



## CITY COUNCIL AGENDA ITEM

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Date: August 13, 2012

To: Michael Culpepper, Acting City Manager

From: Tom Darling, Director of Finance/Administration  
Nino Licari, City Assessor

Subject: Public Hearing for the granting of an Industrial Facilities Exemption Certificate (IFEC) for US Farathane Corporation at 750 W. Maple

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### Background:

US Farathane is expanding its operations in Troy. They are applying for a 2nd IFEC at 750 W. Maple. The IFEC application qualifies for five (5) years abatement under Council's Policy Resolution #2010-08-173.

### Financial Considerations:

The initial amount of the investment is \$2,500,000. Over the five (5) year life of the abatement, the estimated total taxes would be \$95,790.53, of which \$31,942.17 would be City Taxes.

A 50% abatement amounts to a total savings to the taxpayer of \$47,895.27, of which \$15,971.09 would be abated City taxes.

### Legal Considerations:

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

### Policy Considerations:

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

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



## CITY COUNCIL AGENDA ITEM

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

### Recommendation:

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

### Options:

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

NI/nl H:IFT\US Farathane2\Memo IFEC 08.13.12

# Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of P.A. 198 of 1974, as amended. Filing is mandatory.

**INSTRUCTIONS:** File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-3272.

**RECEIVED**

To be completed by Clerk of Local Government Unit	
Signature of Clerk	Date received by Local Unit <b>JUN 26 2012</b>
STC Use Only	
Application Number	Date Received by STC <b>CITY OF TROY ASSESSING DEPT.</b>

## APPLICANT INFORMATION

All boxes must be completed.

1a. Company Name (Applicant must be the occupant/operator of the facility) <b>US FIBRENE CORPORATION</b>		1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (Four or Six Digit Code) <b>3089</b>	
1c. Address of Facility (real property or personal property location) <b>750 W. MAPLE ROAD</b>		1d. Name of City/Township/Village (Indicate which) <b>Troy</b>	1e. County <b>Oakland</b>
2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(1)) <input type="checkbox"/> Research and Development (Sec. 2(9))		3a. School District where facility is located <b>Troy</b>	3b. School Code <b>63150 200</b>
		4. Amount of years requested for exemption (1-12 Years) <b>QUALIFIES FOR 5 YRS</b> <b>(6)</b>	

5. Thoroughly describe the project for which exemption is sought: Real Property (Type of Improvements to Land, Building, Size of Addition); Personal Property (Explain New, Used, Transferred from Out-of-State, etc.) and Proposed Use of Facility. (Please attach additional page(s) if more room is needed).

**US FIBRENE (USF) WILL BE INVESTING \$2,500,000 IN INJECTION MOLDING & AUTOMATION EQUIPMENT TO SUPPORT NEW BUSINESS LAUNCHING LATE IN 2012 & IN 2013. THIS INVESTMENT WILL CREATE APPROXIMATELY 23 NEW JOBS.**

6a. Cost of land and building improvements (excluding cost of land) * Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.	Real Property Costs
6b. Cost of machinery, equipment, furniture and fixtures. * Attach itemized listing with month, day and year of beginning of installation plus total costs	<b>\$2,500,000</b> Personal Property Costs
6c. Total Project Costs * Round Costs to Nearest Dollar	<b>\$2,500,000</b> 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)	Owned	Leased
Real Property Improvements	-	-	<input type="checkbox"/>	<input type="checkbox"/>
Personal Property Improvements	<b>8/1/2012</b>	<b>12/31/2013</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption.

Yes       No

9. Number of existing jobs at this facility that will be retained as a result of this project. <b>74-82</b>	10. Number of new jobs at this facility expected to be created within two years of project completion. <b>23</b>
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11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of valuation for the entire plant rehabilitation district and obsolescence statement for property. The SEV data below must be as of December 31 of the year prior to the rehabilitation.

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

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

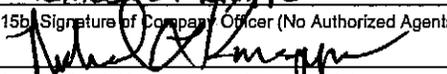
Industrial Development District       Plant Rehabilitation District

12b. Date district was established by local government unit (contact local unit) <b>July 25<sup>th</sup>, 2011</b>	12c. Is this application for a speculative building (Sec. 3(8))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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**APPLICANT CERTIFICATION - complete all boxes.**

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

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

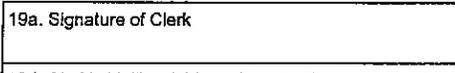
13a. Preparer Name <b>DANIEL J. THOMPSON</b>	13b. Phone Number <b>(248) 214-7497</b>	13c. Fax Number <b>(248) 269-0508</b>	13d. E-mail Address <b>DTHOMPSON@USFREATHANE.COM</b>
14a. Name of Contact Person <b>DANIEL J. THOMPSON</b>	14b. Phone Number <b>(248) 214-7497</b>	14c. Fax Number <b>(248) 269-0508</b>	14d. E-mail Address <b>DTHOMPSON@USFREATHANE.COM</b>
15a. Name of Company Officer (No Authorized Agents) <b>Richard L. Knapp</b>			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number <b>(248) 276-2601</b>	15d. Date <b>6-22-12</b>
15e. Mailing Address (Street, City, State, ZIP) <b>2700 HIGH MEADOW, ARDEN HILLS, MI 48326</b>		15f. Phone Number <b>(248) 754-7000</b>	15g. E-mail Address <b>RKNAPP@USFREATHANE.COM</b>

**LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.**

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

16. Action taken by local government unit <input type="checkbox"/> Abatement Approved for ____ Years (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> Denied (Include Resolution Denying)	16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: <b>Check or Indicate N/A if Not Applicable</b> <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input checked="" type="checkbox"/> N/A 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input checked="" type="checkbox"/> N/A 9. Speculative building resolution and affidavits (if applicable)
16a. Documents Required to be on file with the Local Unit <b>Check or Indicate N/A if Not Applicable</b> <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.	
16c. LUCI Code <b>3089</b>	16d. School Code <b>63150</b>
17. Name of Local Government Body <b>CITY OF TROY</b>	18. Date of Resolution Approving/Denying this Application

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

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

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

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

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

STC USE ONLY			
LUCI Code	Begin Date	End Date	End Date2

**US FARATHANE CORPORATION**

**2012 TAX ABATEMENT - ITEMIZED EQUIPMENT LISTING**

**TROY PLANT**

<u>Item #</u>	<u>Purchase Date</u>	<u>Asset / Equipment Description</u>	<u>Amount</u>
1.	8/01/2012	Short Shot sensor on assembly equipment (920, 932, 970)	29,725.00
2.	8/01/2012	RJG E-Dart Controller sensor - KIA AN tools	12,595.00
3.	8/01/2012	Maintenance / Tool Room - Drill Press, Pedestal Grinder, etc.	11,810.00
4.	8/01/2012	New Racks for warehouse	4,999.00
5.	8/01/2012	Valve gates - needed for KIA & Lambda	7,919.00
6.	8/01/2012	Additional Plant Radios (Increase in plant size)	2,214.00
7.	8/01/2012	Color Blenders (Presses: 129,130,131,132,133,106,128)	38,290.00
8.	8/01/2012	Purchase of new Crane for smaller Ton presses	36,000.00
9.	8/01/2012	Material feed system for new Silos	19,635.00
10.	8/01/2012	Quality Lab Equipment	9,000.00
11.	8/01/2012	Purchase of additional Presses (Various)	718,608.30
12.	8/01/2012	Required Ancillary Equipment on new Presses	487,153.00
13.	10/1/2012	Purchase of additional Assembly Equipment	686,965.00
14.	10/1/2012	Misc. Manufacturing Equipment	185,000.00
<b>TOTAL ASSET VALUE == &gt;</b>			<b><u>\$ 2,249,913.30</u></b>

**US FARATHANE CORPORATION**

**2013 TAX ABATEMENT - ITEMIZED EQUIPMENT LISTING**

**TROY PLANT**

<u>Item #</u>	<u>Purchase Date</u>	<u>Asset / Equipment Description</u>	<u>Amount</u>
1.	3/01/2013	New Material Feed System for the Troy Facility	\$ 250,000.00
<b>TOTAL ASSET VALUE == &gt;</b>			<b><u>\$ 250,000.00</u></b>

# 1<sup>st</sup> AMENDMENT TO LEASE

THIS 1<sup>st</sup> AMENDMENT TO LEASE AGREEMENT ("Amendment") is made as of this 20 day of May, 2011, by and between BOSTICK REAL ESTATE, LLC ("Landlord"), and US FARATHANE CORPORATION ("Tenant").

WHEREAS, Landlord and Tenant entered into an original Lease Agreement dated November 23, 2010 which shall be amended as follows:

1. Landlord and Tenant mutually agree to divide equally the additional cost to complete the office area renovation in excess of \$83,000.00 up to \$213,000.00, plus or minus 10% of the total estimate of \$213,000.00.
2. Landlord and Tenant mutually agree the Commencement Date of the Lease will be February 1, 2011 for all terms and conditions within the Lease Agreement, except the Landlord will pay for all utilities during the month of February 2011.
3. All other terms and conditions of said Lease Agreement remain unmodified and in full force and effect, as set forth in the Lease Agreement.

IN WITNESS WHEREOF, Landlord and Tenant have caused their duly authorized representatives to execute this Amendment as of the day and year first written above.

WITNESSES:

Paul Hoge

TENANT: US FARATHANE CORPORATION

By: Michael Knapp

Its: CFO

Date: 5-20-11

Paul Hoge

LANDLORD: BOSTICK REAL ESTATE, LLC

By: Erin Bostick

Its: Manager

Date: 5-20-11

## **NET LEASE**

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

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

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

### **SECTION 2: IMPROVEMENTS**

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

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

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

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

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

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

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

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

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

<u>Month</u>	<u>Lease Rate/SF</u>	<u>Monthly Rent</u>
01-04		
05-06		.2
07-18		.12
19-30		
31-42		
43-54		
55-66		
67-78		
79-90		

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

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

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

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

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

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

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

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

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

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

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

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

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

5.03 Any default in the payment of rent, late charges or other sums will not be considered cured unless and until the late charges and interest due hereunder are paid by Tenant to Landlord. If Tenant defaults in paying such late charges and/or interest, Landlord will have the same remedies as on default in the payment of rent. The obligation hereunder to pay late charges and interest will exist in addition to, and not in the place of, the other default provisions of this Lease.

#### **SECTION 6: TAXES, ASSESSMENTS AND UTILITIES**

6.01 Tenant agrees to pay as additional rent for the Premises all taxes and assessments, general and special, all water rates and all other governmental impositions which may be levied on the Premises or any part thereof, or on any building or improvements at any time situated thereon, during or pertaining to the Term and any extensions thereof. All such taxes, assessments, water rates and other impositions will be paid by Tenant before the accrual of interest thereon. The property taxes and assessments for the first and last years of the Term or any extension thereof, will be prorated between Landlord and Tenant so that Tenant will be responsible for any such tax or assessment attributable to the period during which Tenant has possession of the Premises. In the event any assessment is or may be payable in installments, Landlord agrees to elect to pay same in installments, and Tenant's liability therefore shall be limited to those installments attributable to the Term or the period beyond the expiration of the Term during which Tenant retains possession of the Premises. For purposes hereof, taxes and assessments shall include, but shall not be limited to, the following:

(i) any tax, assessment, water rate, fee, license fee, license tax, business license fee, commercial rental tax, levy, charge, assessment, imposition, penalty or tax imposed by any lawful taxing authority against the land, buildings and improvements presently and/or at any time during the Term comprising the Premises; (ii) any tax on the Landlord's right to receive, or the receipt of, rent or income from the Premises or against Landlord's business of leasing the Premises (excluding Landlord's income tax, franchise tax, estate or inheritance tax, and the Michigan Business Tax (including the Gross Receipts Tax) and single business tax obligation); and (iii) any tax or charge for fire protection, streets, sidewalks, road maintenance, refuse or other services provided to the Premises by any governmental agency. In addition, any reasonable costs, expenses and attorneys' fees (including the cost of tax consultants) incurred by Landlord in connection with the negotiation for reduction of the assessed valuation of the land, buildings and improvements comprising the Premises and any protest or contest of taxes shall be included in such term, provided, however, such costs,

expenses and fees shall in no event exceed the tax savings obtained as a result of such reduction in assessed valuation.

The so-called "due-date" method of proration will be used, it be presumed that taxes and assessments are payable in advance. In the event that during the Term of any extension thereof (i) the real property taxes levied or assessed against the Premises are reduced or eliminated, whether the cause is a judicial determination of unconstitutionality, a change in the nature of the taxes imposed or otherwise, and (ii) there is levied, assessed or otherwise imposed on the Landlord, in substitution for all or part of the tax thus reduced or eliminated, a tax (the "Substitute Tax") which imposes a burden upon Landlord by reason of its ownership of the Premises, then to the extent of such burden the Substitute Tax will be deemed a real estate tax for purposes of this paragraph.

6.02 Tenant agrees to pay all charges made against the Premises for gas, heat, electricity and all other utilities as and when due during the continuance of this Lease. If Landlord takes any action which causes an interruption to the heat, air conditioning, electrical current, water or gas for 48 hours, Tenant may abate and withhold rent until such conditions are rectified. Landlord shall not be liable to Tenant in damages or otherwise (i) if any utility shall become unavailable from any public utility company, public authority or any other person or entity, (ii) for any interruption or failure in a utility service (including, without limitation, any heating, ventilation or air conditioning) which is the result of circumstances beyond Landlord's reasonable control, and the same shall not constitute a termination of this Lease or an eviction of Tenant.

6.03 In the event that payment of any or all of the foregoing taxes and assessments are to be made from an escrowed fund required to be established by Landlord as Mortgagor under the terms of any first mortgage on the Premises, then Landlord will so notify Tenant. Tenant will not be required to pay directly such taxes and assessments as are paid from the escrowed fund, but will instead, as additional rent, pay to Landlord on the first day of each month of the Term an amount equal to the monthly amount required to be paid by Landlord under the terms of such first mortgage to the escrowed fund on account of such charges. If the actual taxes and assessments, when due, exceed the total amounts from time to time paid therefor by Tenant, then Tenant will pay on demand any deficiency to Landlord. If such payments by Tenant, over the Term, exceed the amount of taxes, assessments and utilities paid therefrom, such excess will be refunded by Landlord to Tenant upon demand.

6.04 Tenant shall pay, before delinquency, all taxes assessed, levied, charged or unpaid against trade fixture, furnishings, equipment or any other personal property belonging to Tenant or against any leasehold interest, right of

occupancy or any investment of Tenant in the Premises. If any of Tenant's personal property or the foregoing items are taxed with the Premises, Tenant shall pay Landlord the taxes for the personal property or such items within fifteen (15) days after Tenant receives a written statement from Landlord for such personal property taxes.

#### **SECTION 7: USE OF THE PREMISES**

7.01 The Premises during the continuance of this Lease will be used and occupied for light industrial, warehousing and related administrative office purposes only and for no other purpose without the prior written consent of Landlord. Tenant agrees that it will not use or permit any person to use the Premises or any part thereof for any use or purposes in violation of the laws of the United States, the laws, ordinances or other regulations of the State and municipality in which the Premises are located, or of any other lawful authorities. During the Term or any extended term, Tenant will keep the Premises and every part thereof and all buildings at any time situated thereon in a clean and wholesome condition and generally will comply with all lawful health and policy regulations. All signs and advertising displayed in and about the Premises will be such only as to advertise the business carried on upon the Premises. No signs will be displayed except as approved in writing by Landlord, and no awning will be installed or used on the exterior of the building unless approved in writing by Landlord. Landlord's approval shall not be unreasonably withheld.

7.02 Manner of Use. Tenant shall not cause or permit the Premises to be used in any way which constitutes a violation of any law, ordinance, or governmental regulation or order, or which constitutes nuisance or waste.

7.03 Indemnity. Tenant shall indemnify and defend Landlord against and hold Landlord harmless from any and all costs, claims or liability damage or expense, including reasonable attorneys' fees, in connection with loss of life, personal injury and/or damage to property or any other matter arising from: (a) any occurrence in, upon or at the Premises or Tenant's use of the Premises; (b) the conduct of Tenant's business or anything else done or permitted by Tenant to be done in or about the Premises; (c) any breach or default in the performance of Tenant's obligations under this Lease; (d) any misrepresentation or breach of warranty by Tenant under this Lease; or (e) other acts or omissions of Tenant. Tenant shall reimburse Landlord for any reasonable legal fees or costs incurred by Landlord in connection with any such claim. The foregoing indemnity and hold harmless agreement shall extend to the holder of any first mortgage upon Landlord's interest in the Premises. As a material part of the consideration to Landlord, Tenant hereby assumes all risk of damage to property or injury to

Applicant Name US Farathane Corp.
--------------------------------------

## Fiscal Statement (to be completed by local unit)

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

Estimated Project Investment (not assessed value):

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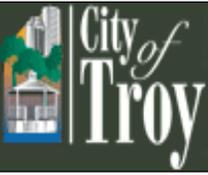
	<u>YES</u>	<u>NO</u>	<u>REMARKS</u>
1. A. Has the proper local authority reviewed the plan?	<input type="checkbox"/>	<input type="checkbox"/>	_____
B. Is the project located in a certified industrial park?	<input type="checkbox"/>	<input type="checkbox"/>	_____
C. Is this a renovation or expansion of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

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

### LOCAL UNIT CERTIFICATION

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

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

Industrial Facilities Exemption Certificate (IFEC)

LEGAL DESCRIPTION

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

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

**City of Troy - Assessing Department  
US Farathane IFEC - 2012 Application  
Estimate of Total Taxes and Tax Savings for IFEC Application**

Market Value	2,500,000	2,225,000	1,691,000	1,132,970	679,782	367,082
50% of Value	1,250,000	1,112,500	845,500	566,485	339,891	183,541
Year		<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Depreciation		0.8900	0.7600	0.6700	0.6000	0.5400
<b>Taxable Value</b>		<b>1,112,500</b>	<b>845,500</b>	<b>566,485</b>	<b>339,891</b>	<b>183,541</b>

Taxing Authority	100% of Millage	Taxes	Taxes	Taxes	Taxes	Taxes
Trans	0.59000	\$656.38	\$498.85	\$334.23	\$200.54	\$108.29
County	4.64610	\$5,168.79	\$3,928.28	\$2,631.95	\$1,579.17	\$852.75
Zoo	0.10000	\$111.25	\$84.55	\$56.65	\$33.99	\$18.35
Int Schools	3.36900	\$3,748.01	\$2,848.49	\$1,908.49	\$1,145.09	\$618.35
Comm Coll	1.58440	\$1,762.65	\$1,339.61	\$897.54	\$538.52	\$290.80
State Ed	0.00000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
School Op	0.00000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sch Debt	4.95000	\$5,506.88	\$4,185.23	\$2,804.10	\$1,682.46	\$908.53
Hold Harmless	5.55630	\$6,181.38	\$4,697.85	\$3,147.56	\$1,888.54	\$1,019.81
Admin	0.15240	\$169.54	\$128.85	\$86.33	\$51.80	\$27.97
City	10.48000	\$11,659.00	\$8,860.84	\$5,936.76	\$3,562.06	\$1,923.51
<b>Total</b>	<b>31.42820</b>	<b>\$34,963.87</b>	<b>\$26,572.54</b>	<b>\$17,803.60</b>	<b>\$10,682.16</b>	<b>\$5,768.37</b>

Total Taxes 3 Yrs \$95,790.53

**Total City Taxes 3 Yrs \$31,942.17**

50% Total Taxes 5 Yrs	\$47,895.27	Net Total Taxes Abated
50% Total City Taxes 5 yrs	\$15,971.09	Net Total City Taxes Abated
2% Total City 5 Yrs	\$319.42	Application Fee (2% total city)

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

Resolution #2010-08-173

Moved by Beltramini

Seconded by Kerwin

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

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

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

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

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

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

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

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

No: Howrylak

**MOTION CARRIED**

July 10, 2012

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 \$319.42, equal to 2% of the estimated abated City taxes for the life of the exemption for US Farathane Corporation, 754 W Maple, Troy, MI. 48084-5315

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

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

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Dated:

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

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

In consideration of approval of an Industrial Facilities Exemption Certificate (IFEC), **US Farathane Corporation**, understands that through its investment of \$2,500,000.00 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 **5** 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, 2014, **US Farathane Corporation**, will report to the Assessing Department of the City of Troy the actual cost of this project and indicate any differences and the reason for any differences in the cost or scope of the project as compared to the IFEC application submitted by the Company.
- 3.) **US Farathane Corporation**, agrees to remain within the City of Troy for the period of the Industrial Facilities Tax (IFT) abatement in order to retain the benefits of the IFT, unless permission for relocation is granted by the **City Council of the City of Troy**.

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

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

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

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

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

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

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

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

Name:

Title:

Signed: \_\_\_\_\_ (date) \_\_\_\_\_  
Janice Daniels , Mayor  
City of Troy  
500 W Big Beaver  
Troy, MI 48084-5285

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



## CITY COUNCIL AGENDA ITEM

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Date: July 23, 2012

To: Michael Culpepper, Acting City Manager

From: Tom Darling, Director of Finance/Administration  
Nino Licari, City Assessor

Subject: Announcement of Public Hearings for Industrial Facilities Exemption Certificate (IFEC) for US Farathane Corporation, at 750 W. Maple

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### Background

US Farathane Corporation has submitted an application for tax abatement for their expansion at 750 W. Maple. They intend to spend \$2,500,000 and add 23 new jobs to the 96 they currently have in Troy.

### Recommendation

There is an existing Industrial Development District (IDD) at the site. State law dictates that City Council hold a public hearing for the IFEC. This memo is the formal notification of the setting of the Public Hearing for August 13, 2012.

**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, August 13, 2012 at 7:30 P.M. to consider the granting of an Industrial Facilities Exemption Certificate (IFEC) for US Farathane Corporation, at the following location:

88-20-28-304-023 750 W Maple, Troy, MI. 48084-5315  
T2N, R11E, Section 28 part of SW 1/4

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

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M. Aileen Bittner, City Clerk

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

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

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

OAKLAND INTERMEDIATE  
SCHOOLS  
2111 PONTIAC LAKE  
WATERFORD MI 48328

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

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

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

**E - 01 Request for Consideration to Grant an Industrial Facilities Exemption Certificate (IFEC) for US Farathane Corporation – 750 W. Maple**

Suggested Resolution

Resolution # 2012-

Moved by:

Seconded by:

WHEREAS, After due notice and proper hearing, the City Council of the City of Troy on July 25, 2011, established an Industrial Development District (IDD) for property known as 750 W. Maple, Troy, MI. 48083, Parcel # 88-20-28-304-023; and

WHEREAS, An Application has been submitted by US Farathane Corporation, for an Industrial Facilities Exemption Certificate (IFEC) for personal property at 750 W. Maple, Troy, MI. 48083 for five (5) years; and

WHEREAS, After due and proper notice by the City Clerk, the City Council, on August 13, 2012, held a Public Hearing giving opportunity for comment by all taxing units as to the possibility that the granting of an Industrial Facilities Exemption Certificate (IFEC) for US Farathane Corporation, at 750 W. Maple, Troy, MI. 48083 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 US Farathane Corporation, at 750 W. Maple, Troy, MI. 48083 shall not substantially impede the operation of the City of Troy or the other taxing units, **NOR HAS IT BEEN FOUND THAT THE GRANTING** of the Industrial Facilities Exemption Certificate (IFEC) will impair the financial soundness of the City of Troy, or the other taxing units which levy taxes on said property; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **APPROVES** the application to for an Industrial Facilities Exemption Certificate (IFEC) for US Farathane Corporation, at 750 W. Maple, Troy, MI. 48083, Parcel # 88-20-28-304-023, for personal property for a term of five (5) years, after completion, **CONTINGENT** upon the execution of a Letter of Agreement between the City of Troy and US Farathane Corporation, and the payment of the fees in accordance with Public Act 198 of 1974, as amended; and

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

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

Yes:

No: