



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 to consider granting an Industrial Facilities Exemption Certificate (IFEC) to LMS North America, 5755 New King, Troy MI 48098

Background:

- LMS North America, is currently located on Wilshire. They intend to lease and occupy the vacant 58,476 square foot building at 5755 New King, and move their operations there.

Our requested local match is for an Industrial Facilities Exemption Certificate (IFEC) to be issued by the City of Troy. 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).

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. The company will lease and occupy an existing vacant 58,476 square foot building, and bring in an additional 10 jobs.

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

Options:

- City Council has the option of granting the Industrial Facilities Exemption Certificate for any period of one (1) to twelve (12) years, or not at all.

This is a well-established company, with many opportunities to expand, and staff recommends that the Exemption be granted for the full twelve (12) years.

AFFIDAVIT OF MAILING & PUBLISHING

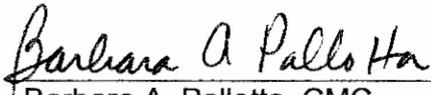
State of Michigan

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 Granting of an
Industrial Facilities Exemption Certificate (IFEC) for a Period not to Exceed
12 Years for Personal Property Located at: 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 granting of an Industrial Facilities Exemption Certificate (IFEC) for a period not to exceed 12 years, beginning December 31, 2007, for personal property located at:

T2N, R11, E, of Section 8
Part of NE ¼, 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**

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2111 PONTIAC LAKE
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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**