



## CITY COUNCIL ACTION REPORT

October 19, 2009

TO: John Szerlag, City Manager

FROM: John M. Lamerato, Assistant City Manager-Finance/Administration  
Mark Miller, Acting Asst. City Manager – Economic Dev. Services  
Nino Licari, City Assessor

SUBJECT: Public Hearing for granting an Industrial Facilities Exemption Certificate (IFEC) for AxleTech International, LLC, 1400 Rochester, Troy MI. 48083-2854

### Background:

- AxleTech International, LLC, is requesting the granting of an Industrial Facilities Exemption Certificate (IFEC) at 1400 Rochester, Troy, MI. 48083-2854.

The exemption is for new equipment for military contracted vehicle systems.

They currently have 118 employees in Troy. They plan to add 50 new jobs to Troy with this project.

### Financial Considerations:

- The estimated amount of investment in personal property is \$1,645,528.00 for the project. Over a six (6) year life, the estimated total taxes are \$70,809.34, of which \$23,152.77 would be City taxes.

A 50% abatement amounts to a savings of \$35,404.67 in total taxes, of which \$11,676.38 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 #2009-02-042, attached).

City Council Outcome III, "Troy is rebuilding for a healthy economy reflecting the values of a unique community in a changing and interconnected world."

Since both legal and policy considerations are met, staff would recommend granting the exemption.

Options:

- City Council has the option to grant the exemption, or not.

NL/nl H:\I.F.T.\AxleTech 2009\CouncilPakIFEC PH

# 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 <b>8/12/09</b>
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) <b>AxleTech International, LLC</b>		▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) <b>336350</b>	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) <b>1400 Rochester Rd., Troy, MI, 48083</b>		▶ 1d. City/Township/Village (indicate which) <b>Troy</b>	▶ 1e. County <b>Oakland</b>
▶ 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 <b>Troy</b>	▶ 3b. School Code <b>63150</b>
		4. Amount of years requested for exemption (1-12 Years) <b>12</b>	

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 description of the equipment that will be part of the facility. Attach additional page(s) if more room is needed.

RECEIVED

AUG 12 2009

CITY OF TROY  
ASSESSING DEPT.

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.	▶ <u>0</u> 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	▶ <b>\$1,645,528.00</b> Personal Property Costs
6c. Total Project Costs ..... * Round Costs to Nearest Dollar	▶ <b>\$1,645,528.00</b> 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	_____	_____	▶ <input type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements	<b>12/31/09</b>	<b>12/31/11</b>	▶ <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. <b>118</b>	▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. <b>50</b>
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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>N/A</b>
b. TV of Personal Property (excluding inventory) .....	<b>N/A</b>
c. Total TV .....	<b>N/A</b>

▶ 12a. Check the type of District the facility is located in:

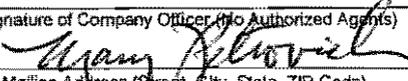
Industrial Development District       Plant Rehabilitation District

▶ 12b. Date district was established by local government unit (contact local unit)	▶ 12c. Is this application for a speculative building (Sec. 3(8))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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**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 <b>William Miller</b>	13b. Telephone Number <b>(248) 244-9755</b>	13c. Fax Number <b>(248) 435-1120</b>	13d. E-mail Address <b>william.miller@axletech.com</b>
14a. Name of Contact Person <b>Mick Brody</b>	14b. Telephone Number <b>(248) 244-9730</b>	14c. Fax Number <b>(248) 435-1120</b>	14d. E-mail Address <b>michael.brody@axletech.com</b>
▶ 15a. Name of Company Officer (No Authorized Agents) <b>Mary Petrovich</b>			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number <b>(248) 435-1120</b>	15d. Date <b>8/12/09</b>
▶ 15e. Mailing Address (Street, City, State, ZIP Code) <b>3001 W. Big Beaver Rd., Troy, MI, 48084</b>		15f. Telephone Number <b>(248) 435-1663</b>	15g. E-mail Address <b>mary.petrovich@axletech.com</b>

**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 _____ Yrs Real (1-12), _____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No  <input type="checkbox"/> Denied (Include Resolution Denying)	16b. The State Tax Commission Requires the following documents be filed for an administratively complete application:  <b>Check or Indicate N/A if Not Applicable</b> <input checked="" type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input checked="" type="checkbox"/> 7. Equipment List with dates of beginning of installation <input checked="" type="checkbox"/> 8. Form 3222 (if applicable) <input checked="" type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)
16a. Documents Required to be on file with the Local Unit <b>Check or Indicate N/A if Not Applicable</b> <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 type="checkbox"/> 4. Lease Agreement showing applicants tax liability.	16c. LU/CI Code <b>336350</b>
16d. School Code <b>63150</b>	17. Name of Local Government Body <b>CITY OF TROY</b>
▶ 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 <b>TONNI BARTHOLOMEW</b>	19c. E-mail Address <b>T.BARTHOLOMEW@TROYMI.GOV</b>
19d. Clerk's Mailing Address (Street, City, State, ZIP Code) <b>500 W BIG BEAVER TROY MI 48064-5254</b>		
19e. Telephone Number <b>248 524-3316</b>	19f. Fax Number <b>248 524-1770</b>	

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

Applicant Name <b>AxleTech International, LLC</b>
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## 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
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	<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"/>	_____

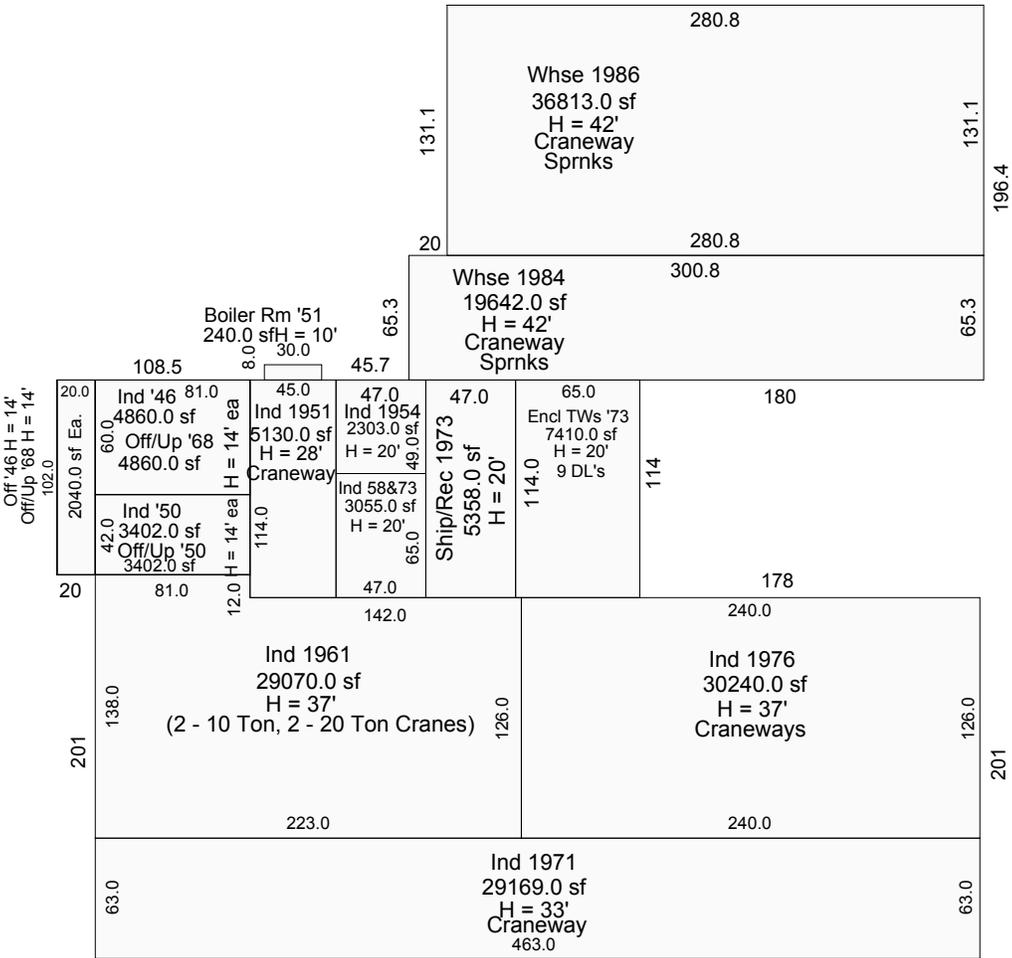
If you answered yes to any of questions 2 through 8, the appropriate sections of the Supplement to Fiscal Statement form must be completed and accompany the IFT application. Call (517) 373-3272 to obtain that form.

### LOCAL UNIT CERTIFICATION

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

Signature	Name and Title of Local Governmental Unit Official
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Description	Cost	Net Book Value	Acquisition Date	Equipment Description
Pallet Racking	\$11,000	\$6,072	2/15/2010	transfer from II operation - pallet racking for large part and pallet storage
Vertical Uprights	\$6,250	\$5,106	2/15/2010	transfer from II operation - pallet racking
Belvidere Aftermarket Racking	\$6,000	\$3,737	2/15/2010	transfer from II operation - pallet racking for large part and pallet storage
Racking @ Belvidere Facility	\$7,250	\$4,515	2/15/2010	transfer from II operation - pallet racking for large part and pallet storage
Aftermarket Racking expansion	\$18,341	\$4,845	2/15/2010	transfer from II operation - pallet racking for large part and pallet storage
Aftermarket Expansion Racking	\$13,605	\$2,112	2/15/2010	transfer from II operation - pallet racking for large part and pallet storage
Electronic lab equipment	\$10,000	\$10,000	6/15/2010	electronic test equipment
Engineering MIG Welder	\$5,000	\$5,000	5/15/2010	MIG welding equipment
Engineering lab storage racking	\$0	\$0	11/15/2009	new part storage racking
Met lab equipment	\$30,000	\$30,000	12/1/2009	microscope, met lab sample cutting and polishing equipment
Engineering lab tooling	\$30,000	\$30,000	1/15/2010	axle stands, hand tools, Borescope, gauge blocks, torque wrenches, inspection tables and assembly tooling
Engineering lab material handling	\$3,000	\$3,000	1/15/2010	pallet jacks and carts
Engineering lab hoist system	\$10,000	\$10,000	1/15/2010	overhead hoist system
Metal Band Saw	\$30,000	\$30,000	2/15/2010	Band saw
Bearing press	\$7,500	\$7,500	2/15/2010	40 ton bearing press
Band saw	\$4,000	\$4,000	2/15/2010	Horizontal band saw
Ultrasonic parts washer	\$25,000	\$25,000	3/15/2010	Ultrasonic parts washer
Shot blaster and set-up	\$15,000	\$15,000	3/15/2010	Shot blast equipment
Bearing induction heater	\$10,000	\$10,000	3/15/2010	Bearing induction heater
Spin tester	\$20,000	\$20,000	3/15/2010	Axle spin tester
Leak tester	\$3,000	\$3,000	3/15/2010	Axle / 1-case leak tester
Magna-flux inspection equipment	\$20,000	\$20,000	3/15/2010	magna-flux inspection equipment
Storage area fencing with lockable sliding gate	\$2,500	\$2,500	2/15/2010	Cyclone fencing with gate for engineering storage area
Phone system	\$125,000	\$125,000	11/15/2009	New voice over internet protocol (VOIP) phone system - including desk sets
Furnitures and fixtures	\$225,000	\$225,000	11/15/2009	cubes, desks, chairs, filing cabinets, conference room tables
Servers	\$25,000	\$25,000	11/15/2009	computer room servers - file, web, windows, exchange servers
UPS	\$25,000	\$25,000	11/15/2009	uninterruptible power supply for computer servers
IT Infrastructure (switches, racks, routers, Firewalls...)	\$80,000	\$80,000	11/15/2009	IT Infrastructure (switches, racks, routers, Firewalls...)
Misc IT equipment - fiber optic backbone / cabling	\$110,000	\$110,000	11/15/2009	Misc IT equipment - fiber optic backbone / cabling
Video Conference Equipments - (TVs, Initial Lease Line charges	\$25,000	\$25,000	11/15/2009	Video conferencing equipment - LCD TV's, cameras, microphones, lease lines...
New PC (desktops / laptops / workstations)	\$50,000	\$50,000	11/15/2009	New PC (desktops / laptops / workstations)
New PC software (MS Office and misc. others)	\$20,000	\$20,000	11/15/2009	New PC software (MS Office and misc. others)
Shop floor RF equipment including software	\$80,000	\$80,000	11/15/2009	Shop floor RF equipment including software
JDE implementation	\$230,000	\$230,000	11/15/2009	consultant and implementation labor
Additional licensing costs	\$15,000	\$15,000	11/15/2009	new computer software licensing costs - Citrix and JDE additional licenses
Network implementation (network infrastructure, cabling implementation labor)	\$50,000	\$50,000	11/15/2009	Network implementation (network infrastructure, cabling implementation labor)
Security System / card key entry	\$25,000	\$25,000	11/15/2009	Security System / card key entry hardware & software
Employee time card system	\$15,000	\$15,000	11/15/2009	Employee time card system hardware & software
Time and attendance interface to JDE	\$10,000	\$10,000	1/15/2010	Development labor for interfacing time and attendance to JDE
Conference room projectors - AFM	\$2,000	\$2,000	11/15/2009	conference room projectors - AFM
Conference room projectors - Training room	\$2,000	\$2,000	3/15/2010	conference room projectors - training room
Signage	\$25,000	\$25,000	8/1/2010	Exterior and interior signage
Plant lighting systems	\$5,000	\$5,000	12/1/2009	drop down shop lights in high bay plant area
Safety equipment	\$12,000	\$12,000	12/1/2009	shipping dock guards
Building Improvements	\$50,000	\$50,000	11/15/2009	labor for lighting and systems installation
Kitting area tables	\$15,000	\$15,000	12/1/2009	new assembly end work tables
Roller conveyor systems	\$10,000	\$10,000	12/1/2009	material handling equipment - roller conveyors
Material control devices	\$1,500	\$1,500	1/15/2010	hand carts and dollies
Pallet movers	\$3,000	\$3,000	1/15/2010	plant pallet jacks and carts
Rolling carts	\$10,000	\$10,000	1/15/2010	material handling carts - over movement carts
Scales	\$6,000	\$6,000	1/15/2010	two scales to count parts
Flammable liquid cabinet	\$1,500	\$1,500	1/15/2010	safety cabinets for flammable materials
New plant racking	\$20,000	\$20,000	2/1/2010	pallet racking for large part and pallet storage
New plant small parts storage bins	\$70,000	\$70,000	11/15/2009	small parts bins for kitting areas and quick pick
Plant racking post protectors	\$2,141	\$2,141	11/15/2009	post protectors to keep rack posts from moving will loaded
CMM for TTT and AFM	\$50,000	\$50,000	2/15/2011	Coordinate measuring machine
		Value	Install date	
		\$1,224,141	11/15/2009	
		\$72,000	12/1/2009	
		\$74,000	1/15/2010	
		\$20,000	2/1/2010	
		\$70,387	2/15/2010	
		\$93,000	3/15/2010	
		\$5,000	5/15/2010	
		\$10,000	6/15/2010	
		\$25,000	8/1/2009	
		\$2,000	8/15/2009	
		\$50,000	2/15/2011	
<b>Total:</b>		<b>\$1,645,528</b>		







ROCHESTER

SOUTER

720

880

1010

1040

1080

1200

1202

1460

1050

1100

1515

1470

1449

1395

1450

1469

1450

1200

1343

1401

1402

1206

1333

1371

1360

1200

1400

1344

1346

1340

1342

1271

1307

1330

1258

1263

1300

1210

1220

1230

1240

1250

1260

1270

1219

**Legal Descriptions for IDD and PRD at 1400 Rochester Rd, Troy MI.48083**

**88-20-34-226-048**

**T2N, R11E, SEC 34  
PART OF NE 1/4  
BEG AT PT DIST  
S 00-01-00 E 420 FT & W 900 FT  
FROM NE SEC COR,  
TH S 00-01-00 E 570 FT,  
TH W 194.14 FT,  
TH S 00-25-30 E 168.73 FT TO CEN LINE SPENCER DRAIN,  
TH N 73-57-18 W 69.28 FT,  
TH N 66-31-20 W 242.88 FT,  
TH N 61-37-44 W 76.01 FT,  
TH N 36-42-46 W 23.02 FT,  
TH N 89-43-35 W 75.73 FT,  
TH N 12-06-00 E 582.87 FT,  
TH E 516.84 FT  
TO BEG 9.05A ALSO  
S 100 FT OF LOT 12 &  
THAT PART OF LOT 13  
LYING NWLY OF CEN LINE SPENCER DRAIN  
OF 'TROY INDUSTRIAL SUB'**

**88-20-34-226-057**

**T2N, R11E, SEC 34 TROY INDUSTRIAL SUB  
PART OF LOT 12 BEG AT PT DIST  
S 00-06-30 E 271.00 FT FROM NE LOT COR,  
TH S 00-06-30 E 129.00 FT ALG  
W LINE OF SOUTER BLVD  
TH W 240.00 FT,  
TH N 00-06-30 W 234.00 FT,  
TH E 20.00 FT,  
TH S 00-06-30 E 105.00 FT,  
TH E 220.00 FT  
TO BEG**

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

<b>Market Value</b>	1,645,528	1,508,456	1,257,147	942,986	628,783	366,895	183,521	76,510	25,524	0	0	0	0
<b>50% of Value</b>	822,764	754,228	628,573	471,493	314,391	183,447	91,760	38,255	12,762	0	0	0	0
<b>Year</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	
<b>Depreciation</b>	0.9167	0.8334	0.7501	0.6668	0.5835	0.5002	0.4169	0.3336	0.2503	0.1670	0.0837	0.0004	
<b>Taxable Value</b>	754,228	628,573	471,493	314,391	183,447	91,760	38,255	12,762	0	0	0	0	

<b>Taxes</b>	<b>100% of Millage</b>	<b>Taxes</b>											
<b>Trans</b>	0.59000	\$444.99	\$370.86	\$278.18	\$185.49	\$108.23	\$54.14	\$22.57	\$7.53	\$0.00	\$0.00	\$0.00	\$0.00
<b>County</b>	4.64610	\$3,504.22	\$2,920.41	\$2,190.60	\$1,460.69	\$852.32	\$426.33	\$177.74	\$59.29	\$0.00	\$0.00	\$0.00	\$0.00
<b>Int Schools</b>	3.36900	\$2,540.99	\$2,117.66	\$1,588.46	\$1,059.18	\$618.03	\$309.14	\$128.88	\$42.99	\$0.00	\$0.00	\$0.00	\$0.00
<b>Comm Coll</b>	1.58440	\$1,195.00	\$995.91	\$747.03	\$498.12	\$290.65	\$145.39	\$60.61	\$20.22	\$0.00	\$0.00	\$0.00	\$0.00
<b>State Ed</b>	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
<b>School Op</b>	4.62290	\$3,486.72	\$2,905.83	\$2,179.66	\$1,453.40	\$848.06	\$424.20	\$176.85	\$59.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Sch Debt</b>	4.10000	\$3,092.33	\$2,577.15	\$1,933.12	\$1,289.01	\$752.13	\$376.22	\$156.85	\$52.32	\$0.00	\$0.00	\$0.00	\$0.00
<b>Admin</b>	0.18912	\$142.64	\$118.88	\$89.17	\$59.46	\$34.69	\$17.35	\$7.23	\$2.41	\$0.00	\$0.00	\$0.00	\$0.00
<b>City</b>	9.28000	\$6,999.23	\$5,833.16	\$4,375.45	\$2,917.55	\$1,702.39	\$851.54	\$355.01	\$118.43	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>	28.38152	\$21,406.13	\$17,839.87	\$13,381.69	\$8,922.91	\$5,206.52	\$2,604.30	\$1,085.73	\$362.20	\$0.00	\$0.00	\$0.00	\$0.00

<b>Total 12 Years</b>	\$70,809.35
<b>Total City 12 Yr</b>	\$23,152.77

<b>50% Total 12 Yr</b>	\$35,404.68	<b>Net Total Taxes Abated</b>
<b>50% Total City 12 Yr</b>	\$11,576.38	<b>Net Total City Taxes Abated</b>
<b>2% Total City 12 Yr</b>	\$231.53	<b>Application Fee (2% total city)</b>

## **E-7 Amending the Personal Property Tax Abatement Policy**

Resolution #2009-02-042

Moved by Beltramini

Seconded by Kerwin

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, That Troy City Council hereby **ADOPTS** the following minimum criteria, as authorized by the Industrial Facilities Tax Act (P.A. 1974 No. 198):

1. An Industrial Facilities Exemption Certificate (IFEC) tax abatement shall not be granted until there is compliance with MCL 207.559; and
2. Real property shall not qualify for an IFEC tax abatement, except for those unique situations where there are building improvements that are required to support the personal property that otherwise qualifies for a tax abatement; and
3. Leasehold property shall not qualify for an IFEC tax abatement unless applicant is responsible for payment of the property taxes, and can demonstrate timely payment of property taxes upon the City's request; and
4. An IFEC tax abatement shall not be issued for a period or term exceeding 12 years; and
5. An IFEC tax abatement shall not be issued unless an Applicant will create more than 10 jobs and/or has a personal property investment of at least \$750,000.00, and/or owns the underlying real property or has a lease for the underlying property that exceeds 5 years, as long as two of the three criteria are satisfied.

BE IT FURTHER RESOLVED, That Troy City Council hereby **APPROVES** the use of the following matrix to calculate the length of an IFEC tax abatement, where the increase in the number of jobs created will increase the term of the IFEC abatement, and similarly the increase in the personal property investment and the ownership/lease conditions on the real property will increase the term of the IFEC abatement:

Tax Abatement Matrix					
Job Creation		Building Terms		PP Investment	
10 - 24	1 year	Own	4 years	\$ 750,000	1 year
25 - 49	2 years	Lease		\$ 2,000,000	2 years
50 - 99	3 years	1 - 5 year	None	\$ 5,000,000	3 years
100 - 149	4 years	6 - 9 year	2 years	\$ 10,000,000	4 years
150 - 199	5 years	10 + year	4 years	\$ 20,000,000	5 years
200 +	6 years				

BE IT FINALLY RESOLVED, That Troy City Council hereby **AUTHORIZES** the implementation of an application fee equal to 2 % of the estimated personal property taxes abated under the terms of the IFEC tax abatement, or the actual costs of processing the application, whichever is less, and the City of Troy will not charge or collect any other fees for the application, in keeping with MCL 207.555 (3).

Yes: Fleming, Kerwin, Schilling, Beltramini, Broomfield

No: Eisenbacher, Howrylak

**MOTION CARRIED**

August 12, 2009

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 the City of Troy has charged a fee of \$231.53, equal to 2% of the estimated abated city taxes, for processing the application for tax abatement submitted by AxleTech International, LLC., 1400 Rochester, Troy, MI.

Further, no other fee or concession has been charged or accepted in regards to this application, or consideration thereof.

\_\_\_\_\_  
Signed, Leger (Nino) Licari, City Assessor

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Signed,

\_\_\_\_\_  
Dated

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

This agreement between **AxleTech International, LLC**, (“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), **AxleTech International, LLC**, understands that through its investment of \$1,645,528.00 ~~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 **6** years after either completion of construction of the facilities, or December 31, 2017, whichever is sooner.
- 2.) At the end of two (2) years or no later than December 31, 2011, **AxleTech International, LLC** 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.) **AxleTech International, LLC**, 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**.

**AxleTech International, LLC**, 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.) **AxleTech International, LLC**, 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.) **AxleTech International, LLC**, 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: \_\_\_\_\_

Louise E. Schilling , Mayor  
City of Troy  
500 W Big Beaver  
Troy, MI 48084-5285

\_\_\_\_\_  
(date)

Signed: \_\_\_\_\_

Tonni L. Bartholomew  
City Clerk

\_\_\_\_\_  
(date)

**AFFIDAVIT OF MAILING & PUBLISHING**

**State of Michigan**

**County of Oakland**

**City of Troy**

**RE: PUBLIC HEARING – City Council – Monday, October 19, 2009 at 7:30 PM to consider the request from AxleTech International, LLC, for the granting of an Industrial Facilities Exemption Certificate (IFEC) – 1400 Rochester Road – Section 34**

I hereby certify that the attached notice was e-mailed to the Somerset Gazette Newspapers on Thursday, September 24, 2009 and mailed by first class mail to the attached list on Friday, September 25, 2009.

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Laura Campbell  
Office Assistant

**PUBLISHED:** Monday, September 28, 2009

**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, October 19, 2009 at 7:30 P.M. to consider the request from AxleTech International, LLC, for the granting of an Industrial Facilities Exemption Certificate (IFEC) at the following location:

88-20-34-226-048 - 1400 Rochester, Troy, MI. 48083-2854  
T2N, R11E, Section 34 Part of North East 1/4

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

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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@troymi.gov](mailto:clerk@troymi.gov) or by calling (248) 524-3317 at least two working days in advance of the meeting. An attempt will be made to make reasonable accommodations.*

**TROY SCHOOL DISTRICT  
MICHAEL ADAMCZYK  
4400 LIVERNOIS  
TROY MI 48098-4799**

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

**OAKLAND INTERMEDIATE SCHOOLS  
2111 PONTIAC LAKE  
WATERFORD MI 48328**

**OAKLAND COUNTY PTA  
1200 N TELEGRAPH Dept 479  
PONTIAC MI 48341-0479**

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

**BOSTICK ROCHESTER DEV LLC  
DENNIS BOSTICK  
1819 E BIG BEAVER  
TROY MI 48083**

**AXLETECH INTERNATIONAL LLC  
WILLIAM MILLER  
3001 W BIG BEAVER STE 400  
TROY MI 48084-3105**