



CITY COUNCIL ACTION REPORT

August 25, 2008

TO: Phillip L. Nelson, City Manager

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

SUBJECT: Public Hearing for Establishment of an Industrial Development District (IDD) for EcoMotors, International, 1055 W Square Lake

Background:

- EcoMotors, International is requesting the creation of an Industrial Development District (IDD) at 1055 W. Square Lake, in order to apply for an Industrial Facilities Exemption Certificate (IFEC), for tax abatement at the same location.

EcoMotors has licensed with Advanced Propulsion Technologies (APT) to further develop for commercial use, the Opposed-Piston-Opposed-Cylinder (OPOC) engine that was developed for Military use.

Their intent is to have a mid size demonstrator automobile, achieving 100 miles per gallon, out by February of 2010.

They are a very well funded firm, intent on hiring the best engineers in the area, and have specifically targeted this area for the sheer volume of engineering expertise that are no longer working in the automobile industry.

They currently have 7 employees in Troy, and another 7 in California. They plan to add 157 new jobs to Troy with this project.

They intend to occupy the 30,000 square foot engineering building at 1055 W. Square Lake (formerly occupied by Hi-Lex).

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 \$3,548,100 for the project. Over a twelve (12) year life, the estimated total taxes are \$157,714.59, of which \$49,997.65 would be City taxes.

A 50% abatement amounts to a savings of \$78,857.29 in total taxes, of which \$24,998.83 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 expansion.

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 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 <div style="text-align: right; font-size: 1.2em;">06/12/08</div>
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) EcoMotors International	▶ 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) 1055 W. Square Lake, Troy, MI 48098	▶ 1d. City/Township/Village (indicate which) City of 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. 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.

The planned technical facility will house the technical research staff and laboratories for EcoMotors International. At maturity the center will providemaore than 160 new jobs, have a laboratory that will include at least 2 dynamometer cells, and a garage facility that will have 4-6 hoists. See attachments for additional details.

6a. Cost of land and building improvements (excluding cost of land)	▶ <u>\$0.00</u>
* Attach list of improvements and associated costs.	Real Property Costs
* Also attach a copy of building permit if project has already begun.	▶ <u>\$3,548,100.00</u>
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	▶ <u>\$3,548,100.00</u>
6c. Total Project Costs	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.

	Begin Date (M/D/Y)	End Date (M/D/Y)	
Real Property Improvements ▶	<u>12/1/08</u>	<u>12/31/10</u>	▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements ▶	<u>6/1/08</u>	<u>12/31/10</u>	▶ <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. 7	▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. 157
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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)

8/25/08

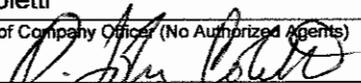
▶ 12c. Is this application for a speculative building (Sec. 3(8))?

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 O. John Coletti	13b. Telephone Number (248) 643-8399	13c. Fax Number	13d. E-mail Address john.coletti@ecomotors.com
14a. Name of Contact Person Curt Brainard	14b. Telephone Number (248) 675-0925	14c. Fax Number	14d. E-mail Address curt@cbbusinesssolutions.co
▶ 15a. Name of Company Officer (No Authorized Agents) O. John Coletti			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number	15d. Date 6-1-08
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 2401 W Big Beaver Rd, Troy, Mi 48084		15f. Telephone Number (248) 643-8399	15g. E-mail Address john.coletti@ecomotors.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 <u>N/A</u> Yrs Real (1-12), ___ Yrs Pers (1-12) After Completion <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Denied (Include Resolution Denying)	16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Check or Indicate N/A if Not Applicable <input checked="" type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input checked="" type="checkbox"/> 2. Resolution establishing district <input checked="" type="checkbox"/> 3. Resolution approving/denying application. <input checked="" type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input checked="" type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input checked="" type="checkbox"/> 7. Equipment List with dates of beginning of installation <input checked="" type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)
16a. Documents Required to be on file with the Local Unit Check or indicate N/A if Not Applicable <input checked="" type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input checked="" type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input checked="" type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input checked="" type="checkbox"/> 4. Lease Agreement showing applicants tax liability. <u>N/A</u>	
16c. LUCI Code <u>3714</u>	16d. School Code <u>63150</u>
17. Name of Local Government Body <u>CITY OF TROY</u>	▶ 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 <u>TONNI L BARTHOLDMEW</u>	19c. E-mail Address <u>T.BARTHOLDMEW@TROYMI.GOV</u>
19d. Clerk's Mailing Address (Street, City, State, ZIP Code) <u>500 W BIG BEAVER TROY MI 48084-5254</u>		
19e. Telephone Number <u>248 524-3316</u>	19f. Fax Number <u>248 524-1770</u>	

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

EcoMotors Technical Center

Investment Summary

(Note: All figures @2008 economics)

Office Area	2008	2009	2010	TOTAL
Computers	105.0	21.0	88.2	214.2
Office Furniture Modules	93.0	18.6	78.1	189.7
Communication Equipment	22.5	4.5	19.2	46.2
Computer Support Equipment	15.6	3.0	12.6	31.2
Reproduction Equipment	8.4	1.8	5.4	15.6
Service Equipment	4.3	3.0	4.8	12.1
PDAs	3.9	1.5	6.3	11.7
Cell Phones	5.0	1.2	5.0	11.3
Office Subtotal \$(000)	\$ 257.8	\$ 54.6	\$ 219.7	532.0

Lab Facility	2008	2009	2010	TOTAL
Transient Dynamometer	0.0	0.0	461.3	461.3
Dyno Cells *	133.0	133.0	164.0	430.0
Dyno Instrumentation	103.0	77.0	231.0	411.0
Test Equipment	30.8	66.6	205.1	302.5
Eddy Current Dynamometer	0.0	256.0	0.0	256.0
Design Aid Facilities *	51.0	51.0	51.0	153.0
Fabrication Equipment	61.5	31.0	61.6	154.1
Engine Build Equipment	31.0	31.0	62.0	124.0
Measurement Equipment	25.7	30.8	51.2	107.7
Water Brake Dynamometer	0.0	103.0	0.0	103.0
Design Aid Equipment	31.0	26.0	26.0	83.0
Engine Build Facility *	21.0	21.0	42.0	84.0
Engine Teardown Facility *	15.4	15.4	30.8	61.6
Engine Teardown Equipment	10.3	10.3	20.6	41.2
Lab Facility Subtotal \$(000)	\$ 513.7	\$ 852.1	\$ 1,406.6	2,772.4

Garage Facility	2008	2009	2010	TOTAL
Secure Storage Facility *	0.0	30.8	30.8	61.6
Fuel Handling Systems *	0.0	41.0	0.0	41.0
Site Preparation *	20.5	20.5	0.0	41.0
Hoists	0.0	15.4	23.1	38.5
Exhaust System *	0.0	30.8	0.0	30.8
Fire Systems *	0.0	30.8	0.0	30.8
Garage Facility Subtotal \$(000)	\$ 20.5	\$ 169.3	\$ 53.9	\$ 243.7

GRAND TOTAL \$(000)	\$ 792.0	\$ 1,076.0	\$ 1,680.2	\$ 3,548.1
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* Categorized as Building Improvements on Line 6a of application>>>>

\$ 933.8

**EcoMotors International Technical Center
Projected Investment by Calendar Month**

(Note: All figures @2008 economics)

\$(000)

		Office	Lab	Garage	Total
2008	June	10.6	-	-	10.6
	July	37.0	-	-	37.0
	August	-	-	-	-
	September	68.0	41.0	-	109.0
	October	32.9	-	-	32.9
	November	55.3	-	-	55.3
	December	53.9	472.7	20.5	547.1
		\$ 257.8	\$ 513.7	\$ 20.5	\$ 792.0

		Office	Lab	Garage	Total
2009	January	10.0	256.0	35.9	301.9
	February	-	-	102.6	102.6
	March	1.8	-	-	1.8
	April	10.0	240.8	-	250.8
	May	-	-	-	-
	June	1.8	-	-	1.8
	July	10.0	195.6	23.1	228.7
	August	-	-	-	-
	September	1.2	159.7	-	160.9
	October	19.9	-	7.7	27.6
	November	-	-	-	-
	December	-	-	-	-
		54.6	852.1	169.3	1,076.0

		Office	Lab	Garage	Total
2010	January	44.7	-	15.4	60.1
	February	-	-	-	-
	March	25.2	-	-	25.2
	April	50.8	502.7	7.7	561.2
	May	-	-	-	-
	June	1.8	-	-	1.8
	July	51.4	610.8	23.1	685.3
	August	-	-	-	-
	September	12.0	61.6	-	73.6
	October	33.8	-	7.7	41.5
	November	-	-	-	-
	December	-	231.5	-	231.5
		219.7	1,406.6	53.9	1,680.2

TOTAL	\$ 532.0	\$ 2,772.4	\$ 243.7	\$ 3,548.1
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EcoMotors International
Summary of Personal Property Investment by Month Put in Service

Year	Month	Area	Item Description	Total Item Costs	Monthly Totals
2008	June	Office Area	Computers	4,200	\$ 10,620
			Office Furniture Module	3,720	
			Cell Phones	2,400	
			PDAs	300	
2008	July	Office Area	Computers	12,600	\$ 37,020
			Office Furniture Module	11,160	
			Computer Support Equipment	7,800	
			Communication Equipment	4,500	
			Service Equipment	720	
			Cell Phones	240	
2008	September	Office Area	Office Furniture Module	37,200	\$ 109,040
			Computers	12,600	
			Communication Equipment	9,000	
			Reproduction Equipment	4,200	
			PDAs	2,400	
			Service Equipment	2,160	
			Cell Phones	480	
		Lab Facility	Fabrication Equipment	41,000	
2008	October	Office Area	Computers	12,600	\$ 32,880
			Office Furniture Module	11,160	
			Computer Support Equipment	7,800	
			Cell Phones	720	
			PDAs	600	

EcoMotors International
Summary of Personal Property Investment by Month Put in Service

2008	November	Office Area	Computers	21,000	\$ 55,320
			Office Furniture Module	18,600	
			Communication Equipment	9,000	
			Reproduction Equipment	4,200	
			Service Equipment	1,440	
			PDAs	600	
			Cell Phones	480	
2008	December	Office Area	Computers	42,000	\$ 547,080
			Office Furniture Module	11,160	
			Cell Phones	720	
	Lab Facility	Dyno Cells	133,000		
		Dyno Instrumentation	103,000		
		Design Aid Facilities	51,000		
		Design Aid Equipment	31,000		
		Engine Build Equipment	31,000		
		Test Equipment	30,800		
		Measurement Equipment	25,700		
		Engine Build Facility	21,000		
		Fabrication Equipment	20,500		
		Engine Teardown Facility	15,400		
		Engine Teardown Equipment	10,300		
Garage Facility	Site Preparation	20,500			
2009	January	Office Area	Computers	4,200	\$ 301,860
			Office Furniture Module	3,720	
			Communication Equipment	900	
			Computer Support Equipment	600	
			PDAs	300	
			Cell Phones	240	
		Lab Facility	Eddy Current Dynamometer	256,000	
		Garage Facility	Site Preparation	20,500	
Secure Storage Facility	15,400				

EcoMotors International
Summary of Personal Property Investment by Month Put in Service

2009	February	Garage Facility	Fuel Handling Systems	41,000	\$ 102,600
			Exhaust System	30,800	
			Fire Systems	30,800	
2009	March	Office Area	Service Equipment	1,800	\$ 1,800
2009	April	Office Area	Computers	4,200	\$ 250,760
			Office Furniture Module	3,720	
			Communication Equipment	900	
			Computer Support Equipment	600	
			PDA's	300	
			Cell Phones	240	
		Lab Facility	Dyno Cells	133,000	
			Dyno Instrumentation	77,000	
			Measurement Equipment	30,800	
2009	June	Office Area	Reproduction Equipment	1,800	\$ 1,800
2009	July	Office Area	Computers	4,200	\$ 228,660
			Office Furniture Module	3,720	
			Communication Equipment	900	
			Computer Support Equipment	600	
			PDA's	300	
			Cell Phones	240	
		Lab Facility	Test Equipment	66,600	
			Design Aid Facilities	51,000	
			Engine Build Equipment	31,000	
			Design Aid Equipment	26,000	
			Engine Build Facility	21,000	
		Garage Facility	Secure Storage Facility	15,400	
			Hoists	7,700	

EcoMotors International
Summary of Personal Property Investment by Month Put in Service

2009	September	Office Area	Service Equipment	1,200	\$ 160,900
		Lab Facility	Water Brake Dynamometer	103,000	
			Fabrication Equipment	31,000	
			Engine Teardown Facility	15,400	
			Engine Teardown Equipment	10,300	
2009	October	Office Area	Computers	8,400	\$ 27,620
			Office Furniture Module	7,440	
			Communication Equipment	1,800	
			Computer Support Equipment	1,200	
			PDA's	600	
			Cell Phones	480	
		Garage Facility	Hoists	7,700	
2010	January	Office Area	Computers	21,000	\$ 60,100
			Office Furniture Module	18,600	
			Service Equipment	2,400	
			PDA's	1,500	
			Cell Phones	1,200	
		Garage Facility	Secure Storage Facility	15,400	
2010	March	Office Area	Communication Equipment	14,400	\$ 25,200
			Computer Support Equipment	7,200	
			Reproduction Equipment	3,600	

EcoMotors International
Summary of Personal Property Investment by Month Put in Service

2010	April	Office Area	Computers	25,200	\$ 561,160
			Office Furniture Module	22,320	
			PDAs	1,800	
			Cell Phones	1,440	
		Lab Facility	Dyno Instrumentation	231,000	
			Dyno Cells	164,000	
			Test Equipment	92,300	
			Fabrication Equipment	15,400	
Garage Facility	Hoists	7,700			
2010	June	Office Area	PDAs	1,800	\$ 1,800
2010	July	Office Area	Computers	25,200	\$ 685,260
			Office Furniture Module	22,320	
			Service Equipment	2,400	
			Cell Phones	1,440	
		Lab Facility	Transient Dynamometer	461,300	
			Design Aid Facilities	51,000	
			Engine Build Equipment	31,000	
			Design Aid Equipment	26,000	
			Engine Build Facility	21,000	
			Fabrication Equipment	20,500	
Secure Storage Facility	Secure Storage Facility	15,400			
	Hoists	7,700			
2010	September	Office Area	Computer Support Equipment	5,400	\$ 73,600
			Communication Equipment	4,800	
			Reproduction Equipment	1,800	
		Lab Facility	Measurement Equipment	25,600	
			Engine Teardown Facility	15,400	
			Engine Teardown Equipment	10,300	
			Fabrication Equipment	10,300	

EcoMotors International
Summary of Personal Property Investment by Month Put in Service

2010	October	Office Area	Computers	16,800	\$ 41,540
			Office Furniture Module	14,880	
			PDAs	1,200	
			Cell Phones	960	
		Garage Facility	Hoists	7,700	
2010	December	Lab Facility	Test Equipment	112,800	\$ 231,500
			Engine Build Equipment	31,000	
			Measurement Equipment	25,600	
			Engine Build Facility	21,000	
			Engine Teardown Facility	15,400	
			Fabrication Equipment	15,400	
			Engine Teardown Equipment	10,300	

EcoMotors International
Personal Property Investment by Item Description

Description	Area	Qty	Cost Ea.	Total	Year	Month	Annual Totals	Item Totals
Cell Phones	Office Area	10	240	2,400	2008	June	5,040	11,280
		1	240	240		July		
		2	240	480		September		
		3	240	720		October		
		2	240	480		November		
		3	240	720		December		
		1	240	240	2009	January	1,200	
		1	240	240		April		
		1	240	240		July		
		2	240	480		October		
		5	240	1,200	2010	January	5,040	
		6	240	1,440		April		
		6	240	1,440		July		
4	240	960	October					
Communication Equipment	Office Area	1	4,500	4,500	2008	July	22,500	46,200
		1	9,000	9,000		September		
		1	9,000	9,000		November		
		1	900	900	2009	January	4,500	
		1	900	900		April		
		1	900	900		July		
		1	1,800	1,800	2010	October	19,200	
		1	14,400	14,400		March		
		1	4,800	4,800		September		
Computer Support Equipment	Office Area	1	7,800	7,800	2008	July	15,600	31,200
		1	7,800	7,800		October		
		1	600	600	2009	January	3,000	
		1	600	600		April		
		1	600	600		July		
		2	600	1,200	2010	October	12,600	
		1	7,200	7,200		March		
		1	5,400	5,400		September		

EcoMotors International
Personal Property Investment by Item Description

Computers	Office Area	1	4,200	4,200	2008	June	105,000	214,200
		3	4,200	12,600		July		
		3	4,200	12,600		September		
		3	4,200	12,600		October		
		5	4,200	21,000		November		
		10	4,200	42,000		December		
		1	4,200	4,200	2009	January	21,000	
		1	4,200	4,200		April		
		1	4,200	4,200		July		
		2	4,200	8,400		October		
		5	4,200	21,000	2010	January	88,200	
		6	4,200	25,200		April		
		6	4,200	25,200		July		
		4	4,200	16,800		October		

EcoMotors International
Personal Property Investment by Item Description

Office Furniture Module	Office Area	1	3,720	3,720	2008	June	93,000	189,720
		3	3,720	11,160		July		
		10	3,720	37,200		September		
		3	3,720	11,160		October		
		5	3,720	18,600		November		
		3	3,720	11,160		December		
		1	3,720	3,720	2009	January	18,600	
		1	3,720	3,720		April		
		1	3,720	3,720		July		
		2	3,720	7,440		October		
		5	3,720	18,600	2010	January	78,120	
		6	3,720	22,320		April		
		6	3,720	22,320		July		
		4	3,720	14,880		October		
PDAs	Office Area	1	300	300	2008	June	3,900	
		8	300	2,400		September		
		2	300	600		October		
		2	300	600		November		
		1	300	300	2009	January	1,500	
		1	300	300		April		
		1	300	300		July		
		2	300	600		October		
		5	300	1,500	2010	January	6,300	
		6	300	1,800		April		
		6	300	1,800		June		
		4	300	1,200		October		
Reproduction Equipment	Office Area	1	4,200	4,200	2008	September	8,400	
		1	4,200	4,200		November		
		1	1,800	1,800	2009	June	1,800	
		1	3,600	3,600	2010	March	5,400	
		1	1,800	1,800		September		

EcoMotors International
Personal Property Investment by Item Description

Service Equipment	Office Area	1	720	720	2008	July	4,320	12,120
		3	720	2,160		September		
		2	720	1,440		November		
		3	600	1,800	2009	March	3,000	
		2	600	1,200		September		
		1	2,400	2,400	2010	January	4,800	
		1	2,400	2,400		July		
Design Aid Equipment	Lab Facility	1	31,000	31,000	2008	December	31,000	83,000
		1	26,000	26,000	2009	July	26,000	
		1	26,000	26,000	2010	July	26,000	
Design Aid Facilities	Lab Facility	1	51,000	51,000	2008	December	51,000	153,000
		1	51,000	51,000	2009	July	51,000	
		1	51,000	51,000	2010	July	51,000	
Dyno Cells	Lab Facility	1	133,000	133,000	2008	December	133,000	430,000
		1	133,000	133,000	2009	April	133,000	
		1	164,000	164,000	2010	April	164,000	
Dyno Instrumentation	Lab Facility	1	103,000	103,000	2008	December	103,000	411,000
		1	77,000	77,000	2009	April	77,000	
		1	231,000	231,000	2010	April	231,000	
Eddy Current Dynamometer	Lab Facility	1	256,000	256,000	2009	January	256,000	256,000
Engine Build Equipment	Lab Facility	1	31,000	31,000	2008	December	31,000	124,000
		1	31,000	31,000	2009	July	31,000	
		1	31,000	31,000	2010	July	62,000	
		1	31,000	31,000		December		
Engine Build Facility	Lab Facility	1	21,000	21,000	2008	December	21,000	84,000
		1	21,000	21,000	2009	July	21,000	
		1	21,000	21,000	2010	July	42,000	
		1	21,000	21,000		December		
Engine Teardown Equipment	Lab Facility	1	10,300	10,300	2008	December	10,300	41,200
		1	10,300	10,300	2009	September	10,300	
		1	10,300	10,300	2010	September	20,600	
		1	10,300	10,300		December		

EcoMotors International
Personal Property Investment by Item Description

Engine Teardown Facility	Lab Facility	1	15,400	15,400	2008	December	15,400	61,600
		1	15,400	15,400	2009	September	15,400	
		1	15,400	15,400	2010	September	30,800	
		1	15,400	15,400		December		
Fabrication Equipment	Lab Facility	1	41,000	41,000	2008	September	61,500	154,100
		1	20,500	20,500		December		
		1	31,000	31,000	2009	September	31,000	
		1	15,400	15,400	2010	April	61,600	
		1	20,500	20,500		July		
		1	10,300	10,300		September		
		1	15,400	15,400		December		
Measurement Equipment	Lab Facility	1	25,700	25,700	2008	December	25,700	107,700
		1	30,800	30,800	2009	April	30,800	
		1	25,600	25,600	2010	September	51,200	
		1	25,600	25,600		December		
Test Equipment	Lab Facility	1	30,800	30,800	2008	December	30,800	302,500
		1	66,600	66,600	2009	July	66,600	
		1	92,300	92,300	2010	April	205,100	
		1	112,800	112,800		December		
Transient Dynamometer	Lab Facility	1	461,300	461,300	2010	July	461,300	461,300
Water Brake Dynamometer	Lab Facility	1	103,000	103,000	2009	September	103,000	103,000
Exhaust System	Garage Facility	1	30,800	30,800	2009	February	30,800	30,800
Fire Systems	Garage Facility	1	30,800	30,800	2009	February	30,800	30,800
Fuel Handling Systems	Garage Facility	1	41,000	41,000	2009	February	41,000	41,000

EcoMotors International
Personal Property Investment by Item Description

Hoists	Garage Facility	1	7,700	7,700	2009	July	15,400	38,500
		1	7,700	7,700		October		
		1	7,700	7,700	2010	April	23,100	
		1	7,700	7,700		July		
		1	7,700	7,700		October		
Secure Storage Facility	Garage Facility	1	15,400	15,400	2009	January	30,800	61,600
		1	15,400	15,400		July		
		1	15,400	15,400	2010	January	30,800	
		1	15,400	15,400		July		
Site Preparation	Garage Facility	1	20,500	20,500	2008	December	20,500	41,000
		1	20,500	20,500	2009	January	20,500	

Applicant Name EcoMotors International

Fiscal Statement (to be completed by local unit)

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

Estimated Project Investment (not assessed value):

Real Property	Personal Property	Total
---------------	-------------------	-------

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

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

LOCAL UNIT CERTIFICATION

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

Signature Leger A. (Nino) Licari	Name and Title of Local Governmental Unit Official
---	--



EcoMotors

INTERNATIONAL™

May 1, 2008

Leger (Nino) Licari
City Assessor
City of Troy
500 W Big Beaver Rd
Troy, MI 48084-5254

cc: Brian Murphy
Lynda Earhart
Pamela Valentik

Subject: Letter of Intent

Ref: EcoMotors International meeting with the City of Troy on May 1, 2008

Dear Nino,

The purpose of this letter is to confirm our intention to locate our technical facility in Troy, Michigan. In addition, please be advised that we will be requesting personal property tax abatements for this facility and associated equipment.

Thank you for your consideration and support.

Regards,

O. John Coletti
President/COO

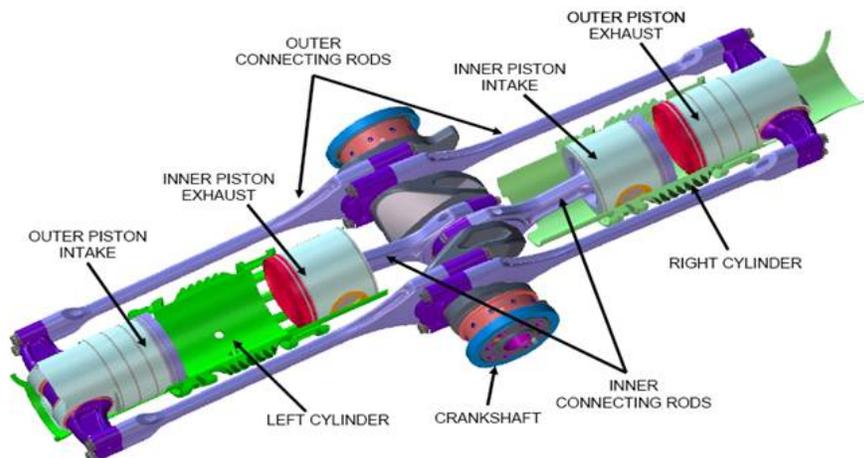


EcoMotors International was incorporated in the State of Delaware on January 9, 2008. Khosla Ventures (Menlo Park, CA) became the lead investor on February 9, 2008. Near-term, EcoMotors will build a company to commercialize the Opposed-Piston-Opposed-Cylinder (OPOC) engine technology, with the near-term objective of building, by February of 2010, a demonstrator vehicle capable of achieving 100mpg.

The OPOC engine is a new mechanical power system. The design is based on the Opposed Piston Opposed Cylinder engine that was developed for the military by Advanced Propulsion Technologies (APT). EcoMotors has entered into a License Agreement with APT under which further development of the OPOC technology for commercial applications will proceed.

The base design (shown below) is highly flexible and can be:

- Adapted to utilize any combustion system (i.e. compression ignition, spark ignition, etc.)
- Operated on a wide variety of fuels
- Sized for a wide array of product lines



EcoMotors is currently headquartered in Troy, Michigan, with a staff of 7 management and product development engineers. In addition to the Troy facilities, the company has an R&D center in Goleta, California, which also currently employs 7 people.

With the recent approval of a \$6.3MIL MEGA Tax Credit, EcoMotors plans to construct a new Technical Center in Troy Michigan. With a capital investment exceeding \$7MIL and creation of approximately 156 new jobs, EcoMotors will put in place the technical team and facilities necessary to develop the demonstrator vehicle, and to spearhead the development of large scale commercialization of the product as early as 2011/12.

June 2008



1201

1187

W SQUARE LAKE

W SQUARE LAKE

1055



CROOKS



**Legal Description for : 88-20-08-226-002
1055 W Square Lake
EcoMotors**

**T2N, R11E, SEC 5 & 8
PART OF SE 1/4 SEC 5 &
PART OF NE 1/4 SEC 8
BEG AT PT DIST
S 87-05-55 W 125 FT
FROM NE COR OF SEC 8,
TH S 02-30-26 E 241.27 FT,
TH ALG CURVE TO LEFT,
RAD 2973.79 FT, CHORD BEARS
N 77-41-27 W 491.32 FT,
DIST OF 491.89 FT,
TH N 02-30-26 W 109.23 FT,
TH N 74-08-01 E 67.20 FT,
TH ALG CURVE TO RIGHT,
RAD 1234.77 FT, CHORD BEARS
N 76-54-55 E 119.86 FT,
DIST OF 119.91 FT,
TH N 79-41-50 E 130.93 FT,
TH ALG CURVE TO RIGHT,
RAD 1034 FT, CHORD BEARS
N 82-27-57 E 99.88 FT,
DIST OF 99.92 FT,
TH N 85-14-03 E 62.30 FT,
TH S 02-48-28 E 60.10 FT
TO BEG. 2.26 A
6-25-01 FR 08-226 -001 & 20-05-480-001**

Industrial Facilities Tax Abatement Policy Resolution 06/05/06

F-5 Amending the Personal Property Tax Abatement for Manufacturing and Headquarters 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, and

NOW, 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) That the company provide documentation that they are Michigan Economic Growth Authority (MEGA) eligible, or are moving into existing vacant buildings, or are retaining or expanding their job base 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

06/16/08

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 EcoMotors International, 1055 W. Square Lake, Troy, Michigan.

Signed, Leger (Nino) Licari, City Assessor

Dated

Signed,

Dated

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

This agreement between **EcoMotors International**, (“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), **EcoMotors International**, understands that through its investment of \$3,548,100 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, 2022, whichever is sooner.
- 2.) At the end of two (2) years or no later than December 31, 2010, **EcoMotors International** 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.) **EcoMotors International**, 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**.

EcoMotors International, 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.) **EcoMotors International**, 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.) **EcoMotors International**, 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 any 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

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, August 25, 2008 at 7:30 P.M. to consider the request from EcoMotors, International, for the establishment of an Industrial Development District (IDD) at the following location:

88-20-08-226-002 1055 W. Square Lake, Troy, MI. 48098
T2N, R11E, Section 8

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

Tonni 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.*

**TROY PUBLIC SCHOOLS
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**

**O JOHN COLETTI
ECOMOTORS INTERNATIONAL
1055 W SQUARE LAKE
TROY MI 48098**

**O JOHN COLETTI
ECOMOTORS INTERNATIONAL
2401 W BIG BEAVER STE 100
TROY MI 48084**

**CURT BRAINARD
CLB BUSINESS SOLUTIONS LLC
PO BOX 95
NORTHVILLE MI 48167**



300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER
ASSISTANCE CENTER
517 373 9808

WWW.MICHIGAN.ORG

Michigan Economic Growth Authority (MEGA)

Certificate

Resolution 2008-37

EcoMotors International, Inc.

EXECUTIVE COMMITTEE

MATTHEW P. CULLEN
Chair
General Motors Corporation

PHILIP H. POWER
Vice-Chair
The Center for Michigan

JAMES C. EPOLITO
President and 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 Future Inc.

DR. HAIFA FAKHOURI
Arab American and
Chaldean Council

STEVEN K. HAMP
Hamp Advisors, LLC

HAYDEN H. HARRIS
EDF Ventures

PAUL HILLEGONDS
DTE Energy Company

FREDERICK W. HOFFMAN
Chrysler, LLC

GEORGE W. 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.

I, Peter C. Anastor, Secretary to the MEGA Board, do hereby certify that the attached is a true and complete copy of a resolution adopted by the MEGA board at a meeting on May 20, 2008 and that public notice of said meeting was given pursuant to Act No. 24, Public Acts of Michigan, 1995, including the case of a special or rescheduled regular meeting, or a meeting recessed for more than 36 hours, notice by posting at least 18 hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have hereto affixed my signature this 2nd day of June, A.D. 2008.

Peter C. Anastor
Secretary to the MEGA Board

Stacy Bowerman, Recording Secretary
MEGA Board

RESOLUTION 2008-37
MICHIGAN ECONOMIC GROWTH AUTHORITY

EcoMotors International, Inc.
High Tech Credit

At the meeting of the Michigan Economic Growth Authority ("MEGA") Board held on May 20, 2008, in Lansing, Michigan.

WHEREAS, EcoMotors International, Inc., (the "Company"), proposes to open a technical center focusing on developing a commercially viable diesel engine in the City of Troy, Oakland County ("the Project"),

WHEREAS, the Company has applied for an Employment Tax Credit under the Michigan Economic Growth Authority Act, 1995 PA 24, as amended (the "Act"),

WHEREAS, the MEGA has the authority to grant an authorized business a credit against the tax imposed by the Michigan Business Tax Act, 2007 PA 36,

WHEREAS, upon the execution of a written Agreement between the Company and the Michigan Economic Growth Authority, the Company will become an authorized business,

WHEREAS, in compliance with the Act, the MEGA Board has determined that the following statutory requirements have been or will be met by the Company:

- (a) That the Company is a qualified high technology business within the meaning of the Act that proposes to create a minimum of five Qualified New Jobs within one year and 25 Qualified New Jobs within five years, by locating in Michigan.
- (b) That the Company has agreed to maintain the statutory level of Qualified New Jobs, and has agreed to maintain a level of full-time jobs equal to or greater than the number of full-time jobs it maintained in this state prior to the expansion, as determined by the Authority.
- (c) That the Company has agreed that the wage for each and every Qualified New Jobs will be equal to or greater than 150% of the Federal Minimum Wage.
- (d) That the plans for the expansion are economically sound.
- (e) That the expansion of the Company will benefit the people of Michigan by increasing employment opportunities and strengthening the economy of the state.
- (f) That the tax credits are an incentive to expand the Company in Michigan and address competitive disadvantages with sites outside of Michigan.
- (g) That a cost/benefit analysis indicates that authorizing the credits will result in an overall positive fiscal impact to Michigan.
- (h) That the Company has not begun construction, renovation, or equipping of the facility.

BE IT RESOLVED, that the MEGA Board authorizes to EcoMotors International, Inc., an Employment Credit of 100 percent for ten consecutive tax years, beginning no later than the Company's tax year ending December 31, 2009,

Provided that:

- (a) The Company creates and maintains, at the Project, a minimum of 5 Qualified New Jobs within one year after, and 25 Qualified New Jobs within five years after, the Beginning of Operations at the Project, as that date is determined by the Chairperson.
- (b) In addition to the jobs specified in (a), the Company agrees to maintain a base employment level equal to or greater than the seven full-time jobs it maintained in this state prior to the expansion.
- (c) The Credits are awarded for a maximum of up to 156 Qualified New Jobs.
- (d) The Qualified New Jobs pay an average weekly wage of at least \$1,594.
- (e) The City of Troy approves a property tax abatement of the Company's new property taxes related to the Project for a period of ten years.

BE IT FURTHER RESOLVED, that the MEGA Board authorizes the MEGA staff to execute a written Agreement with the Company, in substantially the form of the standard MEGA Agreement, incorporating the terms set forth in this Resolution and will require repayment of a portion of any credit claimed by the Company for at the least the term of the agreement if the Company moves full-time jobs outside this state. If a written Agreement is not executed by the Company within 60 days of the date this Resolution is adopted, this Resolution shall have no effect. Based upon a showing of good cause, the staff of the MEGA may extend the time period for executing the written Agreement up to 30 additional days.

ADOPTED:

AYES: Douglas Buckler, Keith Cooley, Cullen Dubose, James Epolito, Baldomero Garcia, Andrew Lockwood (acting on behalf of Robert Kleine, authorization attached), and Jackie Shinn (acting on behalf of Kirk Steudle, authorization attached).

NAYS:

May 20, 2008
Lansing, Michigan