CITY COUNCIL ACTION REPORT

February 18, 2008

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 IACNA, 750 – 800 Chicago, Troy, MI. 48083

Background:

- IACNA (International Automotive Components Group, North America) is currently located in Dearborn. They will be moving their validation/prototypes center, that does testing and development of automotive interior products into two (2) building on Chicago, 750 and 800, in Troy. They have a five (5) year lease, with additional years optional. They will be purchasing $1,906,500 in new equipment and leasehold improvements. There are also $801,745 in for tear down, and reinstallation of used equipment that is abatable. This makes the total Market Value of the abatement $2,708,245.00.

  They are requesting 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. It does now include Supplemental Millage in the calculation.

  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 $2,708,245 for the project. Over a five (5) year life, the estimated total taxes are $110,908.06, of which $35,924.65 would be City taxes.

  An abatement amounts to a savings of $55,454.03 in total taxes, of which $17,962.32 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. IACNA will be occupying a 51,376 square feet of vacant industrial space.

  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.

NL/nl H:\I.F.T.\IACNA\CouncilPakIDD PH

Michigan Department of Treasury
1012 (Rev. 5-07)

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of Public Act 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) International Automotive Components Group North America, INC.	▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 3714	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 750 & 800 Chicago Road, Troy, MI 48083	▶ 1d. City/Township/Village (indicate which) City of Troy	▶ 1e. County Oakland
▶ 2. Type of Approval Requested ☒ New (Sec. 2(4)) ☐ Transfer (1 copy only) ☐ Speculative Building (Sec. 3(8)) ☐ Rehabilitation (Sec. 3(1)) ☐ Research and Development (Sec. 2(9))	▶ 3a. School District where facility is located WARREN CONSOLIDATED	▶ 3b. School Code 50230
	4. Amount of years requested for exemption (1-12 Years) 12 Years - Personal Property	

5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed.

This facility will be IACNA's validation/prototype center that will be testing and developing IACNA's automotive interior products. The project will include the relocating of used equipment, building leasehold improvements and the purchase and installation of new machinery & equipment and furniture & fixtures estimated at $2.7 million.

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.	▶ $0.00 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	▶ $2,708,245.00 Personal Property Costs
6c. Total Project Costs * Round Costs to Nearest Dollar	▶ $2,708,245.00 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)	
Real Property Improvements ▶			▶ ☐ Owned ☒ Leased
Personal Property Improvements ▶	1/1/08	6/30/08	▶ ☐ Owned ☐ 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. 0	▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. 30

11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.

a. TV of Real Property (excluding land) _____

b. TV of Personal Property (excluding inventory) _____

c. Total TV _____

▶ 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))? ☐ Yes ☒ 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	13b. Telephone Number	13c. Fax Number	13d. E-mail Address
Kirk L. Fisher, Tax Manager	(248) 447-5540	(248) 447-1788	kfisher02@lear.com
14a. Name of Contact Person	14b. Telephone Number	14c. Fax Number	14d. E-mail Address
Kirk L. Fisher, Tax Manager	(248) 447-5540	(248) 447-1788	kfisher02@lear.com
▶ 15a. Name of Company Officer (No Authorized Agents)			
Claudia Obermueller, VP - Tax, International Automotive Components Group, North America, Inc.			
15b. Signature of Company Officer (No Authorized Agents)		15c. Fax Number	15d. Date
C. Obermueller		(313) 240-3944	11/30/07
▶ 15e. Mailing Address (Street, City, State, ZIP Code)		15f. Telephone Number	15g. E-mail Address
5300 Auto Club Drive, Dearborn, MI 48126		(313) 240-3619	cobermueller@iacna.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

☐ Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12)

After Completion ☒ Yes ☐ No

☐ Denied (Include Resolution Denying)

16a. Documents Required to be on file with the Local Unit

Check or Indicate N/A if Not Applicable

- ☒ 1. Notice to the public prior to hearing establishing a district.
- ☒ 2. Notice to taxing authorities of opportunity for a hearing.
- ☒ 3. List of taxing authorities notified for district and application action.
- ☒ 4. Lease Agreement showing applicants tax liability.

16b. The State Tax Commission Requires the following documents be filed for an administratively complete application:

Check or Indicate N/A if Not Applicable

- ☒ 1. Original Application plus attachments, and one complete copy
- ☒ 2. Resolution establishing district
- ☒ 3. Resolution approving/denying application.
- ☒ 4. Letter of Agreement (Signed by local unit and applicant)
- ☒ 5. Affidavit of Fees (Signed by local unit and applicant)
- ☐ 6. Building Permit for real improvements if project has already begun N/A
- ☒ 7. Equipment List with dates of beginning of installation
- ☒ 8. Form 3222 (if applicable)
- ☐ 9. Speculative building resolution and affidavits (if applicable) N/A

16c. LUCI Code	16d. School Code
63223	50230
17. Name of Local Government Body	▶ 18. Date of Resolution Approving/Denying this Application
CITY OF TROY	

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
	TONJI BARTHOLOMEW	T.BARTHOLOMEW@TROYMI.GOV
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
500 W BIG BEAVER TROY MI 48084		
19e. Telephone Number	19f. Fax Number	
248-524-3316	248 524-1770	

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

Michigan Department of Treasury
3222 (Rev. 6-05)

Applicant Name
International Automotive Components Group North America

Fiscal Statement (to be completed by local unit)

Is this project:	YES	NO
Real Property?	☐	☒
Personal Property?	☒	☐
Both Real and Personal Property - New Facility?	☐	☒
Both Real and Personal Property - Rehabilitation Facility?	☐	☒
Both New and Replacement Facility?	☐	☒

Estimated Project Investment (not assessed value):

Real Property	Personal Property	Total
	$2,708,245.00	$2,708,245.00

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

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
	Leger A. (Nino) Licari, City Assessor

International Automotive Components

International Automotive Components
5300 Auto Club Drive
Dearborn, MI 48126
USA

(313) 240-3000

November 29, 2007

Leger A. Licari
City Assessor
City of Troy
500 W. Big Beaver Road
Troy, MI 48084

Re: International Automotive Components Group North America, Inc. ("IACNA") – Request to Establish An Industrial Development District and for an approval of IACNA's Application for An Industrial Facilities Exemption Certificate for its new facility located at 750 & 800 Chicago Road, Troy, MI 48083

Dear Mr. Licari:

As discussed briefly this morning, IACNA plans to open a new validation/prototype center at leased facilities located at 750 and 800 Chicago Road, Troy, MI 48083 (lease documentation enclosed). The project will include relocating approximately $600,000 used machinery and equipment, building leasehold improvements and will include new capital expenditures for machinery and equipment and furniture and fixtures estimated at $2.7 million. More importantly, the project will create 30 new jobs for the City of Troy.

We look forward to discussing the project with the Council Members of the City of Troy and would appreciate your support and the support of the City of Troy Council Members in establishing an Industrial Development District and ultimately an approval of IAC's Application for An Industrial Facilities Tax Exemption Certificate.

We have enclosed one (1) original and 8 copies of our IFT application. If you have any questions or need any additional information please contact me at (248) 447-5540.

Very truly yours,

Kirk L. Fisher
Tax Manager
(248) 447-5540

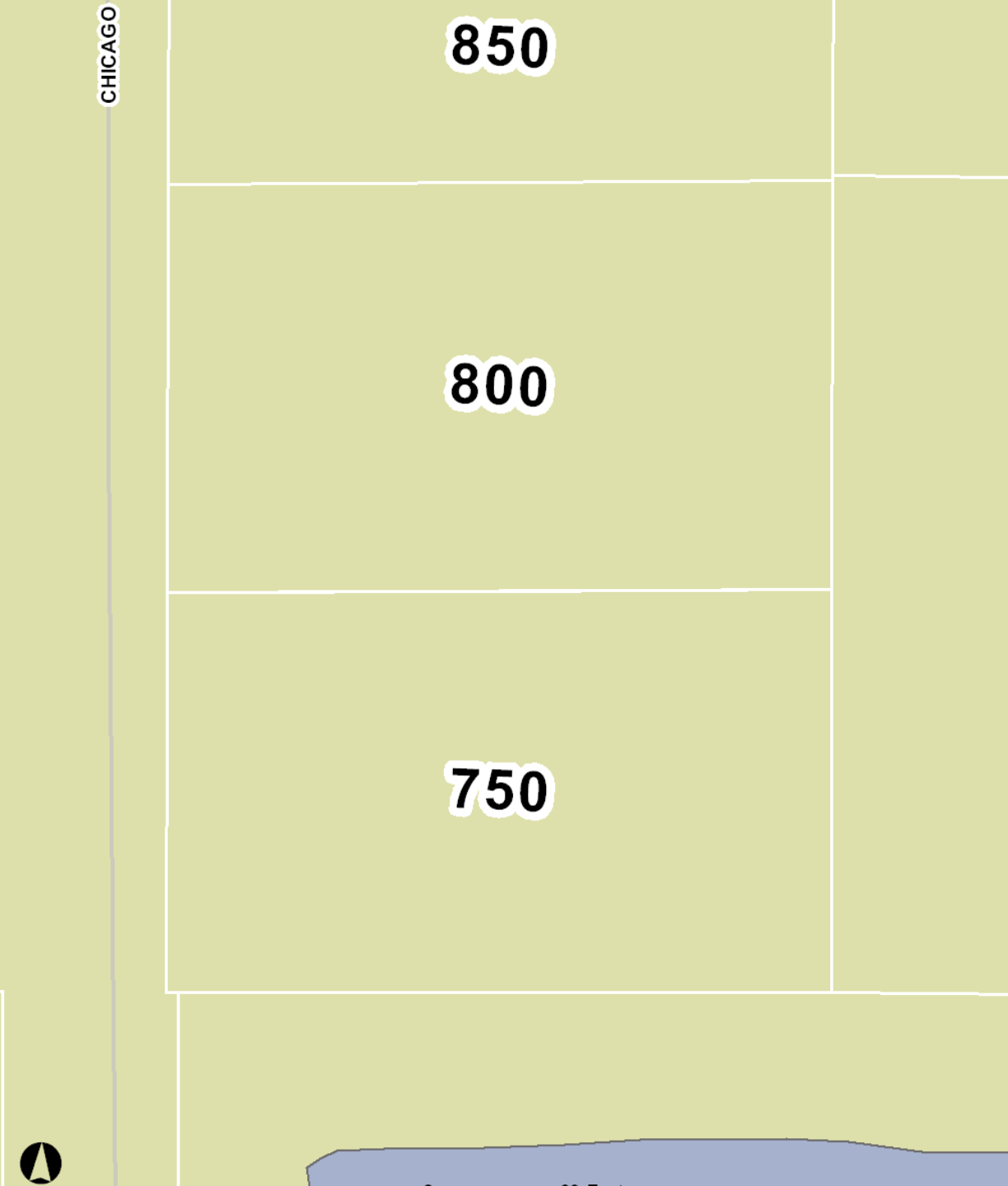
Enc.

Cc: Claudia Obermueller, VP, Tax – IACNA
Steve Delmarle, Finance Director - IACNA

88-20-35-276-003 (800)
88-20-35-276-004 (750)
WARREN CONS.

International Automotive Components Group North America, Inc.
750 & 800 Chicago Road
Troy, MI 48083

Asset Description	Capital Investment Cost	Asset Type	Installation Date	Capitalization Date
Tear Down and Set Up SHO Lab Equipment w/Certification Costs	$ 683,545.00	ME	1/1/2008	6/30/2008
Tear Down and Set Up of SHO Prototype Equipment	$ 73,200.00	ME	1/1/2008	6/30/2008
Tear Down and Set Up of Dearborn Equipment	$ 30,000.00	ME	1/1/2008	6/30/2008
Tear Down and Set Up of Robotic Cell	$ 15,000.00	ME	1/1/2008	6/30/2008
Move & Installation of Injection Molding Machine	$ 75,000.00	ME	1/1/2008	6/30/2008
Purchase and Install 2 Double Wide Chambers	$ 500,000.00	ME	1/1/2008	6/30/2008
Purchase and install Multi Axis Shaker Table	$ 150,000.00	ME	1/1/2008	6/30/2008
New Chiller / Water Systems (new Tower & Piping)	$ 185,000.00	ME	1/1/2008	6/30/2008
New Air Compressor and Lines to Equipment	$ 100,000.00	ME	1/1/2008	6/30/2008
Electrical (excluding move of equipment)	$ 275,000.00	ME	1/1/2008	6/30/2008
Electrical - Additional Power Supply	$ 200,000.00	ME	1/1/2008	6/30/2008
Concrete Work (A/Bag Pit & Tapered Floors)	$ 40,000.00	ME	1/1/2008	6/30/2008
Isolated Floors (Sound Room & Rapid Proto)	$ 2,500.00	ME	1/1/2008	6/30/2008
Foundation for Injection Molding Machine	$ 35,000.00	ME	1/1/2008	6/30/2008
Acoustical Room (includes humidity control for conditioning)	$ 80,000.00	ME	1/1/2008	6/30/2008
Dust collector installation	$ 5,000.00	ME	1/1/2008	6/30/2008
Office Furniture	$ 20,000.00	FF	1/1/2008	6/30/2008
Conf Room Furniture (includes two projectors)	$ 15,000.00	FF	1/1/2008	6/30/2008
Cubicles & Furniture	$ 54,000.00	FF	1/1/2008	6/30/2008
Lunch Room Furniture	$ 7,500.00	FF	1/1/2008	6/30/2008
Telephones	$ 45,000.00	FF	1/1/2008	6/30/2008
IT Communication Lines (LAN/WAN)	$ 75,000.00	FF	1/1/2008	6/30/2008
Additional Card readers (includes new PC)	$ 15,000.00	FF	1/1/2008	6/30/2008
New Security System	$ 25,000.00	FF	1/1/2008	6/30/2008
Floor Cleaning Machine	$ 2,500.00	ME	1/1/2008	6/30/2008
Total	***$ 2,708,245.00***			


