



CITY COUNCIL ACTION REPORT

October 17, 2007

TO: Phillip L. Nelson, City Manager

FROM: John M. Lamerato, Assistant City Manager-Finance/Administration
Brian Murphy, Assistant City Manager - Services
Nino Licari, City Assessor

SUBJECT: Public Hearing for Establishment of an Industrial Development District (IDD) for Seco Tools, Inc., 2805 Bellingham, Troy MI 48083

Background:

- Seco Tools, Inc., is currently located in Warren. They are a subsidiary of Seco Tools AB, a Swedish company. Their intent is to move their North American headquarters, including the Technical Training Center, the NAFTA warehouse, and all of the sales and administrative operations into a new 81,000 square foot building that they will have a long term lease for, on Bellingham, in Troy. In conjunction with Michigan Economic Development Corporation grants, they are seeking (and MEDC requires) a local match to facilitate their ability to stay in Michigan, and more particularly, Troy.

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. This percentage is not inclusive of State Education Tax (6.00 Mill) or School Operating Tax (18.00 mills). These taxes have been exempted on Personal Property of Industrial companies by the new Michigan Business Tax of 2007. The reduction in millage rates is for locally levied millages only.

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 \$6,014,028 for the project. Over a twelve (12) year life, the estimated total taxes are \$219,057.46, of which \$84,746.00 would be City taxes.

A 50% abatement amounts to a savings of \$109,528.73 in total taxes, of which \$42,373.00 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 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 re-location. Seco Tools will be occupying a new 81,000 square foot building in the SmartZone.

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
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) Seco Tools Inc.	▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 3335	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) Bellingham Drive	▶ 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).

See Attached

6a. Cost of land and building improvements (excluding cost of land)	N/A →	▶ \$8,472,300.00
* Attach list of improvements and associated costs.		Real Property Costs
* Also attach a copy of building permit if project has already begun.		▶ \$6,014,028.00
6b. Cost of machinery, equipment, furniture and fixtures		Personal Property Costs
* Attach itemized listing with month, day and year of beginning of installation plus total costs		▶ \$14,486,328.00
6c. Total Project Costs	\$ 6,014,028.00	Total of Real & Personal Costs
* Round Costs to Nearest Dollar		

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 ▶	10/31/07	8/1/08	▶ <input type="checkbox"/> Owned <input checked="" type="checkbox"/> Leased N/A
Personal Property Improvements ▶	7/1/08	9/1/10	▶ <input checked="" type="checkbox"/> Owned <input 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. 135	▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. 15
---	--

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	_____

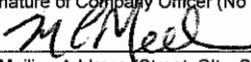
▶ 12a. Check the type of District the facility is located in:
 Industrial Development District Plant Rehabilitation District

▶ 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
--	---

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 M. L. Neel	13b. Telephone Number (586) 497-5003	13c. Fax Number (586) 497-5688	13d. E-mail Address mneel@secotools.com
14a. Name of Contact Person M. L. Neel	14b. Telephone Number (586) 497-5003	14c. Fax Number (586) 497-5688	14d. E-mail Address mneel@secotools.com
▶ 15a. Name of Company Officer (No Authorized Agents) Michael L. Neel			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number (586) 497-5688	15d. Date 10/10/07
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 11177 E 8 Mile Rd, Warren, MI 48089		15f. Telephone Number (586) 497-5003	15g. E-mail Address mneel@secotools.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 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 type="checkbox"/> 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 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 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	
17. Name of Local Government Body		16d. School Code	
		▶ 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	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
19e. Telephone Number	19f. Fax Number	

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

PROJECT DESCRIPTION

RELOCATION OF SECO TOOLS INC. NAFTA HEADQUARTERS

Seco Tools Inc. (Seco) plans to relocate the North American Headquarters of Seco Tools AB (a Swedish company) from its current location in Warren, Michigan to Troy, Michigan. Seco's headquarters consists of its Technical Training Center, its NAFTA warehouse, and all of its sales and administrative operations related to the NAFTA business. Today its headquarters operation employs over 135 employees which is expected to grow to approximately 150 employees during the next five years. It is Seco's intention to have Cunningham-Limp, as its developer, build a new 81,000 sq. ft. building on Bellingham Drive in the Automation Alley Technology Park and Seco will lease this new facility on a long-term basis (10 years with an option to renew for another 10 years). Seco feels that this area is very suitable to the high tech image that it wants to project to its NAFTA customers, distributors, and employees.

In connection with this relocation, Seco is requesting an industrial facilities tax exemption related to the personal property associated with this project. It is estimated that over \$6,000,000 in new personal property will ultimately be acquired, over \$5,000,000 being procured in 2008.

SECO TOOLS INC.

PROPOSED NEW NAFTA HEADQUARTERS AND TECHNICAL CENTER
TROY, MICHIGAN

PROJECTED REAL PROPERTY

Amounts in dollars

	<u>Amount</u>	<u>Timing</u>
<u>Shell and Core (excluding land)</u>	<u>7,920,167</u>	Aug-08
<u>Projected Improvements:</u>		
Cabling (data & voice)	262,071	Aug-08
Dedicated power PDU (computers)	136,151	Aug-08
Dedicated Liebert Cooling (computers)	68,469	Aug-08
Computer room infrastructure cabling	51,942	Aug-08
Specialty lighting & electrical	30,000	Aug-08
Compressed air piping	3,500	Aug-08
	<hr/>	
<u>Total Projected Improvements</u>	<u>552,133</u>	

N/A
MF 10/16/07

SECO TOOLS INC.

PROPOSED NAFTA HEADQUARTERS AND TECHNICAL CENTER TROY, MICHIGAN

PROJECTED PERSONAL PROPERTY

Amounts in dollars

	<u>Projected Cost</u>	<u>Beginning Installation</u>
General Building Support		
Security and life safety system	100,000	7/1/2008
Office furniture and modular construction	1,500,000	7/1/2008
Audio and video equipment	225,000	7/1/2008
Interior and exterior signage package	65,300	7/1/2008
Kitchen equipment and appliances	25,000	7/1/2008
Subtotal	<u>1,915,300</u>	
Warehouse		
Automated warehouse retrieval system	1,000,000	7/1/2008
Compactor	35,000	7/1/2008
RF technology	27,500	7/1/2008
Compressor	15,000	7/1/2008
Subtotal	<u>1,077,500</u>	
Network and Telecommunications		
Wireless connectivity equipment	35,500	7/1/2008
WAN equipment	38,000	7/1/2008
Network backbone (electronics Cisco chassis)	516,703	7/1/2008
Telephones and switch gear	431,025	7/1/2008
Subtotal	<u>1,021,228</u>	
Technical Center Machines		
Multi-Tasking Turning / Milling (1)	500,000	7/1/2008
5 Axis/High Speed Machine	500,000	7/1/2008
5 Axis/High Speed Machine	500,000	9/1/2009
5 Axis/High Speed Machine	500,000	9/1/2010
Subtotal	<u>2,000,000</u>	
<u>Total Projected Personal Property</u>	<u>6,014,028</u>	



October 2, 2007

Mr. Brian P. Murphy
Assistant City Manager
Economic Development Services
City of Troy, Michigan 48084

Dear Brian:

We appreciate the time that you and Pam Valentik spent with both Kurt Nordlund and me some weeks ago discussing our proposed plans to relocate the North American Headquarters of Seco Tools AB to Troy, Michigan. As noted during the meeting, our headquarters operation consists of our Technical Training Center, our NAFTA warehouse, and all Seco's sales and administrative operations related to the NAFTA business. Today our headquarters employs approximately 140 employees which we expect to grow to approximately 160 employees in the next five years. It is our intention to build our headquarters on Bellingham Avenue of the Automation Alley Technology Park, an area that we find to be very suitable to the high tech image that we want to project to our NAFTA customers, distributors, and employees.

We have been working with the Michigan Economic Development Corporation and Oakland County to determine if there are any incentives that maybe available to assist in solidifying the economics for remaining in Michigan and moving to Troy. Initially we were pursuing a Michigan Economic Growth Authority Employment Tax Credit, but after several discussions with the MEDC, it appears that pursuing a property tax abatement related to personal property would be a better alternative. In a letter dated August 22, 2007 (attached) Governor Granholm noted that the City of Troy has indicated that this project would qualify for personal property tax abatement.

To begin this process, Seco Tools Inc. is requesting an IFT abatement from the City of Troy related to this project. A summary of the anticipated capital investment is attached. Within the next week, it is anticipated that Form 1012 will be completed and submitted. Should additional information be required, please contact me at 586-497-5003.

We appreciate any assistance the City of Troy can offer and we are excited about relocating the NAFTA headquarters of Seco Tools AB to the City of Troy.

Sincerely,


Michael L. Neel
Secretary - Treasurer

SECO TOOLS INC.

11177 E. Eight Mile Road
Warren, MI 48089

Phone: 586-497-5000
Fax: 586-497-5602

Technical Support
Phone: 1-800-TEC-TEAM

Customer Service
Phone: 586-497-5077



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JOHN D. CHERRY, JR.
LT. GOVERNOR

August 22, 2007

Mr. Jonas Jordberg, Senior Vice President
Technology and Research and Development
Mr. Paul Lofgren, Senior Vice President
Marketing
Seco Tools AB
SE-73782 Fagersta
SWEDEN

Dear Messers Jordberg and Lofgren:

Thank you for giving the State of Michigan the opportunity to work with Seco Tools AB on your company's potential expansion in Troy. For your initial consideration, a summary follows of the incentives available in Michigan. We will work to tailor the final incentive package to meet your company's specific needs.

Michigan Economic Growth Authority (MEGA) Employment Tax Credit: For projects creating high-paying skilled jobs, Michigan can provide a revenue stream to the company to offset some of its annual operating expenses. For a tool and die company, this program requires the creation of at least 25 new jobs over 5 years with an average wage of 3 times the federal minimum wage. Assuming 25 new jobs and a \$19 million investment, the value of this incentive could be up to \$652,000 over 7 years.

Property Tax Abatements: Local property taxes on new investments in plants, machinery, and equipment can be reduced by local units of government by up to one-half for up to 12 years. The City of Troy has indicated that your project would qualify for a personal property tax abatement. Using the figures you provided of \$6 million of equipment value and assuming a 7 year tax abatement is provided by the local community, the property tax abatement is estimated to be worth up to \$124,000 on your personal property.

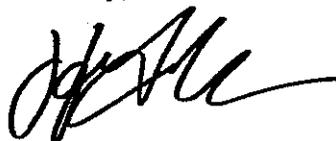
Michigan Business Tax: Recent changes to the state's business tax will provide reductions in personal property tax and business operating tax. The Michigan Business Tax will replace the Single Business Tax effective January 1, 2008. We anticipate that you will benefit from this new tax structure, as the apportionment factors are favorable to Michigan manufacturers. Additionally, the new MBT provides companies with several new tax credits that could reduce the combined tax liability under the income and net worth taxes.

- **Compensation Credit & Investment Tax Credit:** As part of the new Michigan Business Tax, companies are allowed to claim a compensation credit equal to .37% of the compensation paid in Michigan. Based on 25 new jobs at an average annual wage of \$90,000, the compensation credit for the new jobs is estimated to be worth \$62,000 over 7 years. In addition, the MBT makes available an investment tax credit (ITC) equal to 2.9% of the cost of new net capital assets located in Michigan. The ITC applies to purchases of depreciable real and personal property located in the state. Based on the timing of the investment and assuming a \$19 million investment, we estimate the ITC to be worth \$179,000.
- **Personal Property Tax Credit:** In addition to the property tax abatement savings, Michigan offers manufacturers a personal property tax credit equal to 35% of the taxes paid on industrial personal property. Also, manufacturers are exempt from paying the 6-mill State Education Tax and the 18-mill local school property tax, in effect realizing a personal property tax reduction of 65%. This is a refundable credit. Based on Seco Tool's \$6 million investment in machinery and equipment, the value of the personal property tax credit is estimated at \$317,000.
- **Machinery & Equipment Sales Tax Exemption:** Michigan offers broad exemptions for manufacturing business investment. Purchases of manufacturing machinery and equipment, as well as qualified pollution control equipment, are exempt from the Michigan 6% sales tax. Based on the information you provided, we estimate savings to Seco Tools at \$300,000.

In summary, the total potential value of your incentive package may be up to \$1,634,000. Proposed incentives are dependent on availability of funds each year through the legislative budget process. This amount is contingent upon your project meeting program requirements and being subject to an application review process.

