



CITY COUNCIL AGENDA ITEM

Date: October 17, 2011

To: John Szerlag, City Manager

From: Nino Licari, City Assessor

Subject: Public Hearing for the establishment of an Industrial Development District (IDD) for Dialogue Marketing, Inc. – 300 E. Big Beaver

Background:

Dialogue Marketing, Inc., is expanding their operations in Troy at 300 E. Big Beaver. As part of their expansion, they intend to purchase machinery and equipment valued at \$2,843,362.00. They will also add 150 new jobs to the 330 existing jobs they have in Troy. They are asking for Personal Property Tax Abatement, which they qualify for under City Council Policy Resolution #2010-08-173 (attached).

The Industrial Facility Exemption Certificate (IFEC) would be for eight (8) years.

In order to grant the IFEC, an Industrial Development District must first be established, as the City Council has not designated all non-residential areas to be IDD's. This is the reason for the back to back Public Hearings.

Financial Considerations:

The projected amount of the investment is \$2,843,362.00. Over the eight (8) year life of the abatement, the estimated total taxes would be \$107,817.06, of which \$34,488.38 would be City Taxes.

A 50% abatement amounts to a total savings to the taxpayer of \$53,908.53, of which \$17,244.19 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.



CITY COUNCIL AGENDA ITEM

Policy Considerations:

The application is in compliance with City Council Tax Abatement Policy Resolution #2010-08-173.

City Council goal;

Attract and retain business investment, including:
Clearly articulate an economic investment plan.
Clarify, reduce and streamline investment hurdles,

Is met with this abatement.

Recommendation:

Since both legal and policy considerations are met, staff would recommend establishing the district, and granting the tax abatement for the subsequent Public Hearing.

Options:

City Council may establish the IDD (and approve the tax abatement). Or, City Council may choose to not establish a district at this site. In which case, the Council must then deny any tax abatement.

NI/nl H:IFT\DialogueMktg\Memo IDD 10.17.11

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form 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 8/5/11
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) Dialogue Marketing, Inc.	1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 7389	
1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 300 E. Big Beaver Road	1d. City/Township/Village (indicate which) Troy	1e. County Oakland
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 Troy	3b. School Code 63150
4. Amount of years requested for exemption (1-12 Years) 12 QUALIFIES FOR 8		

5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed.

The project is an expansion of the company's existing call center operations, including technology development, custom software development, and support services for the companies retail, health insurance, and business services client base.

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
6b. Cost of machinery, equipment, furniture and fixtures * Attach itemized listing with month, day and year of beginning of installation, plus total	Personal Property Costs
6c. Total Project Costs * Round Costs to Nearest Dollar	Total of Real & Personal Costs
\$2,843,362.00	\$2,843,362.00

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 ▶ 7/1/11	9/1/11 ▶	<input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased

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

9. No. of existing jobs at this facility that will be retained as a result of this project. 330	10. No. of new jobs at this facility expected to create within 2 years of completion. 150
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11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.

a. TV of Real Property (excluding land) _____

b. TV of Personal Property (excluding inventory) _____

c. Total TV _____

12a. Check the type of District the facility is located in:

Industrial Development District Plant Rehabilitation District

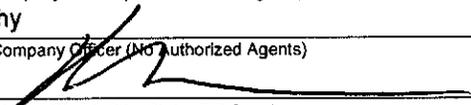
12b. Date district was established by local government unit (contact local unit)

12c. Is this application for a speculative building (Sec. 3(8))?
 Yes No

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name Ben Smith	13b. Telephone Number (248) 223-3275	13c. Fax Number (248) 327-8225	13d. E-mail Address ben.smith@plantemoran.com
14a. Name of Contact Person Patrick Murphy	14b. Telephone Number (248) 836-8626	14c. Fax Number (248) 836-2601	14d. E-mail Address pmurphy@dialogue-marketing.
▶ 15a. Name of Company Officer (No Authorized Agents) Patrick Murphy			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number (248) 836-2601	15d. Date 02/18/11
▶ 15a. Mailing Address (Street, City, State, ZIP Code) 3252 University Drive, Auburn Hills, MI 48326		15f. Telephone Number (248) 836-8626	15g. E-mail Address pmurphy@dialogue-marketing.

