at the following location:

88-20-28-304-023 754 W Maple, Troy, MI. 48084-5315  
T2N, R11E, Section 28 part of SW 1/4

You may express your comments regarding this matter by writing to this office, or by attending the Public Hearing.

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M. Aileen Bittner, Deputy Clerk  
Acting City Clerk

***NOTICE:*** People with disabilities needing accommodations for effective participation in this meeting should contact the City Clerk by e-mail at [clerk@ci.troy.mi.us](mailto:clerk@ci.troy.mi.us) or by calling (248) 524-3317 at least two working days in advance of the meeting. An attempt will be made to make reasonable accommodations.

TROY SCHOOL DISTRICT  
MARK RAJTER  
4400 LIVERNOIS  
TROY MI 48098-4799

OAKLAND COMMUNITY COLLEGE  
CLARENCE E BRANTLEY  
2480 OPDYKE  
BLOOMFIELD HILLS MI 48304-2266

OAKLAND INTERMEDIATE  
SCHOOLS  
2111 PONTIAC LAKE  
WATERFORD MI 48328

OAKLAND COUNTY PTA  
1200 N TELEGRAPH Dept 479  
PONTIAC MI 48341-0479

OAKLAND COUNTY EQUALIZATION  
Attn: DAVID HIEBER  
250 ELIZABETH LAKE RD 1000 W  
PONTIAC MI 48341

US FARATHANE CORPORATION  
Attn: RICHARD L KNAPPE  
2700 HIGH MEADOW  
AUBURN HILLS MI 48326

CITY OF MADISON HEIGHTS  
Attn: MARILYN HALEY CITY CLERK  
300 W THIRTEEN MILE  
MADISON HEIGHTS MI 48071

**E - 03 Request for Consideration to Grant an Industrial Facilities Exemption Certificate (IFEC) for US Farathane Corporation - 754 W Maple**

Suggested Resolution

Resolution # 2011-

Moved by:

Seconded by:

WHEREAS, After due notice and proper hearing, the City Council of the City of Troy on July 25, 2011, established an Industrial Development District (IDD) for property known as 754 W Maple, Troy, MI. 48084-5315, Parcel # 88-20-28-304-023; and

WHEREAS, An Application has been submitted by US Farathane Corporation, for an Industrial Facilities Exemption Certificate (IFEC) for personal property at 754 W Maple, Troy, MI. 48084-5315, for three (3) years; and

WHEREAS, After due and proper notice by the City Clerk, the City Council, on July 25, 2011, held a Public Hearing giving opportunity for comment by all taxing units as to the possibility that the granting of an Industrial Facilities Exemption Certificate (IFEC) for US Farathane Corporation, at 754 W Maple, Troy, MI. 48084-5315 may have the effect of substantially impeding the operation of the taxing unit, or impairing the financial soundness of the taxing unit;

NOW, THEREFORE, BE IT RESOLVED, That Troy City Council has **FOUND THAT THE GRANTING** of an Industrial Facilities Exemption Certificate (IFEC) for US Farathane Corporation, at 754 W Maple, Troy, MI. 48084-5315 shall not substantially impede the operation of the City of Troy or the other taxing units, **NOR HAS IT BEEN FOUND THAT THE GRANTING** of the Industrial Facilities Exemption Certificate (IFEC) will impair the financial soundness of the City of Troy, or the other taxing units which levy taxes on said property; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **APPROVES** the application to for an Industrial Facilities Exemption Certificate (IFEC) for US Farathane Corporation, Inc., at 754 W Maple, Troy, MI. 48084-5315, Parcel # 88-20-28-304-023, for personal property for a term of three (3) years, after completion, **CONTINGENT** upon the execution of a Letter of Agreement between the City of Troy and US Farathane Corporation, and the payment of the fees in accordance with Public Act 198 of 1974, as amended; and

BE IT FURTHER RESOLVED, That the Mayor and City Clerk are **AUTHORIZED TO EXECUTE** the Letter of Agreement between the City of Troy and US Farathane Corporation, a copy of which shall be **ATTACHED** to the original minutes of this meeting; and

BE IT FINALLY RESOLVED, That the City Clerk is hereby **AUTHORIZED TO COMPLETE** the Application and **TRANSMIT** same to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI. 48909-7971

Yes:

No: