



CITY COUNCIL ACTION REPORT

July 23, 2007

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 LMS North America, 5755 New King

Background:

- LMS North America is currently located on Wilshire, in a 20,000 square foot area. In conjunction with Michigan Economic Growth Authority (MEGA) grants, they are seeking (and MEGA requires) a local match to facilitate their intention of operating their new facility at 5755 New King, a 58,476 square foot, vacant building.

LMS is an engineering innovation partner for companies in the automotive, aerospace and other advanced manufacturing industries.

They offer 1D simulation software, 3D virtual simulation software, mobile and lab testing systems, and engineering services in the areas of structural and modal analysis, motion, ride and handling, noise and vibration acoustics and durability.

Our requested local match is for an Industrial Facilities Exemption Certificate (IFEC) to be issued by the City of Troy (application attached). This is according to Public Act 198 of 1974 (as amended) and local City policy. As you will recall, this amounts to an approximate 50% reduction in personal property taxes that they would pay, over a twelve (12) year period (the total percent may be slightly higher or lower than 50%, depending on how much of the 6 mill State Education Tax the State levies).

In order to grant the IFEC, an Industrial Development District (IDD) must first be established. This District sets the boundaries wherein the exemption may exist.

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 \$840,000 for the project. Over a twelve (12) year life, the estimated total taxes are \$61,393.79, of which \$12,028.09 would be City taxes.

A 50% abatement amounts to a savings of \$30,696.89 in total taxes, of which \$6,014.05 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 newly amended tax abatement policy of the City Council of the City of Troy (Resolution #2006-06-238, attached).

City Council Goal II, "Retain and attract investment while encouraging redevelopment" is met with this expansion. LMS will lease and occupy the 5755 New King building, which is 58,476 square feet, and has been vacant since 2004.

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.

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.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	▶ Date received by Local Unit 7/6/07
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) LMS North America	▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 7372	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 5755 New King Drive, Troy, Michigan	▶ 1d. City/Township/Village (Indicate which) Troy	▶ 1e. County Oakland
▶ 2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(1)) <input type="checkbox"/> Research and Development (Sec. 2(9))	▶ 3a. School District where facility is located Troy	▶ 3b. School Code 63150
		4. Amount of years requested for exemption (1-12 Years) 12

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).

Purchased over 2 years:	3) Access Equip - \$5,000	6) Lab Equipment - \$85,000
1) New Furniture - \$390,000	4) Signage - \$20,000	7) Development / Demo Equipment - \$75,000
2) Computer / IT Systems - \$15,000	5) Quiet Chamber - \$250,000	*Details Attached

6a. Cost of land and building improvements (excluding cost of land)	▶ _____
* Attach list of improvements and associated costs.	Real Property Costs
* Also attach a copy of building permit if project has already begun.	▶ \$840,000.00
6b. Cost of machinery, equipment, furniture and fixtures	▶ _____
* Attach itemized listing with month, day and year of beginning of installation plus total costs	Personal Property Costs
6c. Total Project Costs	▶ \$840,000.00
* Round Costs to Nearest Dollar	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.

	<u>Begin Date (M/D/Y)</u>	<u>End Date (M/D/Y)</u>		
Real Property Improvements ▶	<u>7/15/07</u>	<u>9/1/07</u>	▶	<input type="checkbox"/> Owned <input checked="" type="checkbox"/> Leased
Personal Property Improvements ▶	<u>7/15/07</u>	<u>7/15/09</u>	▶	<input type="checkbox"/> Owned <input checked="" type="checkbox"/> Leased

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

▶ 9. No. of existing jobs at this facility that will be retained as a result of this project. (56) Full Time and (6) Part Time	▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. 10
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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. SEV of Personal Property (excluding inventory)	_____
c. Total SEV	_____

▶ 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))? <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.

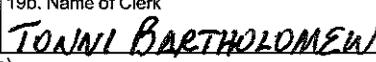
13a. Preparer Name Steven Forsberg	13b. Telephone Number (248) 952-5664	13c. Fax Number (248) 952-1610	13d. E-mail Address steven.forsberg@lmsintl.com
14a. Name of Contact Person Greg Hopton	14b. Telephone Number (248) 952-5664	14c. Fax Number (248) 952-1610	14d. E-mail Address greg.hopton@lmsintl.com
▶ 15a. Name of Company Officer (No Authorized Agents) Greg Hopton, President			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number (248) 952-1610	15d. Date 6/28/07
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 1050 Wilshire Drive, Suite 250, Troy, Michigan 48084		15f. Telephone Number (248) 952-5664	15g. E-mail Address greg.hopton@lmsintl.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 <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: Check or Indicate N/A if Not Applicable <input checked="" type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input checked="" type="checkbox"/> 2. Resolution establishing district <input checked="" type="checkbox"/> 3. Resolution approving/denying application. <input checked="" type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input checked="" type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input checked="" type="checkbox"/> 7. Equipment List with dates of beginning of installation <input checked="" type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)
16a. Documents Required to be on file with the Local Unit Check or Indicate N/A if Not Applicable <input checked="" type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input checked="" type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input checked="" type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input checked="" type="checkbox"/> 4. Lease Agreement showing applicants tax liability.	
16c. LUCI Code	16d. School Code 63150 (260-TROY)
17. Name of Local Government Body CITY OF TROY	▶ 18. Date of Resolution Approving/Denying this Application

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

19a. Signature of Clerk 	19b. Name of Clerk TONNI BARTHOLOMEW	19c. E-mail Address T.BARTHOLOMEW@TROYMI.GOV
19d. Clerk's Mailing Address (Street, City, State, ZIP Code) 500 W BIG BEAVER TROY MI 48084		
19e. Telephone Number 248 524-3316	19f. Fax Number 248 524-1170	

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

Proposal

Cost Summary

Qty	Description	Unit	Total
Work Stations			
87	Tayco Panelink work stations acoustic panels with glazing		\$218,517.91
Private offices			
13	Series 425 Laminate Casegoods Wrap around D-table 72"/30"x48" Extended corner unit 72"/24"/48" Hutch with glass and aluminium doors, 15"d x 38"h x 72"l Task lite, 48"w	1,762.45	\$22,911.82
13	Storage cabinet, 2 dr. lateral w/ glass and aluminium doors 24"d x 36"w x 69"h	1047.84	\$13,621.92
Executive Office			
1	Series 425 Lamine Casegoods Executive bow front desk 36"d x 72"l Credenza with b/b/f and f/f/ 24"d x 72"w Hutch with glass and aluminium doors, 15"d x 38"h x 72"l Task lite, 48"w	2682.14	\$2,682.14
1	Table, Round, X-Base, 42rd Storage cabinet, 2 dr. lateral w/ glass and aluminium doors 24"d x 36"w x 69"h	1047.84	\$1,047.84
1	Bookcase, 4 high, 14"d x 36"w x 64"h	225.75	\$225.75
Lateral files			
22	Fillip Metal file cabinet 3 drawer 36"w x 40"h, locking LAC 336XX	474	\$10,428.00
Conference Tables			
4	Series 425 Laminate Racetrack Conf. Table 48"w x 96"l, cylinder bases	955.8	\$3,823.20
Training Room Tables			
12	Training Room Table, laminate T base legs 24"d x 66"l	323.32	\$3,879.84
Next Page:		Sub total	\$277,138.42



LMS Engineering
Attn Rick Comiskey

06/01/07
Page 2

TVB
Systems
Furniture
Services

Proposal

Cost Summary

Qty.	Description	Unit	Total
Seating			
87	9 to 5 Logic Series seating fully functional task chair	195	\$16,965.00
14	9 to 5 Strata series mesh back chair lumbar adj.	275	\$3,850.00
28	9 to 5 Benchmark guest chair	125	\$3,500.00
24	9 to 5 Task chair	99.2	\$2,380.80
16	9 to 5 Mid Back conference chair	187.85	\$3,005.60
Total for Project			\$306,839.82
Tax			\$18,410.39
Delivery and installation non union regular hours			\$21,750.00
Total for Project			\$347,000.21

Note:

TVB Inc is not responsible for power connection to building power
Lead time on most of these products 5-6 weeks plus installation

Terms: 50% upon Acceptance
50% upon Completion

Signature of Acceptance _____

If you have any questions please give me a call.