The State of Michigan has the resources to custom design a site location and incentive package to best meet the requirements of your company. Please contact Ms. Martina Schlagwein at (517) 241-2880 with any questions you may have. I am looking forward to your company's expansion and thank you for your ongoing commitment to Michigan.

Sincerely,



Jennifer Granholm
Governor

JMG:JE

cc: Kurt Nordlund
Michael Neel

Applicant Name

Fiscal Statement (to be completed by local unit)

	YES	NO
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
---------------	-------------------	-------

	YES	NO	REMARKS
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
-----------	--



November 5, 2007

Mr. Leger A (Nino) Licari
City Assessor
500 W. Big Beaver Road
Troy, Michigan 48084-5254

Dear Nino:

For your information, attached is a copy of an acknowledgment letter signed by Kurt Nordlund, President Seco Tools Inc., as requested by James C. Epolito, President and CEO, Michigan Economic Development Corporation, related to their support for Seco Tools Inc.'s NAFTA headquarters being relocated to a new facility on Bellingham Drive in Troy.

As mentioned previously, we appreciate any assistance the City of Troy can offer and we are excited about relocating the NAFTA headquarters of Seco Tools AB to the City of Troy.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Neel", written over a horizontal line.

Michael L. Neel
Secretary - Treasurer

SECO TOOLS INC.

11177 E. Eight Mile Road
Warren, MI 48089
USA

Phone: 586-497-5000
Fax: 586-497-5602
Web: www.secotools.com

Technical Support
Phone: 1-800-TEC-TEAM

Customer Service
Phone: 586-497-5077
Fax: 586-497-5624



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

October 30, 2007

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
ASSISTANCE CENTER
517 373 9808

WWW.MICHIGAN.ORG

Mr. Kurt Nordlund
President
SECO Tools Inc.
11177 East Eight Mile Road
Warren, Michigan 48089

Dear Mr. Nordlund:

SECO Tools Inc.'s proposed project is very important to the State of Michigan and the City of Troy. The Michigan Economic Development Corporation (MEDC) would like to take this opportunity to summarize the support and commitment we are willing to provide to SECO Tools Inc., if you decide to expand your business in Michigan.

MICHIGAN BUSINESS TAX (MBT): Recent changes to the state's business tax will provide reductions in personal property tax and business operating tax. The Michigan Business Tax (MBT) will replace the Single Business Tax (SBT) effective January 1, 2008. The new MBT provides qualifying taxpayers with several new tax credits to reduce the combined tax liability under the income and net worth taxes. Some of the credits that may be available are outlined below.

MBT COMPENSATION CREDIT & INVESTMENT TAX CREDIT (ITC): As part of the new Michigan Business Tax, companies are allowed to claim a compensation credit equal to .37 percent of the compensation paid in Michigan. Based on the retention of 120 jobs and the creation of 25 new jobs over the next three years with an average wage of \$90,000, the value of the compensation credit could be \$639,000 over 12 years. In addition, the MBT makes available an investment tax credit (ITC) equal to 2.9 percent of the cost of net new capital assets located in Michigan. The ITC applies to purchases of depreciable real and personal property located in the state. Based on the timing of your investment of \$19 million, we estimate that your ITC could be worth \$551,000. You should consult with your tax preparer to confirm the actual value of your ITC.

PROPERTY TAX ABATEMENT (PA 198): The City of Troy is eligible to grant a property tax abatement of 50 percent of the state and local operating mills for a negotiated period of time. Using the figures you provided of \$6 million of equipment value and assuming a 12-year tax abatement is provided by the local community, the property tax abatement is estimated to be worth up to \$340,000. As part of Michigan's overall tax reform package, following the term of the

EXECUTIVE COMMITTEE

MATTHEW P. CULLEN

Chair
General Motors

PHILIP H. POWER

Vice-Chair
The Center for Michigan, Inc.

JAMES C. EPOLITO

President & CEO

RICHARD E. BLOUSE JR., CCE

Detroit Regional Chamber

JOHN W. BROWN

Stryker Corporation

DR. DAVID E. COLE

Center for
Automotive Research

KEITH W. COOLEY

Michigan Department of Labor &
Economic Growth

JOANN CRARY

Saginaw Futura Inc.

DR. HAIFA FAKHOURI

Arab American and
Chaldean Council

STEVEN K. HAMP

Ford Motor Company

HAYDEN H. HARRIS

EDF Ventures

PAUL HILLEGONDS

DTE Energy Company

GEORGE JACKSON JR.

Detroit Economic Growth
Corporation

MICHAEL J. JANDERNOA

Bridge Street Capital
Partners, LLC.

BIRGIT M. KLOHS

The Right Place, Inc.

F. THOMAS LEWAND

Bodman LLP

DR. IRVIN D. REID

Wayne State University

MICHAEL B. STAEBLER

Pepper Hamilton LLP

DENNIS R. TOFFOLO

Oakland County

PETER S. WALTERS

Guardian Industries Corp.

Kurt Nordlund
SECO Tools Inc.
Page 2
October 30, 2007

abatement, SECO will receive commercial personal property tax relief. Commercial personal property is exempt from 12 of 24 education mills for an average reduction of 23 percent.

STATE EDUCATION TAX ABATEMENT: Additionally, the State of Michigan offers an abatement of the entire six-mill state education tax on new real and personal property worth up to \$110,000 over the same term as the local property tax abatement. When applying for your local property tax abatement, a copy of this counter-signed letter must be attached to your "Application for Industrial Facilities Tax Exemption Certificate".

WORKFORCE RECRUITMENT: The MEDC workforce development consultant will coordinate the recruitment of your new employees through a number of programs, some of which will be available to you through local agencies. These organizations will undertake an assessment of your employment needs and recruit and screen potential employees who will then be referred to your company for a final hiring determination. Coordination with local schools, training organizations and other community contacts can be arranged. Access to an electronic database describing the skills of potential workers is available.

LOCAL AGENCY COORDINATION: Business development managers with the MEDC have developed close working relationships with economic development agencies, local governments, utility companies, and other public and private organizations engaged in economic development throughout the state. Your business development manager will coordinate your contacts with local leaders and provide ongoing assistance to your business and the local community to facilitate your site location process.

We want to attract your proposed expansion, which requires an investment of \$19 million, and will retain 120 jobs and create 25 new jobs in the next three years. The total value of this economic development package is up to \$1,640,000 in state and local resources.

Proposed incentives are dependent on availability of funds each year through the legislative budget process. This amount is contingent upon your project: (1) meeting program requirements; (2) being subject to an application review process; and (3) providing five working days notice to the MEDC in advance of any public announcement of your project locating in Michigan. Acceptance of this offer must be received by the MEDC by January 25, 2008, otherwise, the incentives and services in this letter will be subject to renegotiation.

Kurt Nordlund
SECO Tools Inc.
Page 3
October 30, 2007

We look forward to your company's continued growth in the City of Troy. If you have questions or concerns, please contact Ms. Martina Schlagwein at 586.915.6150. Ms. Schlagwein will coordinate all aspects of your company's expansion process in Michigan.

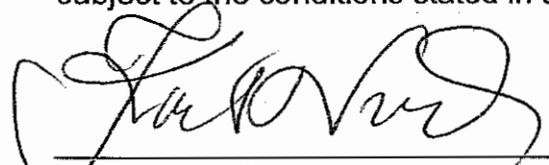
Sincerely,



James C. Epolito
President and CEO

cc: Maureen Krauss
Martina Schlagwein
Penny Launstein

The undersigned agrees to accept the above incentives and services of the MEDC subject to the conditions stated in this letter.



Mr. Kurt Nordlund
SECO Tools Inc.

1/11 07
Date

Incentive/Tax Savings Summary
 SECO Tools Inc.
 City of Troy

	Local Tax Savings	State Tax Savings	Total
MBT - Compensation Tax Credit		\$ 639,000	\$ 639,000
MBT - Investment Tax Credit		\$ 551,000	\$ 551,000
Property Tax (PA 198)	\$ 340,000		\$ 340,000
State Education Tax		\$ 110,000	\$ 110,000
EXPECTED SAVINGS	\$ 340,000	\$ 1,300,000	\$ 1,640,000
TOTAL SAVINGS*			\$ 1,640,000

* Cost Savings are estimates based on job creation, investment, and other information provided by the client.

**City of Troy - Assessing Department
Seco Tools, Inc.
Estimate of Total Taxes and Tax Savings for IFEC Application**

Market Value	6,014,028	5,513,059	4,594,584	3,446,397	2,298,058	1,340,917	670,727	279,626	93,283	23,349	3,899	326	0
50% of Value	3,007,014	2,756,530	2,297,292	1,723,199	1,149,029	670,458	335,363	139,813	46,642	11,674	1,950	163	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	
Faxable Value	2,756,530	2,297,292	1,723,199	1,149,029	670,458	335,363	139,813	46,642	11,674	1,950	163	0	
Taxes	Taxes	Taxes	Taxes	Taxes	Taxes	Taxes	Taxes	Taxes	Taxes	Taxes	Taxes	Taxes	Taxes
	100% of Millage												
Trans	0.59500	\$1,640.14	\$1,366.89	\$1,025.30	\$683.67	\$398.92	\$199.54	\$83.19	\$27.75	\$6.95	\$1.16	\$0.10	\$0.00
County	4.64610	\$12,807.11	\$10,673.45	\$8,006.15	\$5,338.50	\$3,115.02	\$1,558.13	\$649.58	\$216.70	\$54.24	\$9.06	\$0.76	\$0.00
Int Schools	3.36900	\$9,286.75	\$7,739.58	\$5,805.46	\$3,871.08	\$2,258.77	\$1,129.84	\$471.03	\$157.14	\$39.33	\$6.57	\$0.55	\$0.00
Comm Coll	1.58440	\$4,367.45	\$3,639.83	\$2,730.24	\$1,820.52	\$1,062.27	\$531.35	\$221.52	\$73.90	\$18.50	\$3.09	\$0.26	\$0.00
State Ed	0.00000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
School Op	0.00000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sch Debt	4.13000	\$11,384.47	\$9,487.82	\$7,116.81	\$4,745.49	\$2,768.99	\$1,385.05	\$577.43	\$192.63	\$48.22	\$8.05	\$0.67	\$0.00
Admin	0.38310	\$1,056.03	\$880.09	\$660.16	\$440.19	\$256.85	\$128.48	\$53.56	\$17.87	\$4.47	\$0.75	\$0.06	\$0.00
City	9.28000	\$25,580.60	\$21,318.87	\$15,991.28	\$10,662.99	\$6,221.85	\$3,112.17	\$1,297.46	\$432.83	\$108.34	\$18.09	\$1.51	\$0.00
Total	23.98760	\$66,122.53	\$55,106.52	\$41,335.40	\$27,562.44	\$16,082.69	\$8,044.56	\$3,353.78	\$1,118.82	\$280.04	\$46.77	\$3.91	\$0.00
Total 12 Years		\$219,057.46											
Total City 12 Yr		\$84,746.00											

50% Total 12 Yr	\$109,528.73	Net Total Taxes Abated
50% Total City 12	\$42,373.00	Net Total City Taxes Abated

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

Seco Tools Legal Description

88-20-26-200-088

T2N, R11E, SEC 26

OAKLAND COUNTY CONDOMINIUM PLAN NO 1623

THE AUTOMATION ALLEY TECHNOLOGY PARK TROY CONDO

UNIT 2

L32860 P101

4-23-04 FR 083

E BIG BEAVER

E BIG BEAVER

BELLINGHAM

20-1522⁵⁵

1600
20-26-200-089

1600

20-26-200-088²

2735
20-26-200-087¹

2710



October 16, 2007

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 Seco Tools, Inc., 2805 Bellingham, Troy, Michigan 48083.

Signed, Leger (Nino) Licari, City Assessor

Dated

Signed,

Dated

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

This agreement between **Seco Tools, Inc.**, (“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), **Seco Tools, Inc.**, understands that through its investment of \$ 6,014,028.00 and its qualification for Michigan Economic Development Corporation 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, 2022, whichever is sooner.
- 2.) At the end of two (2) years or no later than December 31, 2010, **Seco Tools, Inc.**, 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.) **Seco Tools, Inc.**, 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**.

Seco Tools, Inc., 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.) **Seco Tools, Inc.**, 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.) **Seco Tools, Inc.**, 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

AFFIDAVIT OF MAILING & PUBLISHING

State of Michigan

County of Oakland

City of Troy

RE: NOTICE OF PUBLIC HEARING – City Council – Monday, December 17, 2007 at 7:30 PM – For the Establishment of an Industrial Development District (IDD) – 2805 Bellingham - Section 26

I hereby certify that the attached notice was e-mailed to the Somerset Gazette Newspapers on Tuesday, November 13, 2007 and mailed by first class mail to the attached list, on Tuesday, November 13, 2007.



Barbara A. Pallotta, CMC
Deputy City Clerk

PUBLISHED: Monday, November 19, 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, December 17, 2007 at 7:30 P.M. to consider the request from Seco Tools, Inc., for the establishment of an Industrial Development District (IDD) at the following location:

T2N, R11, E, of Section 26
2805 Bellingham, Troy, Michigan 48083,
Parcel # 88-20-26-200-088

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.*

**TROY SCHOOL DISTRICT
MICHAEL ADAMCZYK
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
PATRICK DOHANY
1200 N TELEGRAPH Dept 479
PONTIAC MI 48341-0479**

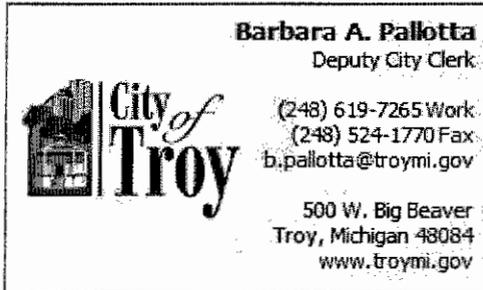
**OAKLAND COUNTY EQUALIZATION
DAVID HIEBER
250 ELIZABETH LAKE RD 1000 W
PONTIAC MI 48341**

**SECO TOOLS, INC
MICHAEL L NEEL
11177 E 8 MILE RD
WARREN MI 48089**

Barbara A Pallotta

From: Barbara A Pallotta
Sent: Tuesday, November 13, 2007 11:43 AM
To: editor@troy-somersetgazette.com
Subject: PUBLISH: November 19, 2007 20071217 IDD-Seco Tools
Attachments: Barbara A Pallotta.vcf; 20071217 IDD-Seco Tools.doc

Hi Cindy & Patti - Please publish the attached notice in the November 19th, 2007 edition of the Gazette and confirm receipt. .. Thx!



AFFIDAVIT OF MAILING & PUBLISHING

State of Michigan

County of Oakland

City of Troy

**RE: NOTICE OF PUBLIC HEARING – City Council – Monday, December
17, 2007 at 7:30 PM – For the Granting of an Industrial Facilities Exemption
Certificate (IFEC) – 2805 Bellingham - Section 26**

I hereby certify that the attached notice was e-mailed to the Somerset Gazette Newspapers on Tuesday, November 13, 2007 and mailed by first class mail to the attached list, on Tuesday, November 13, 2007.



Barbara A. Pallotta, CMC
Deputy City Clerk

PUBLISHED: Monday, November 19, 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, December 17, 2007 at 7:30 P.M. to consider the request from Seco Tools Inc., for the granting of an Industrial Facilities Exemption Certificate (IFEC) for a period not to exceed 12 years, beginning December 31, 2008, for personal property located at:

T2N, R11, E, of Section 26
2805 Bellingham, Troy, Michigan 48083,
Parcel # 88-20-26-200-088

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.*

**TROY SCHOOL DISTRICT
MICHAEL ADAMCZYK
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
PATRICK DOHANY
1200 N TELEGRAPH Dept 479
PONTIAC MI 48341-0479**

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

**SECO TOOLS, INC
MICHAEL L NEEL
11177 E 8 MILE RD
WARREN MI 48089**

Barbara A Pallotta

From: Barbara A Pallotta
Sent: Tuesday, November 13, 2007 11:45 AM
To: editor@troy-somersetgazette.com
Subject: PUBLISH: November 19, 2007 20071217 IFEC-Seco Tools
Attachments: Barbara A Pallotta.vcf; 20071217 IFEC-Seco Tools.doc

Hi Cindy & Patti - Please publish the attached notice in the November 19th, 2007 edition of the Gazette & confirm receipt of this e-mail. Thx! ~Barb



Barbara A. Pallotta
Deputy City Clerk
(248) 619-7265 Work
(248) 524-1770 Fax
b.pallotta@troymi.gov
500 W. Big Beaver
Troy, Michigan 48084
www.troymi.gov