CHICAGO
850
800
750

CHICAGO
850
800
750

Legal Descriptions For IACNA IDD and IFEC request 12/04/07

88-20-35-276-003 800 Chicago Rd, Troy MI 48083

T2N, R11E, SEC 35

SUPERVISOR'S PLAT NO 29

NLY 199.67 FT OF LOT 13

05/01/86 TRAN FR 226-082

88-20-35-276-004 750 Chicago Rd, Troy MI 48083

T2N, R11E, SEC 35

SUPERVISOR'S PLAT NO 29

LOT 13 EXC NLY 199.67 FT, ALSO

ALL OF LOT 14

05/01/86 TRAN FR 226-083

City of Troy - Assessing Department
International Automotive Components Group North America
Estimate of Total Taxes and Tax Savings for IFEC Application

Market Value	2,708,245	2,482,648	2,069,039	1,551,986	1,034,864	603,843	302,042	125,921	42,007	10,514	1,756	147	0
50% of Value	1,354,122	1,241,324	1,034,520	775,993	517,432	301,922	151,021	62,961	21,004	5,257	878	73	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		1,241,324	1,034,520	775,993	517,432	301,922	0	0	0	0	0	0	0
Taxes		**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**	**Taxes**
	100% of Millage												
Trans	0.59000	$732.38	$610.37	$457.84	$305.28	$178.13	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
County	4.64610	$5,767.32	$4,806.48	$3,605.34	$2,404.04	$1,402.76	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Int Schools	2.94300	$3,653.22	$3,044.59	$2,283.75	$1,522.80	$888.56	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Comm Coll	1.58440	$1,966.75	$1,639.09	$1,229.48	$819.82	$478.36	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$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	5.95940	$7,397.55	$6,165.12	$4,624.45	$3,083.59	$1,799.27	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Sch Debt	3.27640	$4,067.07	$3,389.50	$2,542.46	$1,695.31	$989.22	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Admin	0.37030	$459.66	$383.08	$287.35	$191.61	$111.80	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
City	9.28000	$11,519.49	$9,600.34	$7,201.22	$4,801.77	$2,801.83	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total	28.64960	$35,563.44	$29,638.57	$22,231.89	$14,824.23	$8,649.94	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

Total 5 Years	$110,908.06	
Total City 5 Yr	$35,924.65	
50% Total 12 Yr	$55,454.03	**Net Total Taxes Abated**
50% Total City 12	$17,962.32	**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 <u>not</u> 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 <u>except</u> 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

December 18, 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 IACNA, 750 – 800 Chicago, 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 **International Automotive Components Group North America, Inc. ("IACNA")**, ("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), **IACNA**, understands that through its investment of **$2,708,245** 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, 20__, whichever is sooner.

2.) At the end of two (2) years or no later than December 31, **20** , , 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.) **IACNA,** 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.

IACNA, 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.) **IACNA,** 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.) **IACNA,** 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: _____ 11/30/07
(date)

Name: Claudia Obermueller

Title: Vice President - Tax
International Automotive Components Group North America, Inc.

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

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

Note: To insure the confidentiality of the Landlord/Tenant relationship, only pertinent sections of the leases are attached.

FINAL

STANDARD FORM
INDUSTRIAL BUILDING LEASE
(SINGLE-TENANT)

1. BASIC TERMS. This Section 1 contains the Basic Terms of this Lease between Landlord and Tenant, named below. Other Sections of the Lease referred to in this Section 1 explain and define the Basic Terms and are to be read in conjunction with the Basic Terms.

1.1. Effective Date of Lease: January 1, 2008

1.2. Landlord: First Industrial, L.P., a Delaware limited partnership

1.3. Tenant: International Automotive Components Group North America, Inc., a Delaware corporation

1.4. Premises: A building commonly known as 750 Chicago Road, Troy, Michigan 48083 and containing approximately 26,709 rentable square feet, as legally described on **Exhibit A** attached hereto.

1.5. Lease Term: Five (5) years six (6) months ("**Term**"), commencing January 1, 2008 ("**Commencement Date**") and ending June 30, 2013, subject to **Section 2.3** below ("**Expiration Date**").

1.6. Permitted Uses: (See **Section 4.1**) Testing and prototype part assembly facility, automotive air bag testing, warehouse, and related office use; provided that if any assignee or sublessee of Tenant desires to use the Premises for another use, Landlord will not unreasonably withhold its consent.

1.7. Tenant's Guarantor: None

1.8. Brokers: (See **Section 23**; if none, so state): (A) Tenant's Broker: CB Richard Ellis and (B) Landlord's Broker: CB Richard Ellis

1.9. Security/Damage Deposit: (See **Section 4.3**) $0

1.10. Exhibits to Lease: The following exhibits are attached to and made a part of this Lease. (If none, so state): A (legal description); B (Tenant Operations Inquiry Form); C (Landlord's Work), D (Confirmation of Commencement Date), E (Broom Clean Condition and Repair Requirements), and F (Form of Confidentiality Agreement); Rider 1 (Option to Renew); Rider 2 (Termination Right).

2. LEASE OF PREMISES; RENT.

2.1. Lease of Premises for Lease Term. Landlord hereby leases the Premises to Tenant, and Tenant hereby rents the Premises from Landlord, for the Term and subject to the conditions of this Lease.

2.2. Types of Rental Payments. Tenant shall pay net base rent to Landlord in monthly installments, in advance, on the first day of each and every calendar month during the Term of this Lease (the "**Base Rent**") in the amounts and for the periods as set forth below:

Rental Payments

Lease Period	Base Rent for referenced Lease Period	Monthly Base Rent
January 1, 2008 – December 31, 2008	Confidential	
January 1, 2009 – February 28, 2009		
March 1, 2009 – December 31, 2009		
January 1, 2010 – February 28, 2010		
March 1, 2010 – December 31, 2010		

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January 1, 2011 – February 28, 2011

March 1, 2011 – December 31, 2011

January 1, 2012 – June 30, 2013

Confidential

Tenant shall also pay all Operating Expenses (defined below) and any other amounts owed by Tenant hereunder (collectively, "**Additional Rent**"). In the event any monthly installment of Base Rent or Additional Rent, or both, is not paid within 10 days of the date when due, a late charge in an amount equal to 5% of the then delinquent installment of Base Rent and/or Additional Rent (the "**Late Charge**"; the Late Charge, Default Interest, as defined in **Section 22.3** below, Base Rent and Additional Rent shall collectively be referred to as "**Rent**"), shall be paid by Tenant to Landlord, c/o First Industrial, L.P., 75 Remittance Drive, Suite 1475, Chicago, Illinois 60675-1475, or if sent by overnight courier, First Industrial, L.P., Suite 1475, The Northern Trust Co., 350 North Orleans Street, Receipt and Dispatch 8th Floor, Chicago, IL 60654 (or such other entity designated as Landlord's management agent, if any, and if Landlord so appoints such a management agent, the "**Agent**"), or pursuant to such other directions as Landlord shall designate in this Lease or otherwise in writing. Notwithstanding this paragraph to the contrary, Landlord will not charge Tenant a Late Charge for the first time in each calendar year during the Term in which a Late Charge would otherwise be payable.

2.3. **Covenants Concerning Rental Payments; Initial and Final Rent Payments**. Tenant shall pay the Rent promptly when due, without notice or demand, and without any abatement, deduction or setoff. No payment by Tenant, or receipt or acceptance by Agent or Landlord, of a lesser amount than the correct Rent shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or letter accompanying any payment be deemed an accord or satisfaction, and Agent or Landlord may accept such payment without prejudice to its right to recover the balance due or to pursue any other remedy available to Landlord. If the Commencement Date occurs on a day other than the first day of a calendar month, the Rent due for the first calendar month of the Term shall be prorated on a per diem basis (based on a 360 day, 12 month year) and paid to Landlord on the Commencement Date, and the Term will be extended to terminate on the last day of the calendar month in which the Expiration Date stated in **Section 1.5** occurs.

2.4. **Net Lease**. Except as may be expressly and specifically provided otherwise in this Lease, this is an absolutely net lease to Landlord. Except as may be expressly and specifically provided otherwise in this Lease, it is the intent of the parties hereto that the Base Rent payable under this Lease shall be an absolutely net return to Landlord and that Tenant shall pay all costs and expenses relating to the ownership and operation of the Premises and the business carried on therein, unless otherwise expressly provided to the contrary in this Lease. Any amount or obligation relating to the Premises that is not expressly declared (under this Lease) to be that of Landlord shall be deemed to be an obligation of Tenant to be performed by Tenant, at Tenant's expense. It is the intention of the parties hereto that the obligations of Tenant hereunder shall be separate and independent covenants and agreements, that the Base Rent and the Additional Rent shall continue to be payable in all events, and that the obligations of Tenant hereunder shall continue unaffected in all events, unless the requirement to pay or perform the same shall have been terminated pursuant to an express provision of this Lease. Notwithstanding anything to the contrary contained above in this **Section 2.4**, Tenant retains a separate and independent right to sue Landlord or seek equitable remedies against Landlord with respect to any claim Tenant may have against Landlord or in any way relating to this Lease or the Premises; provided, however, any judgment, order or injunction or equitable relief granted in favor of Tenant shall not abate, be set-off against, reduce or otherwise affect Tenant's obligation to pay Base Rent or Additional Rent or terminate or suspend this Lease or reduce, defer or otherwise affect any Tenant's obligations hereunder.

3. OPERATING EXPENSES.

3.1. **Definitional Terms Relating to Additional Rent**. For purposes of this Section and other relevant provisions of the Lease:

3.1.1. **Operating Expenses**. The term "**Operating Expenses**" shall mean all of the following: (i) the actual (not to exceed) market-based premiums for the insurance policies that Landlord obtains pursuant to Section 10.1 of this Lease, all reasonable out of pocket administrative costs incurred in connection with the procurement and implementation of such insurance policies, and up to $50,000 of all deductibles paid by Landlord pursuant to insurance policies required to be maintained by Landlord under this Lease; (ii) management fees to Landlord or Agent in an amount equal to $0; (iii) Taxes, as hereinafter defined in Section

3.1.2; (iv) dues, fees or other costs and expenses, of any nature, due and payable to any association or comparable entity to which Landlord, as owner of the Premises, is a member or otherwise belongs and that governs or controls any aspect of the ownership and operation of the Premises; and (v) any real estate taxes and common area maintenance expenses levied against, or attributable to, the Premises under any declaration of covenants, conditions and restrictions, reciprocal easement agreement or comparable arrangement that encumbers and benefits the Premises and other real property (e.g. a business park).

3.1.2. Taxes. The term "**Taxes**," as referred to in **Section 3.1.1(iii)** above shall mean (i) all governmental taxes, assessments, fees and charges of every kind or nature (other than Landlord's income taxes and transfer taxes in connection with Landlord's transfer of the Premises), whether general, special, ordinary or extraordinary, due at any time or from time to time, during the Term and any extensions thereof, in connection with the ownership, leasing, or operation of the Premises, or of the personal property and equipment located therein or used in connection therewith, provided, that Tenant shall be permitted to pay property assessments in installment payments over the longest period permitted or agreed to (without any penalty or additional charge) by the state or local municipality and Tenant shall be responsible for only those installments due during the Term; and (ii) any reasonable expenses incurred by Landlord in contesting such taxes or assessments and/or the assessed value of the Premises in an amount not to exceed, in any one Operating Year the amount by which the assessed value of the Premises is reduced as a result of the contest. For purposes hereof, Tenant shall be responsible for any Taxes that are due and payable at any time or from time to time during the Term and for any Taxes that are assessed, become a lien, or accrue during any Operating Year, which obligation shall survive the termination or expiration of this Lease. Taxes for the first and last years of the Term, as may be extended, will be appropriately prorated and Landlord shall be responsible for payment of the portion of Taxes applicable to the periods preceding the Commencement Date and following the Expiration Date. Notwithstanding anything in this section 3.1.2 to the contrary, Landlord represents and warrants to Tenant that as of the Effective Date of Lease, there are currently no special assessments and Landlord has not received any notice of any pending special assessments to be levied against the Premises.

3.1.3. **Operating Year**. The term "**Operating Year**" shall mean the calendar year commencing January 1st of each year (including the calendar year within which the Commencement Date occurs) during the Term.

3.2. **Payment of Operating Expenses**. Tenant shall pay, as Additional Rent and in accordance with the requirements of **Section 3.3**, all of the Operating Expenses, as set forth in **Section 3.3**. Additional Rent commences to accrue upon the Commencement Date. The Operating Expenses payable hereunder for the Operating Years in which the Term begins and ends shall be prorated to correspond to that portion of said Operating Years occurring within the Term. The Operating Expenses and any other sums due and payable under this Lease shall be adjusted upon receipt of the actual bills therefor, and the obligations of this **Section 3** shall survive the termination or expiration of the Lease.

3.3. **Payment of Additional Rent**. Landlord shall have the right to reasonably estimate the Operating Expenses for each Operating Year. Upon Landlord's or Agent's notice to Tenant of such estimated amount, Tenant shall pay, on the first day of each month during that Operating Year, an amount (the "**Estimated Additional Rent**") equal to the estimate of the Operating Expenses divided by 12 (or the fractional portion of the Operating Year remaining at the time Landlord delivers its notice of the estimated amounts due from Tenant for that Operating Year). If the aggregate amount of Estimated Additional Rent actually paid by Tenant during any Operating Year is less than Tenant's actual ultimate liability for Operating Expenses for that particular Operating Year, Tenant shall pay the deficiency within 30 days of Landlord's written demand therefor. If the aggregate amount of Estimated Additional Rent actually paid by Tenant during a given Operating Year exceeds Tenant's actual liability for such Operating Year, the excess shall be credited against the Estimated Additional Rent next due from Tenant during the immediately subsequent Operating Year, except that in the event that such excess is paid by Tenant during the final Lease Year, then upon the expiration of the Term, Landlord or Agent shall pay Tenant the then-applicable excess promptly after determination thereof. Tenant shall have the right to review Landlord's calculation pertaining to Landlord's annual reconciliation of Operating Expense upon Tenant's written request made within ninety (90) days after Landlord delivers its annual Operating Expenses reconciliation for a particular Operating Year. Landlord shall, upon Tenant's request, provide copies of Landlord's general ledger and/or invoices. If after such a review (which review Tenant shall complete within thirty (30) after Tenant receives the requested documents) Tenant reasonably believes that any such calculations are in error and Landlord and Tenant are unable to agree on the amount to be paid by Tenant within 30 days after Tenant notifies Landlord of a presumed error, Tenant and Landlord shall each designate a certified public accountant of their choosing and the two accountants so chosen shall designate a third certified public accountant to serve as arbitrator of the dispute, which arbitrator shall not charge for its services on a contingent fee basis. The arbitrator's decision as to the amount to be paid by Tenant shall be binding upon the parties. Landlord and Tenant shall each bear one-half (1/2) of the expense incurred under this Section in determining the amount to be paid by Tenant; provided, however, that if the arbitrator determines that Tenant has overpaid its required Operating Expenses of the Operating Year in question by more than five percent (5%), then Landlord shall reimburse Tenant for up to $2,500 of Tenant's out of pocket expenses incurred under this Section in determining the amount of Operating

FINAL

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(SINGLE-TENANT)

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1.1. Effective Date of Lease: January 1, 2008

1.2. Landlord: First Industrial, L.P., a Delaware limited partnership

1.3. Tenant: International Automotive Components Group North America, Inc., a Delaware corporation

1.4. Premises: A building commonly known as 800 Chicago Road, Troy, Michigan 48083 and containing approximately 24,340 rentable square feet, as legally described on **Exhibit A** attached hereto.

1.5. Lease Term: Five (5) years six (6) months ("**Term**"), commencing January 1, 2008 ("**Commencement Date**") and ending June 30, 2013, subject to **Section 2.3** below ("**Expiration Date**").

1.6. Permitted Uses: (See **Section 4.1**) Testing and prototype part assembly facility, automotive air bag testing, warehouse, and related office use; provided that if any assignee or sublessee of Tenant desires to use the Premises for another use, Landlord will not unreasonably withhold its consent.

1.7. Tenant's Guarantor: None

1.8. Brokers: (See **Section 23**; if none, so state): (A) Tenant's Broker: CB Richard Ellis and (B) Landlord's Broker: CB Richard Ellis

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2.2. Types of Rental Payments. Tenant shall pay net base rent to Landlord in monthly installments, in advance, on the first day of each and every calendar month during the Term of this Lease (the "**Base Rent**") in the amounts and for the periods as set forth below:

Rental Payments

Lease Period	Base Rent for referenced Lease Period	Monthly Base Rent
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January 1, 2010 – February 28, 2010		
March 1, 2010 – December 31, 2010		

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January 1, 2011 – February 28, 2011

March 1, 2011 – December 31, 2011

January 1, 2012 – June 30, 2013

Confidential

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3. OPERATING EXPENSES.

3.1. **Definitional Terms Relating to Additional Rent.** For purposes of this Section and other relevant provisions of the Lease:

3.1.1. **Operating Expenses.** The term "**Operating Expenses**" shall mean all of the following: (i) the actual (not to exceed) market-based premiums for the insurance policies that Landlord obtains pursuant to Section 10.1 of this Lease, all reasonable out of pocket administrative costs incurred in connection with the procurement and implementation of such insurance policies, and up to $50,000 of all deductibles paid by Landlord pursuant to insurance policies required to be maintained by Landlord under this Lease; (ii) management fees to Landlord or Agent in an amount equal to $0; (iii) Taxes, as hereinafter defined in Section

3.1.2; (iv) dues, fees or other costs and expenses, of any nature, due and payable to any association or comparable entity to which Landlord, as owner of the Premises, is a member or otherwise belongs and that governs or controls any aspect of the ownership and operation of the Premises; and (v) any real estate taxes and common area maintenance expenses levied against, or attributable to, the Premises under any declaration of covenants, conditions and restrictions, reciprocal easement agreement or comparable arrangement that encumbers and benefits the Premises and other real property (e.g. a business park).

3.1.2. Taxes. The term "**Taxes**," as referred to in **Section 3.1.1(iii)** above shall mean (i) all governmental taxes, assessments, fees and charges of every kind or nature (other than Landlord's income taxes and transfer taxes in connection with Landlord's transfer of the Premises), whether general, special, ordinary or extraordinary, due at any time or from time to time, during the Term and any extensions thereof, in connection with the ownership, leasing, or operation of the Premises, or of the personal property and equipment located therein or used in connection therewith, provided, that Tenant shall be permitted to pay property assessments in installment payments over the longest period permitted or agreed to (without any penalty or additional charge) by the state or local municipality and Tenant shall be responsible for only those installments due during the Term; and (ii) any reasonable expenses incurred by Landlord in contesting such taxes or assessments and/or the assessed value of the Premises in an amount not to exceed, in any one Operating Year the amount by which the assessed value of the Premises is reduced as a result of the contest. For purposes hereof, Tenant shall be responsible for any Taxes that are due and payable at any time or from time to time during the Term and for any Taxes that are assessed, become a lien, or accrue during any Operating Year, which obligation shall survive the termination or expiration of this Lease. Taxes for the first and last years of the Term, as may be extended, will be appropriately prorated and Landlord shall be responsible for payment of the portion of Taxes applicable to the periods preceding the Commencement Date and following the Expiration Date. Notwithstanding anything in this section 3.1.2 to the contrary, Landlord represents and warrants to Tenant that as of the Effective Date of Lease, there are currently no special assessments and Landlord has not received any notice of any pending special assessments to be levied against the Premises.

3.1.3. Operating Year. The term "**Operating Year**" shall mean the calendar year commencing January 1st of each year (including the calendar year within which the Commencement Date occurs) during the Term.

3.2. Payment of Operating Expenses. Tenant shall pay, as Additional Rent and in accordance with the requirements of **Section 3.3**, all of the Operating Expenses, as set forth in **Section 3.3**. Additional Rent commences to accrue upon the Commencement Date. The Operating Expenses payable hereunder for the Operating Years in which the Term begins and ends shall be prorated to correspond to that portion of said Operating Years occurring within the Term. The Operating Expenses and any other sums due and payable under this Lease shall be adjusted upon receipt of the actual bills therefor, and the obligations of this **Section 3** shall survive the termination or expiration of the Lease.

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AFFIDAVIT OF MAILING & PUBLISHING

State of Michigan

County of Oakland

City of Troy

RE: NOTICE OF PUBLIC HEARING – CITY COUNCIL – Monday, February 18, 2008 at 7:30 PM – To Consider a Request for the establishment of an Industrial Development District (IDD) from IACNA – 800 Chicago Rd. & 750 Chicago Rd. – Section 35

I hereby certify that the attached notice was e-mailed to the Somerset Gazette Newspapers on Wednesday, January 30, 2008 and mailed by first class mail to the attached list, on Wednesday, January 30, 2008.

Barbara A. Pallotta

Barbara A. Pallotta, CMC
Deputy City Clerk

PUBLISHED: Monday, February 4, 2008

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, February 18, 2008 at 7:30 P.M. to consider the request from IACNA, for the establishment of an Industrial Development District (IDD) at the following location:

Parcel #88-20-35-276-003 - 800 Chicago Rd, Troy, MI. 48083
T2N, R11E, Section 35
and
Parcel #88-20-35-276-004 - 750 Chicago Rd, Troy, MI. 48083
T2N, R11E, Section 35

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: *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 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.*

WARREN CONSOLIDATED SCHOOLS
31300 ANITA
WARREN MI 48093-1697

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

MACOMB INTERMEDIATE SCHOOLS
44001 GARFIELD
CLINTON TWSHP MI 48038-1100

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

INTERNATIONAL AUTOMOTIVE
COMPONENTS GROUP
750 CHICAGO
TROY MI 48083

Formatted for Avery 5160 & 5960

Barbara A Pallotta

From: Barbara A Pallotta
Sent: Wednesday, January 30, 2008 9:02 AM
To: editor@troy-somersetgazette.com
Subject: PUBLISH: February 4, 2008 20080218 IDD-IACNA-Renotice
Attachments: Barbara A Pallotta.vcf; 20080218 IDD-IACNA-Renotice.doc

Hi Cindy & Patti,
Please publish the attached notice in the February 4, 2008 edition of the Gazette & confirm receipt of this e-mail. Thx!

Barbara A. Pallotta
Deputy City Clerk

City of Troy

(248) 619-7265 Work
(248) 524-1770 Fax
b.pallotta@troymi.gov

500 W. Big Beaver
Troy, Michigan 48084
www.troymi.gov