CITY COUNCIL AGENDA ITEM

Date: October 20, 2011

To: John Szerlag, City Manager

From: Nino Licari, City Assessor

Subject: Resolution to Revoke an Industrial Facilities Exemption Certificate (IFEC) and Vacate an Industrial Development District (IDD) previously Granted and Established; Faurecia Automotive Seating, Inc. – 2350 Meijer

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Background:

On September 22, 2008, City Council established and Industrial Development District (IDD) and granted an Industrial Facilities Exemption Certificate (IFEC) for Faurecia Automotive Seating, inc. at 2350 Meijer (parcel # 88-20-32-200-018).

Per the application, and the Letter of Agreement Faurecia Automotive Seating, Inc. was to spend $1,145,000 on the project, and add 47 jobs to this location in Troy.

Per Resolution, and State law, they had until December 31, 2010 to complete the project.

As of today's date, they have spent $253,219 (22% of their stated costs). They have saved $3,790.94 in abated taxes.

Per the terms of the Letter of Agreement, and State law, the City Council may vacate the District, revoke the Exemption Certificate, and bill the company for any tax savings they have realized while not meeting the terms of the Letter of Agreement and their application.

Council may choose to allow the exemption to continue, with the existing purchases by taking "No Action" on the Resolution presented with this item.

It is staff's recommendation to vacate the district and revoke the exemption.

NI/nl H:IFT\Faurecia\Memo Revoke Vacate 10.20.11

Nino A Licari

From: BORYSIAK Dave [dave.borysiak@faurecia.com]
Sent: Thursday, December 15, 2011 7:50 AM
To: Nino A Licari
Subject: RE: Revocation of IFEC and Vacation of IDD

Nino:

I agree that Faurecia has not met the capex investment requirements.

Dave

From: Nino A Licari [mailto:LicariLA@troymi.gov]
Sent: Tuesday, December 13, 2011 9:26 AM
To: BORYSIAK Dave
Subject: Revocation of IFEC and Vacation of IDD

Dave,

This item will be going to Council on December 19, 2011. I have until noon tomorrow to submit my final documents. Do you intend to appear, to protest or accept the action, or will you be doing either in writing (also due by noon tomorrow)?

Thank you!

Nino

Leger A. (Nino) Licari | MMAO(4) PPE | City Assessor | City of Troy | 500 W. Big Beaver Troy MI 48084-5254 | ph 248 524-3305 | fax 248 524-3310 |

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Nino A Licari

To: dave.borysiak@faurecia.com
Cc: william.gleeson@faurecia.com
Subject: FW: Revocation of Tax Abatement at 2350 Meijer
Attachments: Letter 2 Revoke 11.22.11.pdf

From: Nino A Licari
Sent: Tuesday, November 22, 2011 8:02 AM
To: 'mike.kamsickas@faurecia.com'
Subject: Revocation of Tax Abatement at 2350 Meijer

Mr. Kamsickas,

Attached is a copy of a letter I tried to send to Faurecia regarding the Revocation of the Industrial Facilities Exemption Certificate (IFEC) and vacate the Industrial Development District (IDD) that were approved on September 22, 2008.

As you recall, the company was to invest $1,145,000, and add 47 jobs at the location by December 31, 2010. As of December 31, 2010 the investment totaled $253,219 (22% of the projected amount). This is in violation of the Letter of Agreement between Faurecia and the City of Troy.

As such, I am required to bring this matter before City Council (now scheduled for December 19, 2011, 7:30 PM). We will be requesting the Revocation of the IFEC and the Vacation of the IDD at that time. This action will also require billing Faurecia for $3,790.94, the amount of abated taxes the company has been granted while not meeting the terms of the Letter of Agreement.

You, or an agent of the company may appear in person to explain the lack of compliance (or this can be done in writing), or you may accept the consequences of the non compliance by either, not appearing at the meeting, appearing, acknowledging and accepting the non-compliance and penalty, or acknowledging and accepting the non-compliance and penalty in writing.

Please acknowledge the receipt of the email by “Reply”, including the text of this email.

When you have decided how you wish to handle this matter, please let me know, preferably in writing (either by 1st class mail, or email.

Thank you!

Nino

Leger A. (Nino) Licari | MMAO(4) PPE | City Assessor | City of Troy | 500 W. Big Beaver Troy MI 48084-5254 | ph 248 524-3305 | fax 248 524-3310 |

October 25, 2011

Faurecia Automotive Seating, Inc.
Attn: Dave Borysiak
2050 Auburn
Auburn Heights, MI 48326

Re: Tax Abatement Revocation

Mr. Borysiak,

On August 25, 2008, the City Council of the City of Troy established an Industrial Development District (IDD) at 2350 Meijer, and granted an Industrial Facilities Exemption Certificate (IFEC) to Faurecia Automotive Seating, Inc.

Per the Letter of Agreement between Faurecia Automotive Seating, Inc. and the City, Faurecia Automotive Seating, Inc. was to occupy the building, and spend $1,145,000 for personal property no later than December 31, 2010.

As of this date, the company has spent $253,219 (22% of the agreed to amount).

I will be presenting a Resolution to City Council on November 21, 2011 to vacate the IDD, and rescind the IFEC.

Faurecia has saved $3,832.82 in abated taxes through the December 2011 billing. Should the Resolution pass, Faurecia will be billed for these abated taxes, per the terms of the Letter of Agreement.

You are allowed to present your rationale for not meeting the terms of the agreement, at this meeting. Council will then decide to vacate and rescind, or take no action.

Please feel free to contact me at 248-524-3305, or by email at licarila@troymi.gov, if you have any questions.

Sincerely,

Leger A. (Nino) Licari
City Assessor

C-04

CITY COUNCIL ACTION REPORT

August 18, 2008

TO: Phillip L. Nelson, City Manager

FROM: John M. Lamerato, Assistant City Manager-Finance/Administration
Brian Murphy, Assistant City Manager – Economic Development Services
Nino Licari, City Assessor

SUBJECT: Public Hearing for Establishment of an Industrial Development District (IDD) for Faurecia Automotive Seating, Inc., 2350 Meijer, Troy MI. 48084

Background:

- Faurecia Automotive Seating, Inc., is requesting the creation of an Industrial Development District (IDD) at 2350 Meijer, Troy, MI. 48084, in order to apply for an Industrial Facilities Exemption Certificate (IFEC), for tax abatement at the same location.

  The exemption is for new equipment to handle increased business. They are receiving MEDC incentives, and a tax abatement form Auburn Hills for the expansion there and in Troy.

  They currently have 339 employees in Troy. They plan to add up to 47 new jobs to Troy with this project.

  The abatement requested is for eight (8) years, to match the abatement received from Auburn Hills.

  The IDD and the IFEC do require separate Public Hearings, unless the local unit has delineated all areas where IDD's may locate, in advance. Council's policy is to set the district as each application is received. For this reason, the bulk of the information for this application is presented with the District public hearing.

Financial Considerations:

- The estimated amount of investment in personal property is $1,145,000 for the project. Over an eight (8) year life, the estimated total taxes are $50,818.91, of which $16,110.28 would be City taxes.

  A 50% abatement amounts to a savings of $25,409.45 in total taxes, of which $8,055.14 would be saved on City taxes. This is the financial cost to all taxing authorities.

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 the amended tax abatement policy of the City Council of the City of Troy (Resolution #2006-06-238, attached).

  City Council Outcome III, “Troy is rebuilding for a healthy economy reflecting the values of a unique community in a changing and interconnected world.”Retain and attract investment while encouraging redevelopment” is met with this expansion.

  Since both legal and policy considerations are met, staff would recommend establishing the District.

Options:

- City Council has the option to establish an Industrial Development district, or not. If Council does not establish a District, then no Exemption can be granted. A public hearing is still necessary to deny the exemption.

NL/nl H:\I.F.T.\Faurecia\CouncilPakIDD PH

Michigan Department of Treasury
1012 (Rev. 5-07)

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 8/18/08
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) Faurecia Automotive Seating, Inc.	▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 3363	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 2350 Meijer Dr., Troy, Michigan 48084	▶ 1d. City/Township/Village (indicate which) Troy	▶ 1e. County Oakland
▶ 2. Type of Approval Requested ☒ New (Sec. 2(4)) ☐ Transfer (1 copy only) ☐ Speculative Building (Sec. 3(8)) ☐ Rehabilitation (Sec. 3(1)) ☐ Research and Development (Sec. 2(9))	▶ 3a. School District where facility is located Troy 4. Amount of years requested for exemption (1-12 Years) 8	▶ 3b. School Code 63150

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.

See attached.

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	▶ $1,145,000.00 Personal Property Costs
6c. Total Project Costs * Round Costs to Nearest Dollar	▶ $1,145,000.00 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.

	Begin Date (M/D/Y)	End Date (M/D/Y)	
Real Property Improvements ▶			▶ ☐ Owned ☐ Leased
Personal Property Improvements ▶	1/1/09	12/31/10	▶ ☒ Owned ☐ 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. 339	▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. 47

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	13b. Telephone Number	13c. Fax Number	13d. E-mail Address
Dave Borysiak	(419) 727-5442	(419) 727-5350	dave.borysiak@faurecia.com
14a. Name of Contact Person	14b. Telephone Number	14c. Fax Number	14d. E-mail Address
Mike Kamsickas	(248) 409-3932	(248) 409-3519	mike.kamsickas@faurecia.com
▶ 15a. Name of Company Officer (No Authorized Agents)			
Bill Gleeson			
15b. Signature of Company Officer (No Authorized Agents)		15c. Fax Number	15d. Date
William B Gleeson Jr.		(248) 409-3519	8/15/08
▶ 15e. Mailing Address (Street, City, State, ZIP Code)		15f. Telephone Number	15g. E-mail Address
2050 Auburn Road, Auburn Hills, MI 48326		(248) 409-3921	william.gleeson@faurecia.com

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

☐ Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12)

After Completion ☐ Yes ☐ No

☐ Denied (Include Resolution Denying)

16a. Documents Required to be on file with the Local Unit

Check or Indicate N/A if Not Applicable

- ☒ 1. Notice to the public prior to hearing establishing a district.
- ☒ 2. Notice to taxing authorities of opportunity for a hearing.
- ☒ 3. List of taxing authorities notified for district and application action.
- N/A 4. Lease Agreement showing applicants tax liability.

16b. The State Tax Commission Requires the following documents be filed for an administratively complete application:

Check or Indicate N/A if Not Applicable

- ☒ 1. Original Application plus attachments, and one complete copy
- ☒ 2. Resolution establishing district
- ☒ 3. Resolution approving/denying application.
- ☒ 4. Letter of Agreement (Signed by local unit and applicant)
- ☒ 5. Affidavit of Fees (Signed by local unit and applicant)
- N/A 6. Building Permit for real improvements if project has already begun
- ☒ 7. Equipment List with dates of beginning of installation
- ☒ 8. Form 3222 (if applicable)
- N/A 9. Speculative building resolution and affidavits (if applicable)

16c. LUCI Code	16d. School Code
3363	63150
17. Name of Local Government Body	▶ 18. Date of Resolution Approving/Denying this Application
CITY OF TROY	

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
	TONNI BARTHOLOMEW	T.BARTHOLOMEW@TROYMI.GOV
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
500 W BIG BEAVER TROY MI 48084-5254		
19e. Telephone Number	19f. Fax Number	
248 524 3316	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

FAURECIA AUTOMOTIVE SEATING, INC
APPLICATION FOR INDUSTRIAL FACILITIES TAX EXEMPTION CERTIFICATE
LINE 5, PROJECT DESCRIPTION

Faurecia Automotive Seating, Inc. ("Faurecia") currently has 339 employees located at 2350, 2370, 2380, 2400 and 2500 Meijer Drive in Troy. These employees consist of professional, managerial, engineering, technical and clerical support, who together manage Faurecia's North American Region (US, Canada and Mexico) automotive seating business, and provide technical support to twelve seating plants located across the region. Faurecia's North American customers include GM, Ford, Chrysler, BMW and Honda, and its annual sales of automotive seating systems exceed $1 billion. Faurecia has three other divisions located in North America: exhaust systems, interior systems and front end modules, so that its combined sales across all divisions is about $3 billion annually.

During the five year period 2009 - 2013, Faurecia forecasts further expansion of its North American operations. This is based on acquisition of new supplier contracts, additional product validation requirements, transfer of white collar functions from Canada to the US, and design and development of new automotive component platform systems which will be manufactured and sold in North America, Europe and Asia.

This business expansion will entail roughly $3 million of new capital spending during 2009 - 2013 for computer, CAD, and testing & validation equipment, along with the hiring of 77 new white collar employees representing over $5 million of additional annual compensation including salary and benefits.

For purposes of defining a two-year project per line 7 of the application, Faurecia expects to hire 47 new employees during the 2009 - 2010 "project period" and the 30 remaining during 2011 - 2013. New capital spending is forecast at $1.145 million during 2009 - 2010, and $1.855 million during 2011 - 2013.

Faurecia operates three technical centers in the US: Meijer Drive in Troy; Auburn Hills, Michigan and Toledo, Ohio. Faurecia is currently reviewing the cost feasibility of locating the new employees at each of these three technical center facilities. Because the State of Ohio does not tax personal property used in a business, Faurecia requests partial tax equalization from the City of Troy via 50% IFT treatment for forecasted new capital spending.

FAURECIA AUTOMOTIVE SEATING, INC
APPLICATION FOR INDUSTRIAL FACILITIES TAX EXEMPTION CERTIFICATE
LINE 6b, DETAIL OF FORECASTED NEW CAPITAL SPENDING

I. OFFICE FURNITURE

2009:	$25,000
2010:	$25,000
Total	$50,000

II. PERSONAL COMPUTER HARDWARE AND SOFTWARE INCLUDING SPECIALIZED ENGINEERING (CAD) EQUIPMENT

2009:	$360,000
2010:	$370,000
Total	$730,000

III. ENGINEERING TESTING AND VALIDATION EQUIPMENT

2009:	$180,000
2010:	$185,000
Total	$365,000

Michigan Department of Treasury
3222 (Rev. 6-05)

Applicant Name
Faurecia Automotive Seating Inc

Fiscal Statement (to be completed by local unit)

Is this project:	YES	NO
Real Property?	☐	☒
Personal Property?	☒	☐
Both Real and Personal Property - New Facility?	☐	☒
Both Real and Personal Property - Rehabilitation Facility?	☐	☒
Both New and Replacement Facility?	☐	☒

Estimated Project Investment (not assessed value):

Real Property	Personal Property	Total
$0.00	$1,145,000.00	$1,145,000.00

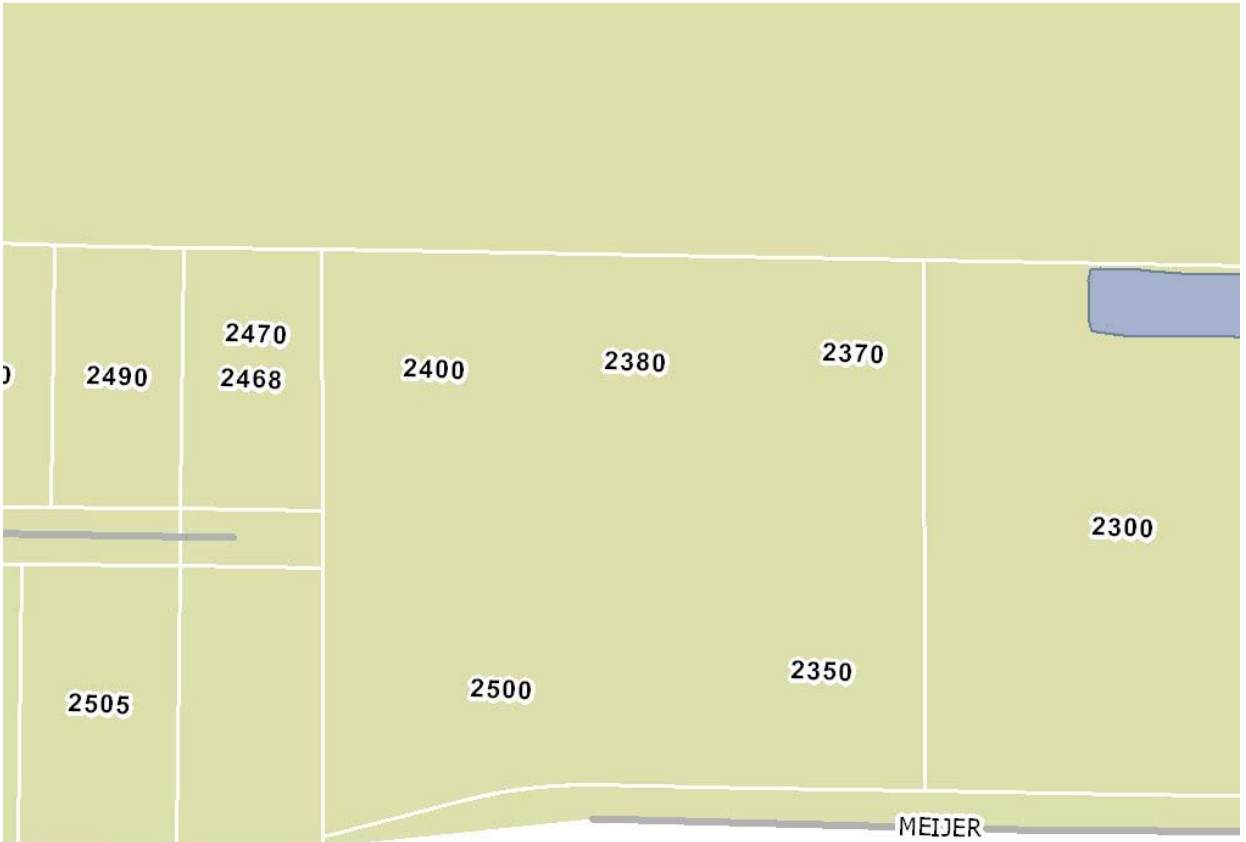
	YES	NO	REMARKS
1. A. Has the proper local authority reviewed the plan?	☒	☐	
B. Is the project located in a certified industrial park?	☐	☒	
C. Is this a renovation or expansion of an existing building?	☐	☒	
2. Will this project require improvement of your road service?	☐	☒	
3. Will this project require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

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
	Leger A. (Nino) Licari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Legal Description for IDD & IFEC

Faurecia
2350 Meijer
Troy MI 48084

88-20-32-200-018

T2N, R11E, SEC 32
PART OF SW 1/4 OF NE 1/4
BEG AT PT DIST
S 89-53-40 E 1333.55 FT &
S 00-11-30 W 2274.16 FT &
N 88-10-50 W 714.54 FT
FROM N 1/4 COR,
TH S 00-11-30 W 555.88 FT,
TH N 88-20-19 W 351.36 FT,
TH ALG CURVE TO LEFT,
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S 84-09-40 W 130.53 FT,
DIST OF 130.90 FT,
TH S 76-39-41 W 158.10 FT,
TH N 00-32-00 E 615.41 FT,
TH S 88-10-50 E 631.26 FT
TO BEG 8.24 A

City of Troy - Assessing Department
Faurecia Automotive Seating, Inc.
Estimate of Total Taxes and Tax Savings for IFEC Application

Market Value	1,145,000	1,049,622	874,755	656,153	437,523	255,295	127,698	53,237	17,760	0	0	0	0
50% of Value	572,500	524,811	437,377	328,077	218,762	127,647	63,849	26,619	8,880	0	0	0	0
Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Depreciation		0.9167	0.8334	0.7501	0.6668	0.5835	0.5002	0.4169	0.3336	0.2503	0.1670	0.0837	0.0004
Taxable Value		524,811	437,377	328,077	218,762	127,647	63,849	26,619	8,880	0	0	0	0
Taxes		**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**
	100% of Millage												
Trans	0.59500	$312.26	$260.24	$195.21	$130.16	$75.95	$37.99	$15.84	$5.28	$0.00	$0.00	$0.00	$0.00
County	4.64610	$2,438.32	$2,032.10	$1,524.28	$1,016.39	$593.06	$296.65	$123.67	$41.26	$0.00	$0.00	$0.00	$0.00
Int Schools	3.36900	$1,768.09	$1,473.52	$1,105.29	$737.01	$430.04	$215.11	$89.68	$29.92	$0.00	$0.00	$0.00	$0.00
Comm Coll	1.58440	$831.51	$692.98	$519.80	$346.61	$202.24	$101.16	$42.17	$14.07	$0.00	$0.00	$0.00	$0.00
State Ed	0.00000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
School Op	5.28560	$2,773.94	$2,311.80	$1,734.08	$1,156.29	$674.69	$337.48	$140.70	$46.94	$0.00	$0.00	$0.00	$0.00
Sch Debt	4.13000	$2,167.47	$1,806.37	$1,354.96	$903.49	$527.18	$263.70	$109.94	$36.67	$0.00	$0.00	$0.00	$0.00
Admin	0.38310	$201.05	$167.56	$125.69	$83.81	$48.90	$24.46	$10.20	$3.40	$0.00	$0.00	$0.00	$0.00
City	9.28000	$4,870.24	$4,058.86	$3,044.55	$2,030.11	$1,184.57	$592.52	$247.02	$82.41	$0.00	$0.00	$0.00	$0.00
Total	29.27320	$15,362.89	$12,803.43	$9,603.85	$6,403.85	$3,736.65	$1,869.07	$779.22	$259.95	$0.00	$0.00	$0.00	$0.00

Total 8 Years	$50,818.91	
Total City 8 Yr	$16,110.28	

50% Total 8 Yr	$25,409.45	**Net Total Taxes Abated**
50% Total City 8 Yr	$8,055.14	**Net Total City Taxes Abated**

Industrial Facilities Tax Abatement Policy Resolution 06/05/06

F-5 Amending the Personal Property Tax Abatement for Manufacturing and Headquarters Companies

Resolution #2006-06-238
Moved by Beltramini
Seconded by Fleming

WHEREAS, the City of Troy has the economic objective of (a) increasing employment opportunities, (b) diversifying and stabilizing the industrial base of the community, (c) reducing economic obsolescence of the industrial base, (d) providing homogenous industrial areas, (e) encouraging industrial expansion, (f) providing for improved public facilities in industrial areas, and (g) encouraging attractive, viable industrial sites, 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 exemptions for certain industrial properties which meet certain criteria established by the Act, and

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Troy, that the following criteria are to be met, applied or measured by the City Manager or his designees in the review of areas and locations to be considered for designation as Industrial Development Districts (IDD) by the City Council:

(1) That the tax exemption shall <u>not</u> apply to real property except those building improvements which are uniquely required to support the personal property to be abated; and

(2) That the tax exemption shall not apply to leasehold improvements or building improvements <u>except</u> those uniquely required to support personal property to be abated; and

(3) That said abatement of taxes shall cease at such time as applicant fails to prove by factual evidence that such personal property is being used in compliance with the basic guidelines established above.

(4) That the company provide documentation that they are Michigan Economic Growth Authority (MEGA) eligible, or are moving into existing vacant buildings, or are retaining or expanding their job base in Troy.

BE IT FINALLY RESOLVED, That the term of abatement for any and all property meeting the aforementioned criteria **SHALL NOT** exceed 12 years, it being the **INTENT OF THE CITY COUNCIL TO APPROVE** various lengths of abatements to the extent provided by laws of the State of Michigan.

Yes: Fleming, Lambert, Schilling, Beltramini
No: Howrylak
Absent: Broomfield, Stine

08/18/08

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

From: Leger (Nino) Licari, Assessor

Re: Affidavit of Application Fees For IFEC

This affidavit attests that no payment of any kind has been made or promised in exchange for favorable consideration of an exemption certificate application by the City of Troy, in regards to the application of Faurecia Automotive Seating, Inc., 2350 Meijer, Troy, Michigan.

_____ _____
Signed, Leger (Nino) Licari, City Assessor Dated

_____ _____
Signed, Dated

CITY OF TROY
INDUSTRIAL FACILITIES EXEMPTION
CERTIFICATE LETTER OF AGREEMENT

This agreement between **Faurecia Automotive Seating, 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), **Faurecia Automotive Seating, Inc**, understands that through its investment of $1,145,000 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, 2018, whichever is sooner.

2.) At the end of two (2) years or no later than December 31, 2010, **Faurecia Automotive Seating, 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.) **Faurecia Automotive Seating, 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.**

Faurecia Automotive Seating, 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.) **Faurecia Automotive Seating, 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.) **Faurecia Automotive Seating, 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: _____ _____
Louise E. Schilling , Mayor (date)
City of Troy
500 W Big Beaver
Troy, MI 48084-5285

Signed: _____ _____
Tonni L. Bartholomew (date)
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, September 22, 2008 at 7:30 P.M. to consider the request from Faurecia Automotive Seating, Inc., for the establishment of an Industrial Development District (IDD) at the following location:

88-20-32-200-018 2350 Meijer, Troy, MI. 48084
T2N, R11E, Section 32

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

_____
Tonni Bartholomew, MMC
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.*

C- ## Resolution for Establishment of an Industrial Development District (IDD) for Faurecia Automotive Seating, Inc. – 2350 Meijer

Suggested Resolution
Resolution # 2008-
Moved by:
Seconded by:

RESOLVED, That Troy City Council hereby **ESTABLISHES** an Industrial Development District (IDD) for Faurecia Automotive Seating, Inc., 2350 Meijer, Troy, MI. 48084, Parcel # 88-20-32-200-018, in accordance with City Council Policy Resolution #2006-06-238; and

BE IT FURTHER RESOLVED, That the City Clerk shall **FORWARD** a copy of this resolution to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI. 48909-7971.

Yes:
No:

C-4 Establishment of an Industrial Development District (IDD) – Faurecia Automotive Seating, 2350 Meijer

The Mayor opened the Public Hearing for public comment.
The Mayor closed the Public Hearing after receiving comment from the petitioner, Mike Kamsickas. There was no public comment.

Vote on Resolution to Excuse Council Member Eisenbacher from Participating in the Vote

Resolution #2008-09-288
Moved by Beltramini
Seconded by Broomfield

RESOLVED, That Troy City Council hereby **EXCUSES** Council Member Eisenbacher from participating in the vote for the *Establishment of an Industrial Development District (IDD) – Faurecia Automotive Seating, 2350 Meijer* in accordance with Section 4.7 – Organization and Rules of the Council (c) of the Troy City Charter.

Yes: All-7

MOTION CARRIED

Vote on Resolution to Establish an Industrial Development District (IDD) for Faurecia Automotive Seating

Resolution #2008-09-289
Moved by Beltramini
Seconded by Kerwin

RESOLVED, That Troy City Council hereby **ESTABLISHES** an Industrial Development District (IDD) for Faurecia Automotive Seating, Inc., 2350 Meijer, Troy, MI 48084, Parcel # 88-20-32-200-018, in accordance with City Council Policy Resolution #2006-06-238; and

BE IT FURTHER 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: Fleming, Kerwin, Schilling, Beltramini, Broomfield
No: Howrylak
Abstain: Eisenbacher

MOTION CARRIED

C-5 Granting of an Industrial Facilities Exemption Certificate (IFEC) to Faurecia Automotive Seating, 2350 Meijer

The Mayor opened the Public Hearing for public comment.
The Mayor closed the Public Hearing after receiving no comment from the public.

Vote on Resolution to Excuse Council Member Eisenbacher from Participating in the Vote

Resolution #2008-09-290
Moved by Beltramini
Seconded by Broomfield

RESOLVED, That Troy City Council hereby **EXCUSES** Council Member Eisenbacher from participating in the vote for the *Granting of an Industrial Facilities Exemption Certificate (IFEC) – Faurecia Automotive Seating, 2350 Meijer* in accordance with Section 4.7 – Organization and Rules of the Council (c) of the Troy City Charter.

Yes: All-7

MOTION CARRIED
Vote on Resolution to Excuse Council Member Fleming from Participating in the Vote

Resolution #2008-09-291

Moved by Howrylak
Seconded by Broomfield

RESOLVED, That Troy City Council hereby **EXCUSES** Council Member Fleming from participating in the vote for the *Granting of an Industrial Facilities Exemption Certificate (IFEC) – Faurecia Automotive Seating, 2350 Meijer* in accordance with Section 4.7 – Organization and Rules of the Council (c) of the Troy City Charter.

Yes: Kerwin, Schilling, Beltramini, Broomfield, Fleming, Howrylak
No: None
Absent: Eisenbacher

MOTION CARRIED

Vote on Resolution to Grant an Industrial Facilities Exemption Certificate (IFEC) for Faurecia Automotive Seating

Resolution #2008-09-292
Moved by Kerwin
Seconded by Broomfield

WHEREAS, After due notice and proper hearing, the City Council of the City of Troy on September 22, 2008, established an Industrial Development District (IDD) for property known as 2350 Meijer, Troy, MI 48084, Parcel # 88-20-32-200-018;

WHEREAS, An Application has been submitted by Faurecia Automotive Seating, Inc., an Industrial Facilities Exemption Certificate (IFEC) for personal property at 2350 Meijer, Troy, MI 48084, for eight (8) years; and

WHEREAS, After due and proper notice by the City Clerk, the City Council, on September 22, 2008, 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 Faurecia Automotive Seating, Inc., at 2350 Meijer, Troy, MI 48084 may have the effect of substantially impeding the operation of the taxing unit, or impairing the financial soundness of the taxing unit;

THEREFORE, BE IT RESOLVED, That Troy City Council has **FOUND THAT THE GRANTING** of an Industrial Facilities Exemption Certificate (IFEC) for Faurecia Automotive Seating, Inc., at 2350 Meijer, Troy, MI 48084 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 for an Industrial Facilities Exemption Certificate (IFEC) for Faurecia Automotive Seating, Inc., at 2350 Meijer, Troy, MI 48084, Parcel #88-20-32-200-018, for personal property for a term of eight (8) years, **CONTINGENT** upon the execution of a Letter of Agreement between the City of Troy and Faurecia Automotive Seating, Inc., in accordance with Public Act 198 of 1974, as amended; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **AUTHORIZES** the Mayor and City Clerk to execute the Letter of Agreement between the City of Troy and Faurecia Automotive Seating, Inc., a copy of which shall be **ATTACHED** to the original Minutes of this meeting; and

BE IT FINALLY RESOLVED, That Troy City Council hereby **AUTHORIZES** the City Clerk to complete the Application and transmit same to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI 48909-7971.

Yes: Schilling, Beltramini, Broomfield, Kerwin
No: Howrylak
Abstain: Eisenbacher, Fleming

MOTION CARRIED

88-IP-08-100-507 2009 Est. T.C.V. FAURECIA AUTOMOTIVE SEATING
Property Class: 952 Printed 10/20/2011 2350 MEIJER
Map #: 88-20-32-200-018 CITY OF TROY TROY, MI 48084

<< 2009 Statement (Current Year Statement) >>

Pages 3 to 4. Other Personal Property	Claimed Value	Depr	Depr.Value
Section G. Other Assessable Personal Property		100	
Section H. Assessable Tools		100	
Section I. Qualified Personal Property		100	
Section M. Leasehold Improvements		TBL	
Section N. Buildings on Leased Land		TBL	
Section O. Rental Information		100	
13. Idle Equipment		TBL	
14. Construction in Progress	244,255	50	122,128
15 & 16. Cable, Utility & Cellular Assets		TBL	

Total Cost New= 244,255 TCV= 122,128 Assessed Value= 61,060

2009 Est. T.C.V. 88-IP-08-100-507 = 122,128
Est. TCV/Total Floor Area = 0.00

2008 Assessed	MBOR	S.E.V.	Base for Cap	C.P.I.
				4.40

2009	New	Eq. Adjustment	Loss	Additions	Tax Adjustment	Losses
	61,060			61,060		

2009 Assessed	MBOR	S.E.V.	Capped	->Taxable<-	PRE/MBT
61,060	61,060	61,060	61,060	61,060	61,060

88-IP-08-100-507 2010 Est. T.C.V. FAURECIA AUTOMOTIVE SEATING
Property Class: 952 Printed 10/20/2011 2350 MEIJER
Map #: 88-20-32-200-018 CITY OF TROY TROY, MI 48084
<< 2010 Statement (Current Year Statement) >>

Bought During	Machinery & Equipment	Office, Elec. Video & Test
2009	176,043*89%	72,802*84%
Prior		
Total	176,043	72,802
TCV->	156,678	61,154

Pages 3 to 4. Other Personal Property	Claimed Value	Depr	Depr.Value
Section G. Other Assessable Personal Property		100	
Section H. Assessable Tools		100	
Section I. Qualified Personal Property		100	
Section M. Leasehold Improvements		TBL	
Section N. Buildings on Leased Land		TBL	
Section O. Rental Information		100	
13. Idle Equipment		TBL	
14. Construction in Progress		50	
15 & 16. Cable, Utility & Cellular Assets		TBL	

Total Cost New= 248,845 TCV= 217,832 Assessed Value= 108,920

2010 Est. T.C.V. 88-IP-08-100-507 = 217,832
Est. TCV/Total Floor Area = 0.00

2009 Assessed	MBOR	S.E.V.	Base for Cap	C.P.I.
61,060	61,060	61,060	61,060	-0.30

2010 New	Eq. Adjustment	Loss	Additions	Tax Adjustment	Losses
47,860			108,920		61,060

2010 Assessed	MBOR	S.E.V.	Capped	->Taxable<-	PRE/MBT
108,920	108,920	108,920	108,920	108,920	108,920

88-IP-08-100-507 2011 Est. T.C.V. FAURECIA AUTOMOTIVE SEATING
Property Class: 952 Printed 10/20/2011 2350 MEIJER
Map #: 88-20-32-200-018 CITY OF TROY TROY, MI 48084

<< 2011 Statement (Current Year Statement) >>

Bought During	Machinery & Equipment	Office, Elec. Video & Test
2010		4,374*84%
2009	176,043*76%	72,802*64%
Prior		
Total	176,043	77,176
TCV->	133,793	50,267

Pages 3 to 4. Other Personal Property	Claimed Value	Depr	Depr.Value
Section G. Other Assessable Personal Property		100	
Section H. Assessable Tools		100	
Section I. Qualified Personal Property		100	
Section M. Leasehold Improvements		TBL	
Section N. Buildings on Leased Land		TBL	
Section O. Rental Information		100	
13. Idle Equipment		TBL	
14. Construction in Progress		50	
15 & 16. Cable, Utility & Cellular Assets		TBL	

Total Cost New= 253,219 TCV= 184,060 Assessed Value= 92,030

2011 Est. T.C.V. 88-IP-08-100-507 = 184,060
Est. TCV/Total Floor Area = 0.00

2010 Assessed	MBOR	S.E.V.	Base for Cap	C.P.I.
108,920	108,920	108,920	108,920	1.70

2011 New	Eq. Adjustment	Loss	Additions	Tax Adjustment	Losses
		16,890	1,840	-18,730	

2011 Assessed	MBOR	S.E.V.	Capped	->Taxable<-	PRE/MBT
92,030	92,030	92,030	92,030	92,030	92,030

City of Troy - Assessing Department
Faurecia Automotive Seating, Inc.
Estimate of Total Taxes, Tax Savings and Taxes Owed from Unfullfilled IFEC Abatement

Value Contracted		$1,145,000		$1,145,000		$1,145,000
Actual Value		$244,255		$248,845		$253,219
Year		**2009**		**2010**		**2011**
Taxable Value		$61,060		$108,920		$92,030
Taxes	**2009**	**2009**	**2010**	**2010**	**2011**	**2011**
	100% of Millage	**Taxes**	**100% of Millage**	**Taxes**	**100% of Millage**	**Taxes**
Trans	0.59000	$36.03	0.59000	$64.26	0.59000	$54.30
County	4.64610	$283.69	4.64610	$506.05	4.64610	$427.58
Zoo	0.10000	$6.11	0.10000	$10.89	0.10000	$9.20
Int Schools	3.36900	$205.71	3.36900	$366.95	3.36900	$310.05
Comm Coll	1.58440	$96.74	1.58440	$172.57	1.58440	$145.81
State Ed	0.00000	$0.00	0.00000	$0.00	0.00000	$0.00
School Op	0.00000	$0.00	0.00000	$0.00	0.00000	$0.00
Sch Debt	4.10000	$250.35	4.70000	$511.92	4.10000	$377.32
Hold Harmless	4.66860	$285.06	5.03810	$548.75	4.66860	$429.65
Admin	0.14390	$8.79	0.14990	$16.33	0.14390	$13.24
City	9.28000	$566.64	9.40000	$1,023.85	10.19000	$937.79
Total	28.48200	$1,739.11	29.57750	$3,221.58	29.39200	$2,704.95
Tax Savings (50% of Total)		$869.56		$1,610.79		$1,352.47
Total Taxes Owed						$3,832.82