



## CITY COUNCIL AGENDA ITEM

---

Date: December 23, 2015

To: Brian Kischnick, City Manager

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

Subject: Revocation of Plant Rehabilitation Exemption Certificate (PREC) for Meritor Heavy Vehicles, LLC (Meritor) at 2135 W. Maple

---

### **Background:**

On January 24, 2011 City Council established an Industrial Development District (IDD) at 2135 W. Maple. At that same meeting City Council granted an Industrial Facilities Exemption Certificate (IFEC) for Personal Property investments, and a Plant Rehabilitation Exemption Certificate (PREC) for real property renovations at the site.

The PREC works by freezing the existing Taxable Value of the real property for 12 years. The rehabilitation value (\$6.4 million in this case) is then exempt for the same 12 year period, and pays no taxes. This is the benefit received by the applicant.

In this case, Meritor was agreeing to freeze their real property value for 12 years, just 1 year into the recession.

The company had until 12/31/2014 to demonstrate a good faith effort to move forward with the project. To date, no real property improvements have occurred. Investments in personal property have occurred, which would leave the IFEC in effect.

The business case for the renovations to the facility did not come to fruition. Meritor has abandoned plans for renovation and expansion. They have formally requested that their PREC be revoked, and that their frozen Taxable Value be returned to the Ad Valorem roll.

As the renovations have not proceeded in a timely matter, this request to revoke by Meritor allows both Meritor and the City to avoid a formal revocation process.

### **Recommendation:**

Staff recommends that the City Council approve the attached Resolution to Revoke.

**Nino A Licari**

---

**From:** Kilborn, Cheryl A.  
**Sent:** Monday, December 21, 2015 1:40 PM  
**To:** Nino A Licari  
**Cc:** Sohm, Krista; Williams, Octavio  
**Subject:** Industrial Facility Exemption Certificate 2011-058

To: Mr. Licari, the City of Troy Assessor

This email is written to request that the City of Troy rescind the Industrial Facility Exemption Certificate numbered 2011-058 issued to Meritor Heavy Vehicle Systems, LLC, located in the City of Troy, Oakland County, Michigan and return the property to the ad valorem roll. **Certificate # is 2011-059. NL 12.23.15**

This certificate was issued at the meeting of the Troy City Council on Oct. 31, 2011. The original request was based on Meritor pursuing an advanced engineering project for which business conditions have changed and therefore we are no longer engaged.

On behalf of Meritor, we appreciate the support of the City of Troy and the State of Michigan in helping us secure this certificate. We are requesting that this Certificate be rescinded so that this funding may be pursued by companies who qualify.

Sincerely,

Cheryl Kilborn

**MERITOR**

Cheryl Kilborn  
*Director, Corporate Communications and Public Relations*  
248.435.7907 office  
248.225.7686 mobile

Meritor, Inc.  
2135 W. Maple Road  
Troy, MI 48084  
U.S.A.

**RECEIVED**

**DEC 21 2015**

**CITY OF TROY  
ASSESSING DEPT.**

This e-mail message and any attachments may contain legally privileged, confidential or proprietary Information, or information otherwise protected by law of Meritor, Inc., its affiliates, or third parties. This notice serves as marking of its "Confidential" status as defined in any confidentiality agreements concerning the sender and recipient. If you are not the intended recipient(s), or the employee or agent responsible for delivery of this message to the intended recipient(s), you are hereby notified that any dissemination, distribution or copying of this e-mail message is strictly prohibited. If you have received this message in error, please immediately notify the sender and delete this e-mail message from your computer.

**Nino A Licari**

---

**To:** Kilborn, Cheryl A.  
**Cc:** Sohm, Krista; Williams, Octavio  
**Subject:** RE: Industrial Facility Exemption Certificate 2011-058

Ms. Kilborn,

Thank you for the communication as to the status of your tax abatement.

I will request that the City Council of the City of Troy rescind the current Plant Rehabilitation Abatement, so we may place the real property back on the ad valorem roll. I am certain that this will actually lower the taxes that Meritor is currently paying.

I hope to have this request before Council in January, and have the approved Resolution forwarded directly to the State Tax Commission for the agreement.

Feel free to contact me with any questions.

**Nino Licari | City Assessor**

---

City of Troy | 500 W. Big Beaver, Troy, MI 48084 | Office: 248.524.3305 | [troymi.gov](http://troymi.gov)  

"We believe a strong community embraces diversity, promotes innovation, and encourages collaboration. We strive to lead by example within the region. We do this because we want everyone to choose Troy as their community for life. We believe in doing government the best."