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

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

▶ 16. Action taken by local government unit <input type="checkbox"/> Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Denied (Include Resolution Denying)	16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Check or Indicate N/A if Not Applicable <input 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 checked="" 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 Check or Indicate N/A if Not Applicable <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 7389	16d. School Code 63150 TROY
17. Name of Local Government Body CITY OF TROY	▶ 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 M. AILEEN BITTNER	19c. E-mail Address BITTNER@TROYMI.GOV
19d. Clerk's Mailing Address (Street, City, State, ZIP Code) 500 W BIG BEAVER TROY MI 48064-5254		
19e. Telephone Number 248 524-3316	19f. Fax Number 248 524-1770	

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 Real	▶ Begin Date Personal	▶ End Date Real	▶ End Date Personal

Dialogue Marketing - Summary of Personal Property Investment

Capital Investment	Qty	Cost	2011	Purchase	Install	2012	Purchase	Install	2013	Purchase	Install	Total
Chairs	300	100	23,400	09/15/11	10/01/11	4,000	06/15/12	07/01/12	2,600	06/15/13	07/01/13	193,784
Computers	2	18,575	37,150	09/15/11	10/01/11							118,768
Desktop Licensing	1	24,168	24,168	09/15/11	10/01/11							105,786
Interaction Optimizer Pathfind	1	24,000	24,000	12/01/11	12/31/11							105,786
Phone switch	1	150,000	150,000	12/01/11	12/31/11							231,786
Run Cabling	3	24,370	73,109	08/01/11	08/30/11							154,650
Servers	5	26,090	78,272	11/15/11	11/30/11	26,090	11/15/12	11/30/12	26,090	11/15/13	11/30/13	294,662
Switches	1	22,376	22,376	12/01/11	12/31/11							104,162
Work Stations (Cubicles)	300	500	117,000	09/15/11	10/01/11	20,000	06/15/12	07/01/12	13,000	06/15/13	07/01/13	313,784
Desktop Computers	300	800	187,200	09/15/11	10/01/11	32,000	06/15/12	07/01/12	20,800	06/15/13	07/01/13	403,784
Conference Tables	2	10,000	20,000	08/01/11	08/30/11							101,541
Leasehold Improvements	1	400,000	400,000	08/01/11	08/30/11							481,541
Office furniture	10	1,000	10,000	08/01/11	08/30/11							91,541
Interaction Optimizer Add-on	1	60,000	60,000	12/01/11	12/31/11							141,786
Total Capital Investment			1,226,676			82,090			62,490			2,843,362

Applicant Name Dialogue Marketing Inc
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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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Nino A Licari

From: Benjamin Smith [Benjamin.Smith@plantemoran.com]
Sent: Wednesday, May 11, 2011 11:11 AM
To: Nino A Licari
Cc: Patrick Murphy
Subject: Dialogue Marketing IFT/IDD Request

Nino,

As discussed, this correspondence is to inform you that Dialogue Marketing, Inc. wishes to apply for a tax abatement (as required by the MEGA statute) relative to its expansion at 300 E. Big Beaver Road in Troy. Accordingly, we request that the City Council establish an Industrial Development District (IDD) at 300 E. Big Beaver Road so that we may complete the application and apply for the abatement.

Please also note that, as part of our MEGA Credit award process, we are in receipt of a letter of support for this abatement from Mr. John Szerlag, dated February 10, 2011.

We thank you very much for your support, and please do not hesitate to contact me with any questions.

Kind Regards,

Ben Smith

Benjamin R. Smith | Vice President
Plante Moran CRESA, 26300 Northwestern Highway, Southfield, MI 48076
Direct Dial: 248.223.3275 | Mobile: 248.631.7520 | Fax: 248.327.8225
www.pmcresa.com

RECEIVED

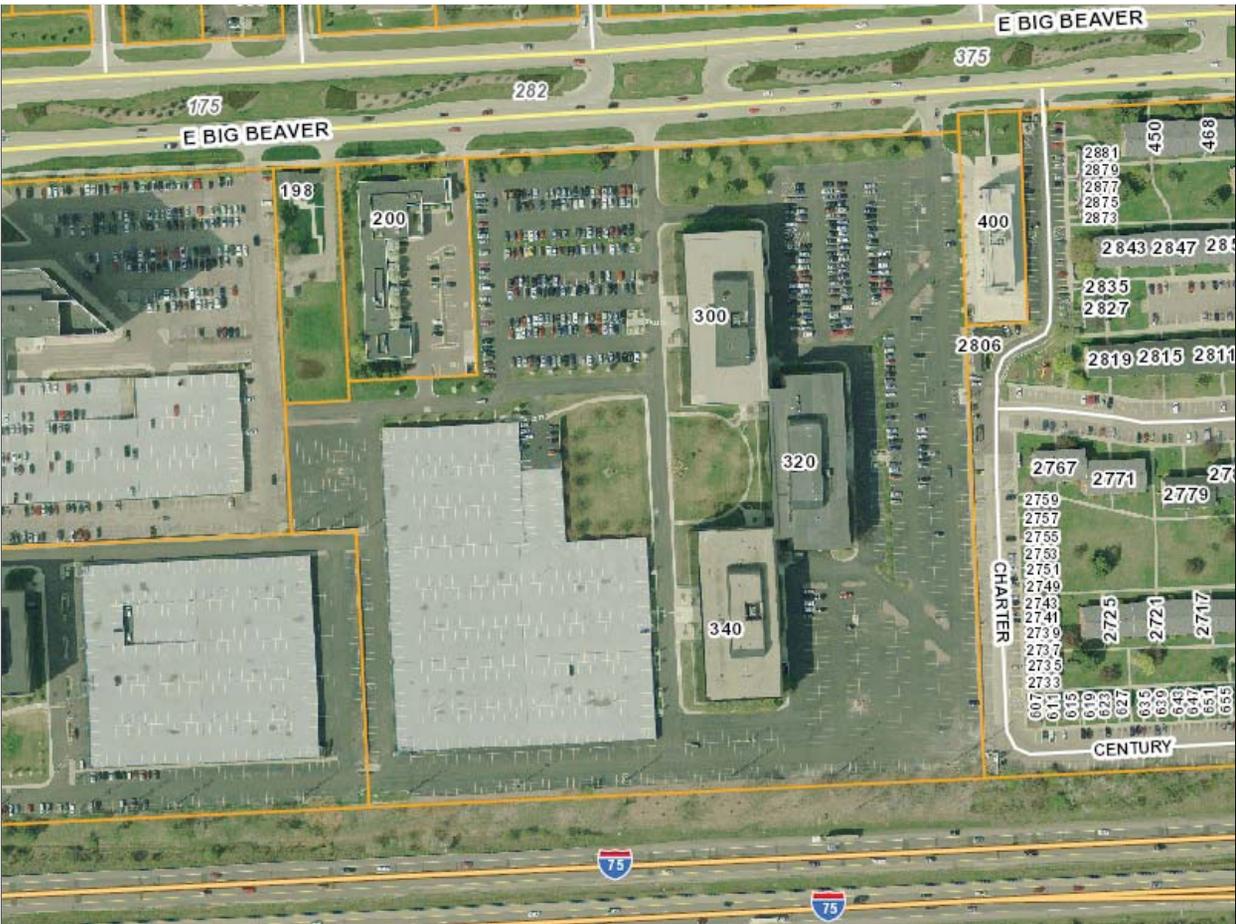
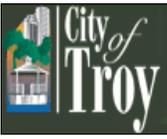
MAY 11 2011

**CITY OF TROY
ASSESSING DEPT.**

Celebrating 12 Years as one of FORTUNE Magazine's "100 Best Companies to Work For"

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Dialogue Marketing, Inc.
IDD & IFEC
300 E Big Beaver
88-20-27-126-027
08/10/11



Dialogue Marketing, Inc.
IDD & IFEC
300 E Big Beaver, Troy, MI 48083
88-20-27-126-027

Legal Description:

T2N, R11E, SEC 27
FROST SUNNY ACRES
S 200 FT OF LOT 10,
S 230 FT OF LOTS 11 & 12, &
LOTS 13 TO 20 INCL
EXC N 42 FT TAKEN FOR RD, ALSO
LOTS 1 TO 18 INCL &
LOTS 67 TO 102 INCL &
ALL OF VAC ROYALDALE AVE,
ALL OF VAC TALBOT ST &
VAC N 50 FT OF SOPERTON AVE
ADJ TO SAME OF
'BEAVER HEIGHTS' SUB
01/14/85 FR 001 TO 026 INCL,
BLK 101-010 TO 015 INCL &
-038 TO 054 INCL & 059, &
BLK 103-007 TO 011 INCL &
-017 TO 021 INCL

City of Troy - Assessing Department
Dialogue Marketing, Inc.
Estimate of Total Taxes and Tax Savings for IFEC Application

Market Value	2,843,362	2,530,592	1,923,250	1,288,578	773,147	417,499	204,575	92,059	38,665
50% of Value	1,421,681	1,265,296	961,625	644,289	386,573	208,750	102,287	46,029	19,332
Year		2012	2013	2014	2015	2016	2017	2018	2019
Depreciation		0.8900	0.7600	0.6700	0.6000	0.5400	0.4900	0.4500	0.4200
Taxable Value		1,265,296	961,625	644,289	386,573	208,750	102,287	46,029	19,332

Taxes	100% of Millage	Taxes							
Trans	0.59000	\$746.52	\$567.36	\$380.13	\$228.08	\$123.16	\$60.35	\$27.16	\$11.41
County	4.64610	\$5,878.69	\$4,467.81	\$2,993.43	\$1,796.06	\$969.87	\$475.24	\$213.86	\$89.82
Zoo	0.10000	\$126.53	\$96.16	\$64.43	\$38.66	\$20.87	\$10.23	\$4.60	\$1.93
Int Schools	3.36900	\$4,262.78	\$3,239.71	\$2,170.61	\$1,302.37	\$703.28	\$344.61	\$155.07	\$65.13
Comm Coll	1.58440	\$2,004.74	\$1,523.60	\$1,020.81	\$612.49	\$330.74	\$162.06	\$72.93	\$30.63
State Ed	0.00000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
School Op	0.00000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sch Debt	4.70000	\$5,946.89	\$4,519.64	\$3,028.16	\$1,816.89	\$981.12	\$480.75	\$216.34	\$90.86
Hold Harmless	5.03810	\$6,374.69	\$4,844.76	\$3,245.99	\$1,947.59	\$1,051.70	\$515.33	\$231.90	\$97.40
Admin	0.14990	\$189.66	\$144.14	\$96.58	\$57.95	\$31.29	\$15.33	\$6.90	\$2.90
City	9.49000	\$12,007.66	\$9,125.82	\$6,114.30	\$3,668.58	\$1,981.03	\$970.71	\$436.82	\$183.46
Total	29.66750	\$37,538.17	\$28,529.01	\$19,114.43	\$11,468.66	\$6,193.08	\$3,034.61	\$1,365.57	\$573.54

Total Taxes 8 Yrs \$107,817.06

Total City Taxes 8 Yrs \$34,488.38

50% Total Taxes 8 Yrs	\$53,908.53	Net Total Taxes Abated
50% Total City Taxes 8 yrs	\$17,244.19	Net Total City Taxes Abated
2% Total City 8 Yrs	\$344.88	Application Fee (2% total c

FOURTH AMENDMENT TO OFFICE LEASE

THIS FOURTH AMENDMENT TO OFFICE LEASE ("Fourth Amendment") is made on 04/29/11, by and between Osprey-Troy Officentre, LLC, a Michigan limited liability company ("Landlord") whose address is 7600 Grand River Avenue, Suite #210, Brighton, MI 48114 and DIALOGUE MARKETING, INC., a Michigan corporation ("Tenant"), whose address is 3252 University Drive, Auburn Hills, MI 48326.

WITNESSETH

This Fourth Amendment is based upon the following:

WHEREAS, Landlord and Tenant are parties to that certain Office Lease dated November 30, 2009 as amended by the First Amendment dated January 8, 2010, Second Amendment dated August 16, 2010 and Third Amendment dated January 20, 2011 (collectively, the "Lease"), which expires June 30, 2015, subject to Tenant's earlier termination rights herein for office space described as Suite 400 of the **Troy Officentre, Bldg A**. Building ("Building") located at 300 East Big Beaver, Troy, MI 48083.

WHEREAS, the Tenant had requested an expansion area and that the Lease be accordingly amended, and the Landlord agreed to such request, all upon the terms set forth in this Amendment:

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree to the following effective upon execution of this Amendment unless stipulated otherwise:

A. Premises. Consisting of the Original Premises, Suite 400, approximately 32,199 rentable square feet ("rsf") in Building A and a portion of the fourth (4th) floor in Building B, consisting of approximately 10,000 rsf ("First Expansion Premises") for a total of 42,199 rsf. As of July 1, 2011, the Premises shall expand to include an expansion area also on the fourth (4th) floor of Building B consisting of approximately 12,131 rsf ("Second Expansion Premises"). As of July 1, 2011, the combined Premises now total 54,330 rsf.

B. Base Rental shall be amended to read:

Original Premises, approximately 32,199 rsf.

Period	S/R SF/YR	Total	Monthly
7/1/2011 - 6/30/2012			
7/1/2012 - 6/30/2013			
7/1/2013 - 6/30/2014			
7/1/2014 - 6/30/2015			

First Expansion Premises, approximately 10,000 rsf.

Period	S/R SF/YR	Total	Monthly
5/1/2011 - 6/30/2011			
7/1/2011 - 10/31/2011			
11/1/2011 - 10/31/2012			
11/1/2012 - 10/31/2013			
11/1/2013 - 10/31/2014			
11/1/2014 - 6/30/2015			

Second Expansion Premises, approximately 12,131 rsf.

Period	S/R SF/YR	Total	Monthly
7/1/2011 - 10/31/2011			
11/1/2011 - 10/31/2012			
11/1/2012 - 10/31/2013			
11/1/2013 - 10/31/2014			
11/1/2014 - 6/30/2015			

Rental Abatement Period. Provided that Tenant is not then in default of the covenants and conditions in this Lease beyond the Notice and Cure Period, on Tenant's part to be performed, and no events have occurred which with the passage of time or the giving of notice, or both, would constitute a default by Tenant under the Lease, then Tenant shall not be obligated to pay Base Rental for the First Expansion Premises and the Second Expansion Premises for the months of July, August, September and October 2011. Tenant shall be required to pay suite electricity during the Rental Abatement Period.

C. Premises Term. The combined Premises which includes the Original, First and Second Expansion Premises shall have an Expiration Date of June 30, 2015.

D. Early Access. Tenant shall also have the right fourteen (14) days prior to Commencement during the installation of the Leasehold Improvements period to come onto the Premises to install its fixtures and prepare the Premises for the operation of Tenant's business. Notwithstanding the fact that foregoing activities by Tenant will occur prior to the scheduled Commencement Date, Tenant agrees that all of Tenant's obligations provided for in this Lease shall apply during such period with the exception of any obligation to pay Rent. Tenant shall be solely responsible for the installation, maintenance or repairs to phone lines, cabling and any communication wiring or cable in the Demised Premises regardless of whether such communication wiring or cabling is new or existing.

E. Tenant's Pro Rata Share. Section 1. P. of the Lease shall be amended to read 11.9371% (53,199/445,662).

F. Right of First Offer. Provided Tenant is not in default of the Lease beyond the notice and cure period, Tenant shall have the first right to lease the remaining portion of the 4th floor in Bldg B which is 9,018 rsf (Third Expansion Premises) under the same terms and conditions in the Lease. Landlord shall notify Tenant prior to issuing a proposal to a third party

LANDLORD

OSPREY-TROY OFFICENTRE, LLC
A Michigan limited liability company

FIRST WITNESS

Signature: _____

Print name: _____

By: Michael G. Cottrell

Title: Chief Financial Officer

Date: _____

SECOND WITNESS

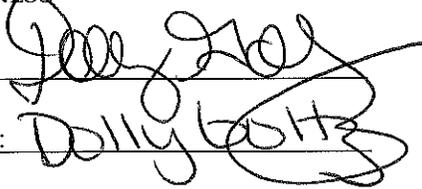
Signature: _____

Print name: _____

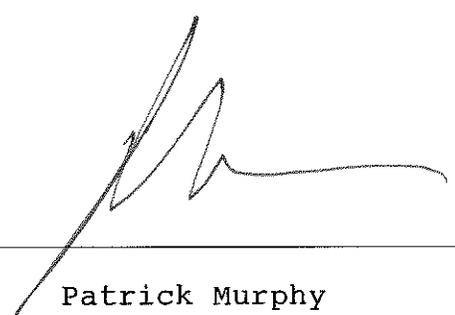
TENANT

DIALOGUE MARKETING, INC.
A Michigan corporation

FIRST WITNESS

Signature:  _____

Print name: Dolly Boltz

By:  _____
Patrick Murphy

Title: CFO

Date: 04/29/11

SECOND WITNESS

Signature: _____

Print name: _____

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

August 10, 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 \$344.88, equal to 2% of the estimated abated City taxes for the life of the exemption for Dialogue Marketing, Inc., 300 E. Big Beaver, Troy, MI. 48083.

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

Dated:

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

This agreement between **Dialogue Marketing, Inc.**, (“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), **Dialogue Marketing, Inc.**, understands that through its investment of \$2,843,362.00 ~~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 **8** years after either completion of construction of the facilities, or December 31, 2021, whichever is sooner.
- 2.) At the end of two (2) years or no later than December 31, 2013, **Dialogue Marketing, Inc.**, 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.) **Dialogue Marketing, Inc.**, 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**.

Dialogue Marketing, Inc., 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.) **Dialogue Marketing, Inc.**, 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.) **Dialogue Marketing, Inc.**, 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
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, October 17, 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) for Dialogue Marketing, at the following location:

88-20-27-126-027 300 E. Big Beaver, Troy, MI. 48083
T2N, R11E, Section 27 part of NE 1/4

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

M. Aileen Bittner, 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 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 COUNTY PTA
1200 N TELEGRAPH Dept 479
PONTIAC MI 48341-0479

PLANTE MORAN CRESA
Attn: BENJAMIN R SMITH
26300 NORTHWESTERN HWY
SOUTHFIELD MI 48076

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

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

OAKLAND INTERMEDIATE
SCHOOLS
2111 PONTIAC LAKE
WATERFORD MI 48328

DIALOGUE MARKETING
Attn: PATRICK MURPHY
3252 UNIVERSITY
AUBURN HILLS MI 48326

E-01 Establishment of an Industrial Development District (IDD) at 300 E. Big Beaver

Suggested Resolution

Resolution #2011-

Moved by

Seconded by

RESOLVED, That Troy City Council hereby **ESTABLISHES** an Industrial Development District (IDD) for property known as 300 E. Big Beaver, Troy, MI. 48083, Parcel #88-20-27-126-027, in accordance with City Council Policy Resolution #2010-08-173; and

BE IT FINALLY RESOLVED, That Troy City Council hereby **DIRECTS** the City Clerk to forward a copy of this resolution to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI 48909-7971.

Yes:

No: