



CITY COUNCIL ACTION REPORT

February 20, 2012

TO: John Szerlag, City Manager
FROM: Nino Licari, City Assessor
SUBJECT: Agenda Item – Public Hearing – Michigan NextEnergy Exemption

Background:

- The Michigan Next Energy Authority (MNEA) was created by Public Act 549 of 2002. The Authority is charged with certifying alternative energy businesses, and alternative energy Personal Property.

Under provisions of the Act, alternative energy Personal Property (as certified by the local Assessor) purchased between 2002 and 2011 (since amended to extend to December 31, 2012) may be exempt from taxation through the process of eliminating all, or some, of the millages levied against its Taxable Value.

The Act provides that the local taxing authorities may 'opt out' of the exemption process by failure to pass a resolution approving the exemption at a public hearing, within sixty (60) days of receipt of the MNEA certifying resolution. (Local taxing authorities include: Transportation Authority, County, Zoo, Intermediate Schools, Community College, City {township, village}, and Local Schools).

Compact Power (now known as LG Chem, Inc.) has received certification from MNEA as an alternative energy company. They have current Next Energy exemptions in Troy. They have applied for further exemptions of 2012 Personal Property totaling \$2,458,258 in Market Value.

LG Chem, Inc. is located at 1857 Technology Drive.

Financial Considerations:

- As shown on the attached chart, the City of Troy's total exempted taxes for the two (2) years available to the companies is estimated at \$22,201.22, including administration fees. This amounts to \$11,100.61 per year, on average.

Along with United Solar Ovonics, these companies have exemptions dating back to the 2005 assessment year. All exempted taxes for the City of Troy, through 2013 now total \$227,695.59. (\$22,201.22 in 2012, \$43,682.72 in 2011, \$60,321.36 in 2010; \$19,529.60 in 2009; \$21,573.34 in 2008; \$13,018.96 in 2007; \$35,368.39 in 2006; and \$12,000.00 in 2005).

Legal Considerations:

- There are no legal considerations attached to this item.

Policy Considerations:

- This item is in keeping with City Council Goals:

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

W. Develop "green" philosophies to reduce demand on natural resources

Options:

- City Council may continue to participate in the MNEA program by passing the suggested resolution, or City Council may 'opt out' of this exemption process by its failure to pass the suggested resolution.

City of Troy - Assessing Department
Estimated NextEnergy Exempted Tax Calculation - 2012

Taxing Authority	Millage Rates	Estimated Exempt Taxes 2012	Estimated Exempt Taxes 2013	Totals
City of TROY	10.1900	11,272.34	10,145.11	21,417.45
Admin Fee Warren	0.3729	412.51	371.26	783.77
Transportation	0.5900	652.67	587.40	1,240.07
Oakland County	4.6461	5,139.59	4,625.63	9,765.22
County Zoo Tax	0.1000	110.62	99.56	210.18
Macomb Intermediate	2.9430	3,255.59	2,930.03	6,185.63
Community College	1.5844	1,752.69	1,577.42	3,330.11
Warren School Debt	2.4400	2,699.17	2,429.25	5,128.42
Warren Hold Harmless	7.4057	8,192.30	7,373.07	15,565.38
Warren Sinking Fund	0.9964	1,102.23	992.01	2,094.24
School Operating Warren	0.0000	0.00	0.00	0.00
State Education	0.0000	0.00	0.00	0.00
Totals by Year		34,589.72	31,130.75	65,720.46
Est'd Taxable Value Warren SD	1,229,129	1,106,216	995,594	
Market Value Exempted Warren	2,458,258	2,212,432	1,991,189	
Total Troy Exempted Taxes 2 Years				<u><u>22,201.22</u></u>

01/24/12

PURE MICHIGAN®

January 5, 2012

Mr. Leger A. Licari, Assessor
500 West Big Beaver
Troy, MI 48084

Dear Mr. Licari:

The Michigan NextEnergy Authority (MNEA) is charged by law, Public Act 593 of 2002, with the certification of alternative energy technology businesses and alternative energy personal property, Public Act 549 of 2002. The MNEA is also charged with notifying the assessors and treasurers of the local tax collecting unit and the secretary of the school district, in which the property is located, of the annual certification.

The enclosed resolution, certifying the attached list of personal property of LG Chem Power, Inc. as Alternative Energy Personal Property exempt from certain property taxes, was adopted at a meeting of the MNEA held on December 13, 2011. As indicated in the enclosed resolution, the maximum value of the exempted property located in the City of Troy is \$2,499,513 and is subject to the assessor's concurrence.

The City of Troy has sixty days from receipt of this letter in which to adopt a resolution to opt-out of the exemption of the alternative energy personal property from local personal property taxes.

Troy Public Schools also have sixty days from receipt of this letter in which to adopt a resolution to opt out of specific school-related taxes levied against the personal property.

Personal property acquired by LG Chem Power, Inc. prior to January 1, 2013 may be eligible for certification as Alternative Energy Personal Property by the MNEA in future years. The City of Troy and Troy Public Schools will be notified of any future certification and will have sixty days in which to adopt a resolution to opt-out of the exemption on that personal property.

If you have questions, please contact Jessica Gomez at 517.241.4810.

Sincerely,



Karla K. Campbell
Secretary to the MNEA Board

Enclosures

RECEIVED

JAN 13 2012

**CITY OF TROY
ASSESSING DEPT.**

Michigan Economic Development Corporation

300 North Washington Square | Lansing, MI 48913 | 888.522.0103 | MichiganAdvantage.org | michigan.org

Michigan NextEnergy Authority

Resolution 2011-138

LG Chem Power, Inc.

WHEREAS, LG Chem Power, Inc. (the "Company"), is a business entity located at 1857 Technology Drive, Troy, Michigan 48083;

WHEREAS, on December 14, 2010, the Company was certified as an Alternative Energy Technology Business under the Michigan NextEnergy Authority Act, 2002 PA 593;

WHEREAS, an officer of the Company has certified in writing that the Company is engaged primarily in the research, development or manufacturing of the alternative energy technology described as the research, development, and manufacturing of an alternative energy vehicle system;

WHEREAS, the alternative energy technology is related to the alternative energy vehicle system known as a battery cell energy system;

WHEREAS, all personal property of an Alternative Energy Technology Business that has not previously been subject to collection of taxes, and has not previously been exempted from taxes, under the general property tax act is eligible for certification;

WHEREAS, the Company has provided a list of such property for 2011 valued at \$2,499,513 that is attached to this resolution; and

2,458,250 ~~76~~ 1/16/12

WHEREAS, the Michigan Economic Development Corporation provides administrative services to the MNEA, and has reviewed the application and recommends approval of the certification by the MNEA Board.

NOW, THEREFORE, BE IT RESOLVED, that the MNEA certifies that LG Chem Power, Inc.'s personal property listed on the attached schedule is certified as Alternative Energy Personal Property and is exempt from taxes levied before January 1, 2013, provided that the local Assessor determines that the property listed:

- 1) is properly classified as personal rather than real property;
- 2) has not been previously subject to taxation under the general property tax act, and
- 3) has not previously been exempted from taxes under the general property tax act.

BE IT FURTHER RESOLVED, that notice of these certifications will be forwarded to the Company, the secretary of the local school district, and the treasurer and assessor of the local tax collecting unit in which the Company and the Alternative Energy Personal Property are located.

ADOPTED

Ayes: Tim Herman, Mike Jackson, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Bill Martin, Mark Morante [acting for and on behalf of Michael Finney, designation attached]

Nays: None

Recused: None

December 13, 2011
Lansing, Michigan

Property Only Company Identification Informaiton

Name of Company making application Address of facility City, State, Zip Code Primary NAICS code	LG Chem Power, Inc 1857 Technology Troy, MI 48083
EIN ----->	27-3260918
Describe the type of business or principle product at this facility.	LG Chem Power is a North American subsidiary of LG Chem, Ltd., one of the worlds largest producers of lithium-ion batteries. LG Chem Power, Inc. headquartered in Troy, MI is an easily accessible source for the research, development, engineering design and packaging of lithium-ion batteries for automotive and industrial applications
Name of employee completing this application Title of employee completing this application Phone number of employee completing this application Email address of employee completing this application	Hyunju Siskosky Accounting Manager 248 654-3149 hsiskosky@gcpi.com
Name of officer authorized to approve this application Title of officer authorized to approve this application Phone number of officer approving this application Email address of officer approving this application	Hyunju Siskosky Accounting Manager 248 654-3149 hsiskosky@gcpi.com
Enter the tax year for this Listing	2011

Please Enter the Name and Address where you would like the MEDC to return your Tax Certificate

Name of Company/Consulting Firm/ Accounting Firm	LG Chem Power, Inc.
To the Attention of	Hyunju Siskosky
Address	1857 Technology
Address	'
City	Troy
State	MI
Zip Code	48083

NOT PERMITTED

	8,500.00	
	32,755.00	
	<u>(41,255.00)</u>	
	2,499,513.00	GROSS
	<u>2,458,258</u>	NET EXEMPT
	7/11/12	

Michigan Next Energy Authority

Concurrence with the decision of the Michigan NextEnergy Authority Board by local taxing authorities and school districts is required. As part of the Authorities responsibility, it sends certified notices to the Treasurer, Assessor, and Secretary of the School Board for each location where property issued an exemption by the board is located.

Below please supply the requested information about your local jurisdictions for each location. If you have more than three locations, please contact the Authority administrator for assistance with the form.

Location of Property #1	Address 1	1857 Technology
	Address 2	
	City/Village/Township	Troy
	Zip Code	48083
Treasurer	Name	Sandra Kasperek
	Address 1	500 W Big Beaver
	Address 2	
	City/Village/Township	Troy
	Zip Code	48084
Assessor	Name	Leger A. (Nino) Licari
	Address 1	500 W Big Beaver
	Address 2	
	City/Village/Township	Troy
	Zip Code	48084
School Board	Name	Wendy Underwood
	Address 1	4400 Livernois
	Address 2	
	City/Village/Township	Troy
	Zip Code	48098

Location of Property #2	Address 1	NA
	Address 2	
	City/Village/Township	
	Zip Code	
Treasurer	Name	
	Address 1	
	Address 2	
	City/Village/Township	
	Zip Code	
Assessor	Name	
	Address 1	
	Address 2	
	City/Village/Township	
	Zip Code	
School Board	Name	
	Address 1	
	Address 2	
	City/Village/Township	
	Zip Code	

Location of Property #3	Address 1	NA
	Address 2	
	City/Village/Township	
	Zip Code	
Treasurer	Name	
	Address 1	
	Address 2	
	City/Village/Township	
	Zip Code	
Assessor	Name	
	Address 1	
	Address 2	
	City/Village/Township	
	Zip Code	
School Board	Name	
	Address 1	
	Address 2	
	City/Village/Township	
	Zip Code	

Michigan Next Energy Authority

Alternative Energy Technology Business Property Listing Form

Date Acquired	Description of Property	Location	Serial # or Asset #	New or Used*	Original Cost, Installed, Including Sales Tax and Freight
1/31/2011	Tooling for Eaton (CPI Owned)SunMcrStrm Tech 88K	LG Chem Power	160000057	New	88,256.24
2/23/2011	Tps2024 Oscilloscope Newark 3.6K Michael Staszek	LG Chem Power	160000026	New	5,522.35
2/25/2011	Tooling for ST-000613 Bracket Module	LG Chem Power	160000055	New	10,925.00
3/7/2011	Power Supply Aciouab Aerat Ghorghis	LG Chem Power	160000025	New	1,905.60
3/7/2011	Temperature 20K Thermontron GeorgeLea_41030	LG Chem Power	160000027	New	21,582.11
3/21/2011	Vector TestLabCanoe_14.6K	LG Chem Power	160000069	New	14,680.00
3/30/2011	EliteGD Temp chamber Russells 41.9K Franklin M	LG Chem Power	160000028	New	41,995.00
3/31/2011	High Voltage Power Supply	LG Chem Power	160000020	New	2,590.00
4/8/2011	KikusuiHiViltage Pwr supply 3K	LG Chem Power	160000062	New	3,160.00
4/21/2011	Compunetics 1.5K EE Test Box	LG Chem Power	160000065	New	623,425.00
4/26/2011	Tooling-Wire Assembly Boards	LG Chem Power	160000075	New	22,000.00
4/26/2011	ASM-000564	LG Chem Power	160000076	New	32,350.00
4/27/2011	Battery Pack Simu GRE GFE DongYong 38.5K AChewer	LG Chem Power	160000022	New	40,100.00
4/27/2011	Battery Pack Simu HW Dev/Test DongYongAChewer 37K	LG Chem Power	160000023	New	42,520.00
4/27/2011	Battery Pack Simu SW Dev/Test DongYongAChewer 37K	LG Chem Power	160000024	New	43,340.00
4/28/2011	Parametric Board Tester #2 DMC 207K Greg Bober	LG Chem Power	160000021	New	207,795.95
4/28/2011	Master Board Eaton LGIT137K MGrimes	LG Chem Power	160000058	New	149,069.90
4/28/2011	Dual Slave #1 Eaton LGIT 44K MGrimes	LG Chem Power	160000059	New	74,264.53
4/28/2011	Dual Slave #2 Eaton LGIT 44K MGrimes	LG Chem Power	160000060	New	51,248.16
4/28/2011	JIGS for Master, Slave 1&2 Eaton LGIT 10K MGrimes	LG Chem Power	160000061	New	10,227.27
5/6/2011	Omega ECN 000719 New BDU ASM001088 26K	LG Chem Power	160000073	New	26,744.00
5/9/2011	Simulator dspace 56K each for 2 Stephane Fosso	LG Chem Power	160000029	New	56,862.75
5/9/2011	Simulator dspace 56K each for 2 Stephane Fosso	LG Chem Power	160000030	New	56,862.75
5/9/2011	Omega P20 Injection Tool ASM-001172 20K	LG Chem Power	160000070	New	20,190.00
5/9/2011	Omega Alumnum Injection ASM 001188 8K	LG Chem Power	160000071	New	8,290.00
5/9/2011	Northern Plastics ECN 000758 ASM-001114 8K	LG Chem Power	160000072	New	8,357.00
5/26/2011	Compunetics 1.5K EE Test Box	LG Chem Power	160000064	New	2,375.00
5/27/2011	ASM-000489-AD ECN-000689 (Quote 10707)	LG Chem Power	160000079	New	5,900.00
5/27/2011	ASM-000563-AF ECN-000616	LG Chem Power	160000080	New	35,750.00
6/8/2011	Compunetics 1.5K EE Test Box	LG Chem Power	160000068	New	1,525.00
6/16/2011	Opti-Temp Chiller/Heater -Volvo -A Arena-7.7K	LG Chem Power	160000077	New	7,795.00
6/30/2011	Compunetics 1.5K EE Test Box	LG Chem Power	160000066	New	1,525.00
7/8/2011	SunMicroStampingTooling HV000149 3.4K	LG Chem Power	160000078	New	3,450.00
7/13/2011	Tekscan Pressure Sensing Pad	LG Chem Power	160000084	New	21,875.00
7/18/2011	SunMicroStampingTooling ASM001252 ECN 000814 8.5K	LG Chem Power	160000082	New	9,500.00
7/28/2011	Northern Plastics tooling ASM 000581 ECR 000079 6K	LG Chem Power	160000081	New	6,214.00
7/28/2011	Omega Bracket Wiring ASM001088, Inspec PPAP 21K	LG Chem Power	160000083	New	21,588.00
8/5/2011	Compunetics 1.5K EE Test Box	LG Chem Power	160000067	New	1,525.00

Michigan Next Energy Authority

Alternative Energy Technology Business (AETB)

NO CHANGE IN STATUS CERTIFICATION

Complete this certification if the business has received the "Alternative Energy Technology Business" designation by the authority in any previous year.

Name of Firm
Name of Authorized

I, Hyunju Siskosky hereby certify that LG Chem Power, Inc. was certified as an Alternative Energy Technology Business by the Michigan NextEnergy Authority in December of (select year ->) 2010, and that it continues to be engaged solely in the business of the research, development, and manufacturing of an Alternative Energy Technology.

Signature of Authorized Representative Enter Date Below

(Please sign this page after the entire workbook is printed.)

Michigan Next Energy Authority

Signature and Authorization Section

I am authorized by the company to complete and transmit this Personal Property Tax Exemption Request.

I certify that to the best of my knowledge information contained in this transmission is complete and accurate.
I agree that this electronic transmission may be used in lieu of a paper transmission.

The company acknowledges that any material misrepresentation of company information on this listing may render the company ineligible for a tax credit or exemption or result in the revocation of any credit or exemption agreement executed in reliance on the information contained herein.

I understand that the MEDC and MNEA may audit this listing and its supporting data under the terms of the MNEA Certification and Authorization process.

Signature of employee or paid tax services provider who completed this application form.



Date of Signature Above

11/02/2011

Signature of officer authorized by the company to apply for MNEA Tax Credit Certificates.



Date of Signature Above

11/02/2011