Tom Van Blooys
TVB Inc.
Ph 616-456-9629
Fx 616-456-9041



Thank You.

LMS Engineering
Attn Rick Comiskey

06/05/07
Page 2

TVB
Systems
Furniture
Services

Proposal

Imagine Cost Summary

Qty.	Description	Unit	Total
Work Stations			
12	Tayco Panelink work stations acoustic panels with glazing	2511.7	\$30,140.40
12	9 to 5 Logic Series seating fully functional task chair	195	\$2,340.00
8	9 to 5 Mid Back conference chair	187.85	\$1,502.80
4	Fillip Metal file cabinet 3 drawer 36"w x 40"h, locking LAC 336XX	474	\$1,896.00
1	Series 425 Laminate Racetrack Conf. Table 48"w x 96"l, cylinder bases	955.8	\$955.80
Total			\$36,835.00
Tax			\$2,210.10
Delivery and installation non union regular hours			\$2,400.00
Total for Project			\$41,445.10

Note:

TVB Inc is not responsible for power connection to building power
Lead time on most of these products 5-6 weeks plus installation

Terms: 50% upon Acceptance
50% upon Completion

Signature of Acceptance _____

If you have any questions please give me a call.

Tom Van Blooys
TVB Inc.
Ph 616-456-9629
Fx 616-456-9041



Thank You.

Applicant Name LMS North America
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Fiscal Statement (to be completed by local unit)

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

Estimated Project Investment (not assessed value):

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

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

LOCAL UNIT CERTIFICATION

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

Signature	Name and Title of Local Governmental Unit Official
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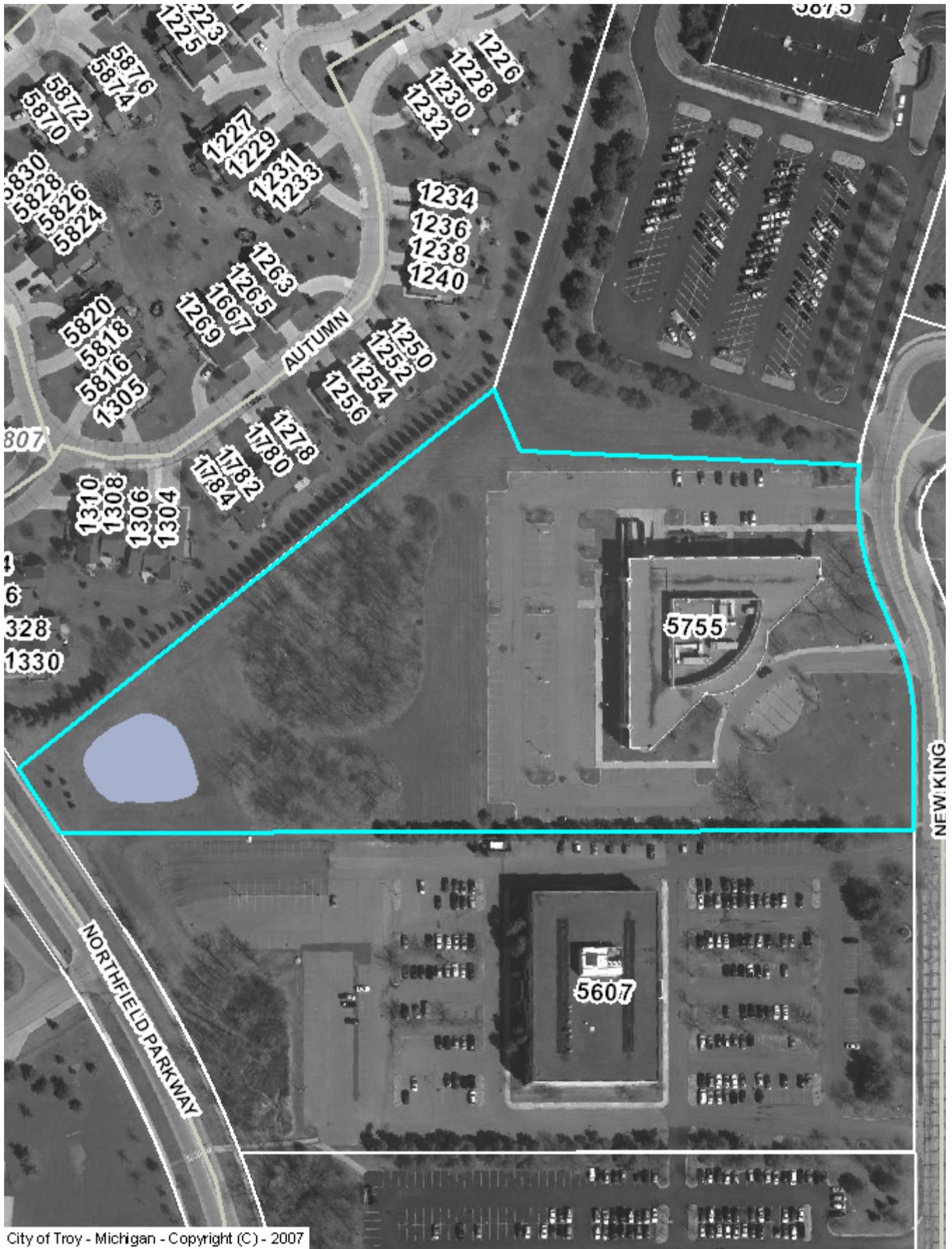
City of Troy - Assessing Department
LMS North America
Estimate of Total Taxes and Tax Savings for IFEC Application

Market Value	840,000	770,028	641,741	481,370	320,978	187,290	93,683	39,056	13,029	3,261	545	46	0
50% of Value	420,000	385,014	320,871	240,685	160,489	93,645	46,841	19,528	6,515	1,631	272	23	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		385,014	320,871	240,685	160,489	93,645	46,841	19,528	6,515	1,631	272	23	0

Taxes		Taxes											
	100% of Millage												
Trans	0.59000	\$227.16	\$189.31	\$142.00	\$94.69	\$55.25	\$27.64	\$11.52	\$3.84	\$0.96	\$0.16	\$0.01	\$0.00
County	4.64610	\$1,788.81	\$1,490.80	\$1,118.25	\$745.65	\$435.09	\$217.63	\$90.73	\$30.27	\$7.58	\$1.27	\$0.11	\$0.00
Int Schools	3.36900	\$1,297.11	\$1,081.01	\$810.87	\$540.69	\$315.49	\$157.81	\$65.79	\$21.95	\$5.49	\$0.92	\$0.08	\$0.00
Comm Coll	1.58440	\$610.02	\$508.39	\$381.34	\$254.28	\$148.37	\$74.22	\$30.94	\$10.32	\$2.58	\$0.43	\$0.04	\$0.00
State Ed	6.00000	\$2,310.08	\$1,925.22	\$1,444.11	\$962.93	\$561.87	\$281.05	\$117.17	\$39.09	\$9.78	\$1.63	\$0.14	\$0.00
School Op	18.00000	\$6,930.25	\$5,775.67	\$4,332.33	\$2,888.80	\$1,685.61	\$843.14	\$351.51	\$117.26	\$29.35	\$4.90	\$0.41	\$0.00
Sch Debt	4.13000	\$1,590.11	\$1,325.20	\$994.03	\$662.82	\$386.75	\$193.45	\$80.65	\$26.91	\$6.73	\$1.12	\$0.09	\$0.00
Admin	0.38310	\$147.50	\$122.93	\$92.21	\$61.48	\$35.88	\$17.94	\$7.48	\$2.50	\$0.62	\$0.10	\$0.01	\$0.00
City	9.43000	\$3,630.68	\$3,025.81	\$2,269.66	\$1,513.41	\$883.07	\$441.71	\$184.15	\$61.43	\$15.38	\$2.57	\$0.21	\$0.00
Total	48.13260	\$18,531.72	\$15,444.34	\$11,584.80	\$7,724.74	\$4,507.39	\$2,254.60	\$939.94	\$313.56	\$78.49	\$13.11	\$1.10	\$0.00

Total 12 Years \$61,393.79
Total City 12 Yr \$12,028.09

50% Total 12 Yr	\$30,696.89	Net Total Taxes Abated
50% Total City 12	\$6,014.05	Net Total City Taxes Abated







20-08-227-004 Use BI Print Date 4/23/2007

5755 NEW KING Nbrhd Code OFF

TROY, MI 48098 CVT CITY OF TROY (88)

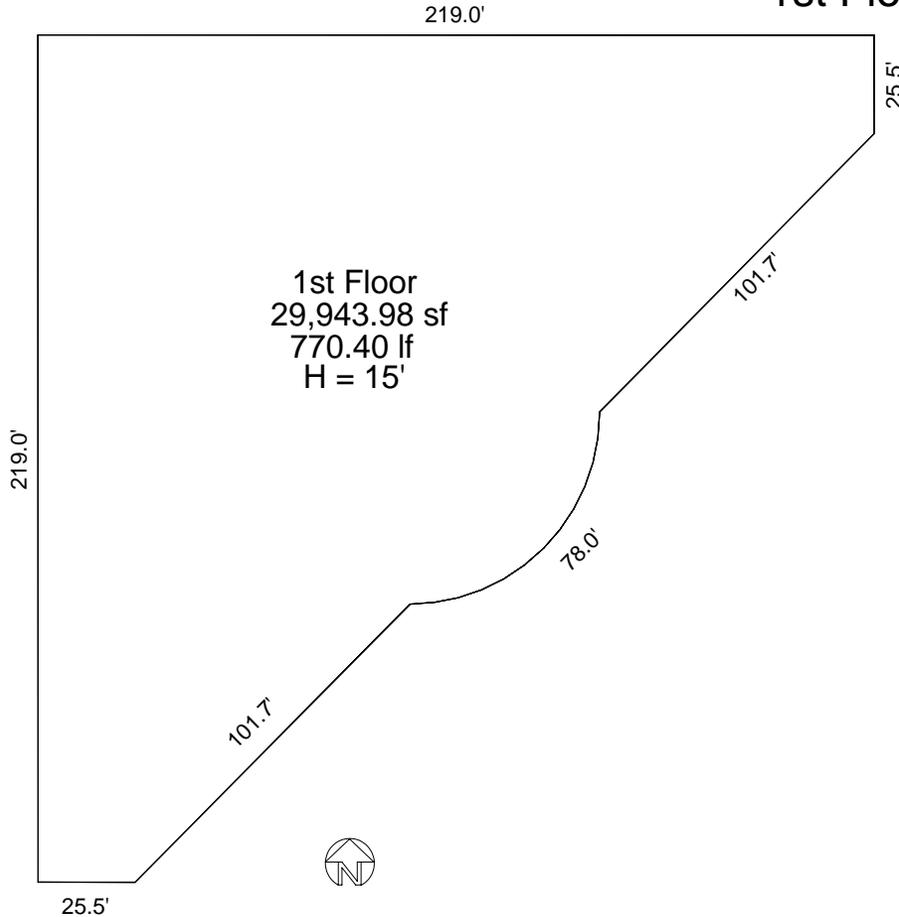


Status **Current** Improvement **1** View **Front** Photo Date **6/7/2001**
Comments **None.**



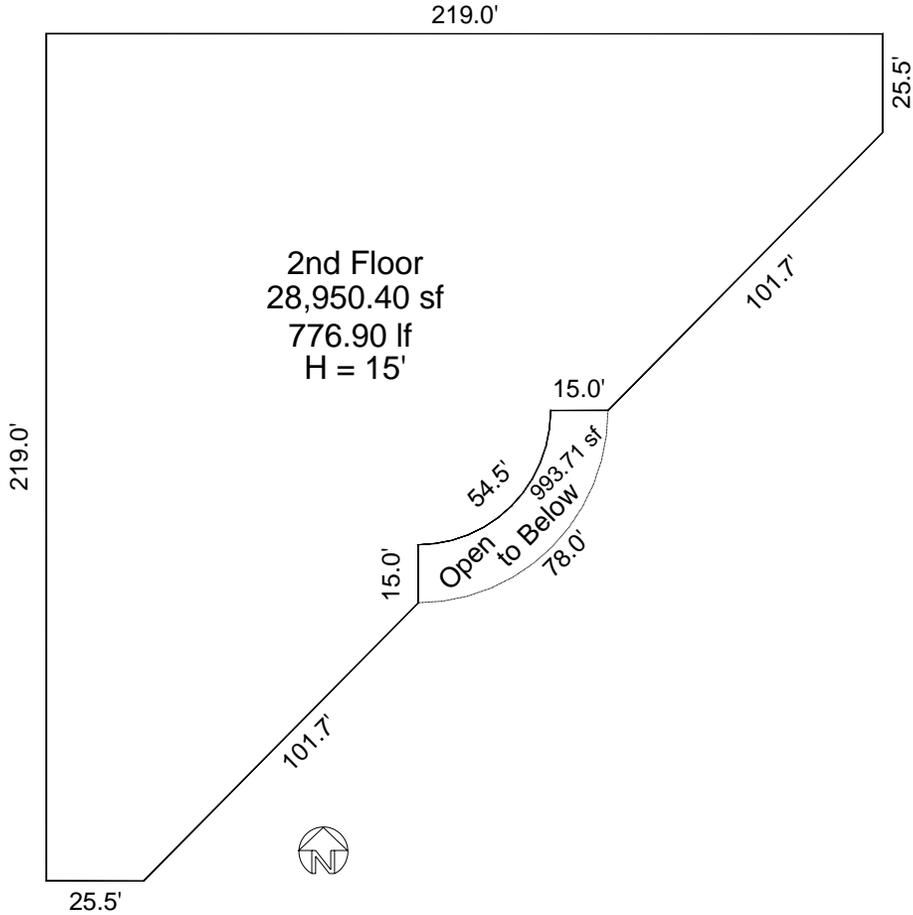
Status **Current** Improvement **1** View **Side** Photo Date **6/7/2001**
Comments **None.**

88-20-08-227-004
5755 New King
1st Floor & Summary



C Class Office
2 Stories
58,894.38 sf Total
29,447 sf Avg/FI
774 lf Avg/FI
H = 15' each
All Sprinkled
Built 1998
70,212 sf Asphalt

88-20-08-227-004
5755 New King
2nd Floor



88-20-08-227-004
5755 New King
Troy, MI 48098

Legal Description

T2N, R11E, SEC 8
PART OF NE 1/4
BEG AT PT DIST
N 02-30-26 W 1360.83 FT &
S 87-29-34 W 751.57 FT
FROM E 1/4 COR,
TH S 87-29-34 W 980.87 FT,
TH N 35-58-39 W 89.71 FT,
TH N 49-02-41 E 701.34 FT,
TH S 26-23-35 E 78.07 FT,
TH E 390.22 FT,
TH ALG CURVE TO LEFT, RAD 310 FT,
CHORD BEARS S 10-24-25 E 158.09 FT,
DIST OF 159.86 FT,
TH S 25-10-47 E 50.19 FT,
TH ALG CURVE TO RIGHT, RAD 240 FT,
CHORD BEARS S 13-50-37 E 94.35 FT,
DIST OF 94.97 FT,
TH S 02-30-26 E 127.06 FT
TO BEG 8.19 A
8/1/88 FR 228-001

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 LMS North America, 5755 New King, Troy, Michigan.

Signed, Leger (Nino) Licari, City Assessor

Dated

Signed,

Dated

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

This agreement between **LMS North America**, (“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), **LMS North America**, understands that through its investment of \$ 700,000 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 ___ years after either completion of construction of the facilities, or December 31, 2019, whichever is sooner.
- 2.) At the end of two (2) years or no later than December 31, 2009, **LMS North America** 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.) **LMS North America**, 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**.

LMS North America, 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.) **LMS North America**, 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.) **LMS North America**, 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 the Consent Judgment governing the parcel.
- 6.) By execution of the Agreement, it is understood that the Company's investment in the Project, and the City of Troy's investment in the granting of the IFEC is to encourage economic growth within the City of Troy.

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

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

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

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

Signed: _____ (date) _____

Name:

Title:

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

Signed: _____ (date) _____
Tonni L. Bartholomew
City Clerk

DEIGHAN & DEIGHAN, P.C.

ATTORNEYS & COUNSELORS AT LAW
29600 SOUTHFIELD ROAD
SECOND FLOOR
SOUTHFIELD, MICHIGAN 48076
(248) 569-7800
TELEFAX (248) 552-8640
E-mail mdeighan@timberlinere.com

MICHAEL P. DEIGHAN

OF COUNSEL
KEVIN P. DEIGHAN

July 5, 2007

Mr. Leger Licari
City Assessor
500 West Big Beaver Road
Troy, Michigan 48084

Mr. Brian Murphy
Assistant City Manager
500 West Big Beaver Road
Troy, Michigan 48084

Re: LMS North America, Inc. Lease documents

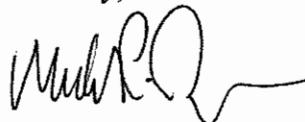
Dear Nino and Brian:

On behalf of my client, LMS North America, Inc., I am enclosing a redacted copy of its lease for its new North American headquarters building located at 5755 New King Court. The lease has been fully negotiated and approved by the landlord and executed by LMS. Copies of the lease have been forwarded to the landlord LNR Property Corporation for final processing. This administrative process generally takes a week or so to turn around. It is our hope that we can get the approvals needed from the City Council on Monday July 9 for the finalization of the economic incentive package.

Please note that the lease provides for a commencement date of September 1, 2007. LMS is looking forward to moving into its new space as soon as it can prepare the building for its occupancy. On behalf of LMS North America, we wish to thank both of you and the City of Troy for its creative efforts in putting together an economic incentive package to make this move possible.

Please do not hesitate to contact the undersigned should you require anything further.

Sincerely,



Michael P. Deighan

MPD: dm
Enclosures
cc: Greg Hopton
Rick Comiskey

F-5 Amending the Personal Property Tax Abatement for Manufacturing and Headquarter 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;

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 not 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 except 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) The applicant would document that they are Michigan Economic Growth Authority (MEGA) eligible, would be filling vacant Troy space, or will retain or expand the number of jobs 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

MOTION CARRIED

AFFIDAVIT OF MAILING & PUBLISHING

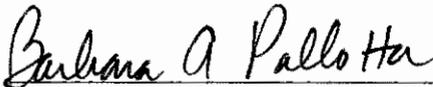
State of Michigan

County of Oakland

City of Troy

**RE: PUBLIC HEARING – City Council – Monday, July 23, 2007 at 7:30 PM
– To Consider a Request from LMS North America for the Establishment of
an Industrial Development District (IDD) at the Following Location: 5755
New King – Section 08**

I hereby certify, that the attached notice was e-mailed to the Somerset Gazette Newspapers on Wednesday, June 20, 2007 and mailed by first class mail to the attached list, on Friday, June 22, 2007.



Barbara A. Pallotta, CMC
Deputy City Clerk

PUBLISHED: Monday, June 25, 2007

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, July 23, 2007 at 7:30 P.M. to consider the request from LMS North America, for the establishment of an Industrial Development District (IDD) at the following location:

T2N, R11, E, of Section 8
Part of NE 1/4, etc.
Parcel # 88-20-08-227-004

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

Tonni L. Bartholomew, MMC
City Clerk

NOTICE: *Persons 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.*

**MICHAEL ADAMCZYK
TROY SCHOOL DISTRICT
4400 LIVERNOIS
TROY MI 48098-4799**

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

**OAKLAND INTERMEDIATE SCHOOLS
2111 PONTIAC LAKE
WATERFORD MI 48328**

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

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

**LMS NORTH AMERICA
1050 WILSHIRE STE 250
TROY MI 48084**