



## CITY COUNCIL AGENDA ITEM

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Date: November 25, 2013

To: Brian Kischnick, City Manager

From: Tom Darling, Director of Financial Services  
Nino Licari, City Assessor

Subject: Public Hearing for the granting of an Industrial Facilities Exemption Certificate (IFEC) for Magna US Holding, Inc., 750 Tower, Troy, MI. 48098

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### **Background:**

Magna US Holding, Inc. is consolidating three divisions at 750 Tower in Troy. They will be retaining 990 jobs and creating 30 additional jobs.

They intend to invest \$6,203,819.09 in new equipment at the location that they have leased for 10 years.

They are applying for an Industrial Facilities Exemption Certificate (IFEC) which grants tax abatement under PA 198, and City Council Policy resolution #2010-08-173.

### **Financial Considerations:**

Based on the length of their lease of the building, the amount of the investment, and the number of jobs they will be creating, they qualify for a nine year abatement under Council Policy Resolution #2010-08-173.

The \$6,203,819.09 investment would generate approximately \$250,206.00 in total taxes over 9 years, of which \$83,645.32 would be City taxes.

The abatement would therefore save the company \$125,103.00 over its life. The City would realize \$41,822.66 in taxes that it does not currently receive.

### **Legal Considerations:**

The site meets all legal and Policy Resolution criteria necessary for establishing an IDD.



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### Policy Considerations:

The application is in compliance with City Council Tax Abatement Policy Resolution #2010-08-173, and PA 198.

### Options:

City Council may approve the tax abatement, as recommended by staff. Or, City Council may choose to not grant the exemption at this point. The company would then appeal this decision to the State tax Commission (STC).

NI/nl H:IFT\Magna Tower 2013\Memo IFEC 11.25.13

**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, November 25, 2013 at 7:30 P.M. to consider establishing an Industrial Development district (IDD) and the granting of an Industrial Facilities Exemption Certificate (IFEC) for Magna US Holding, Inc., at the following location:

88-20-09-301-015 750 Tower, Troy, MI. 48098  
T2N, R11E, Section 9 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, 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

MAGNA US HOLDING INC  
Attn: FRANK W ERVIN III  
750 TOWER MC 7000  
TROY MI 48098

HURON-CLINTON METRO AUTHORITY  
Attn: JOHN P MCCULLOCH  
13000 HIGH RIDGE DR  
BRIGHTON MI 48114-9058

**E - 01 Request for Consideration to Grant an Industrial Facilities Exemption Certificate (IFEC) for Magna US Holding, Inc., 750 Tower, Troy MI., 48098**

Suggested Resolution

Resolution # 2013-

Moved by:

Seconded by:

WHEREAS, After due notice and proper hearing, the City Council of the City of Troy on November 25, 2013, established an Industrial Development District (IDD) for property known as 750 Tower, Troy, MI. 48098, Parcel # 88-20-09-301-015; and

WHEREAS, An Application has been submitted by Magna US Holding, Inc., for an Industrial Facilities Exemption Certificate (IFEC) for personal property at 750 Tower, Troy, MI. 48098 for nine (9) years after completion; and

WHEREAS, After due and proper notice by the City Clerk, the City Council, on November 25, 2013, 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 Magna US Holding, Inc. at 750 Tower, Troy, MI. 48098 may have the effect of substantially impeding the operation of the taxing unit, or impairing the financial soundness of the taxing unit; and

WHEREAS, the aggregate SEV of real and personal property exempt from ad valorem taxes within the City of Troy, after granting this certificate will not exceed 5% of an amount equal to the sum of the SEV of the City of Troy, plus the SEV of real and personal property thus exempted;

NOW, THEREFORE, BE IT RESOLVED, That Troy City Council has **FOUND THAT THE GRANTING** of an Industrial Facilities Exemption Certificate (IFEC) for Magna US Holding, Inc., at 750 Tower, Troy, MI. 48098 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 Magna US Holding, Inc., at 750 Tower, Troy, MI. 48098, Parcel # 88-20-09-301-015, for personal property for a term of nine (9) years after completion, **CONTINGENT** upon the execution of a Letter of Agreement between the City of Troy and Magna US Holding, Inc., 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 Magna US Holding, Inc., 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: