



CITY COUNCIL AGENDA ITEM

Date: September 13, 2010

To: John Szerlag, City Manager

From: John M. Lamerato, Assistant City Manager/Finance & Administration
Nino Licari, City Assessor

Subject: Public Hearing for the establishment of an Industrial Development District (IDD) for Sulzer Metco, Inc., 1972 Meijer

Background:

Sulzer Metco, Inc., located at 1972 Meijer is expanding their operations to better compete for business. As part of their expansion, they intend to purchase machinery and equipment valued at \$3,540,651. They will also add 12 new jobs to the 38 existing positions they will maintain. They are asking for Personal Property Tax Abatement, which they qualify for under the former City Council Policy Resolution (attached), which was in effect at the time of the application.

The Industrial Facility Exemption Certificate (IFEC) would be for 7 years.

In order to grant the IFEC, an Industrial Development District must first be established, as the City Council has not designated all non-residential areas to be IDD's. This is the reason for the back to back Public Hearings.

Financial Considerations:

The projected amount of the investment is \$3,540,651. Over the 7 year life of the abatement, the estimated total taxes would be \$157,697.41, of which \$50,203.43 would be City Taxes.

A 50% abatement amounts to a total savings to the taxpayer of \$78,848.70, of which \$25,101.72 would be abated City taxes.

Legal Considerations:

The application meets all requirements of Public Act 198 of 1974 (as amended), the Plant Rehabilitation and Industrial Development Districts legislation.



CITY COUNCIL AGENDA ITEM

Policy Considerations:

The application is in compliance with City Council Tax Abatement Policy Resolution #2006-06-238.

City Council goal II, "Retain and attract investment while encouraging redevelopment" is met with this application.

Recommendation:

Since both legal and policy considerations are met, staff would recommend establishing the district, and granting the tax abatement for the subsequent Public Hearing.

Options:

City Council may establish the IDD (and approve the tax abatement). Or, City Council may choose to not establish a district at this site. In which case, the Council must then deny any tax abatement.

NI/nl H:IFT\Sulzer Metco\Memo IDD 09.13.10

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 6/17/10
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) Sulzer Metco, Inc.	▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 3398	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 1972 Meijer Drive	▶ 1d. City/Township/Village (indicate which) Troy	▶ 1e. County Oakland
▶ 2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(1)) <input type="checkbox"/> Research and Development (Sec. 2(9))	▶ 3a. School District where facility is located TROY PUBLIC	▶ 3b. School Code 63150
	▶ 4. Amount of years requested for exemption (1-12 Years) Seven (7)	

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.

See attachment

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	▶ \$3,930,000.00 3,540,651 Personal Property Costs
6c. Total Project Costs * Round Costs to Nearest Dollar	▶ \$3,930,000.00 3,540,651 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.

	<u>Begin Date (M/D/Y)</u>	<u>End Date (M/D/Y)</u>	
Real Property Improvements ▶			▶ <input type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements ▶	<u>7/1/10</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. 38	▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. 12
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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)	<u>N/A</u>
b. TV of Personal Property (excluding inventory)	<u>N/A</u>
c. Total TV	<u>N/A</u>

▶ 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.

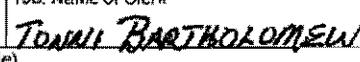
13a. Preparer Name Daniel Peterson	13b. Telephone Number (312) 861-4276	13c. Fax Number (312) 861-9400	13d. E-mail Address dpeterson@nationalbureau.co
14a. Name of Contact Person Daniel Peterson	14b. Telephone Number (312) 861-4276	14c. Fax Number (312) 861-9400	14d. E-mail Address dpeterson@nationalbureau.co
▶ 15a. Name of Company Officer (No Authorized Agents) Janis Gzik			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number (516) 338-2132	15d. Date 6/10/2010
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 1101 Prospect Ave. Westbury, NY 11509		15f. Telephone Number (516) 338-2430	15g. E-mail Address janis.gzik@sulzer.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 type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)
16a. Documents Required to be on file with the Local Unit Check or Indicate N/A if Not Applicable <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 4. Lease Agreement showing applicants tax liability.	16d. School Code 63150 TROY PUBLIC
16c. LUCI Code 3398	▶ 18. Date of Resolution Approving/Denying this Application
17. Name of Local Government Body 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 TOMMI BARTHOLOMEW	19c. E-mail Address T.BARTHOLOMEW@TROYMI.GOV
19d. Clerk's Mailing Address (Street, City, State, ZIP Code) 500 W BIG BEAVER TROY MI 48064-5254		
19e. Telephone Number 248-524-3316	19f. Fax Number 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

**Application for Industrial Facilities Tax Exemption Certificate
Sulzer Metco, Inc. Troy, Michigan**

5. Sulzer Metco coats and enhances surfaces, produces materials & equipment for these purposes and develops machining processes for special components. The primary activity of Sulzer Metco (US) Inc.'s Troy, MI facility is the manufacture of metal alloy powders by gas atomization. Coatings produced using these powders improve performance and extend the service life of components in aerospace, power, automotive, and industrial applications. This investment includes two coreless induction furnaces operating in tandem on top of a single atomization vessel and will double the productivity with respect to a conventional atomizer."

Industrial Facility Exemption Equipment List

Sulzer Metco, Inc.
1972 Meijer Drive
Troy, Michigan

Installation is to begin in July 2010

Component	Cost (USD)
Power Supply, Furnaces, Heated Tundish	1,010,000
Atomizing Vessel, Structural, Piping	969,066
Process Instrumentation and Automation	466,964
Integrated Screening System	366,000
Refractory Monitoring	266,372
Material Handling	208,008
Dust Collection	140,000
Electrical	114,241
Engineering and Permits	65,197
Contingency (9%)	324,526

N/A N/A 6/17/10
N/A N/A 6/17/10

Total

3,930,374

INCORRECT N/A 6/17/10

3,540,651 CORRECTED N/A 6/17/10



Phone (312) 861-9300

Fax (312) 861-9400

www.nationalbureau.com

National Bureau of Property Administration, Inc.

Two Prudential Plaza, Suite 2525

180 North Stetson Avenue, Chicago, Illinois 60601

June 16, 2010



Nino Licari
City Assessor
City of Troy
500 West Big Beaver Road
Troy, MI 48084

Re: Application for Industrial Facilities Exemption Certificate ... Personal Property Only
Sulzer Metco, Inc.

Dear Mr. Licari:

Attached you will find the completed Application for Industrial Facilities Exemption Certificate (IFT). This application covers the current expansion project planned by Sulzer Metco, Inc. (Sulzer) for the period July 2010 through December 2010. The current planned project is detailed in the attachment to the IFT application.

Sulzer anticipates that this expansion will increase employment by 12 people within two years of completion of the project and retain 38 employees. The estimated investment in Personal Property covered by this IFT application is \$3,930,000.00.

The availability of the IFT tax abatement was an essential factor in locating this project in Troy, Michigan. Sulzer very much appreciates the assistance of the City of Troy in planning this large investment in the Troy, Michigan community.

We are convinced that this expansion will benefit the Troy, Michigan community and its citizens for years to come. Sulzer continues to make a significant commitment to Troy, Michigan and looks forward to continuing its support to the surrounding community in the future.

Mr. Licari, in our phone discussion this past week you offered to complete the School Code and School District information. Thank you for this assistance. If you should have any questions, or need any additional information, please do not hesitate to contact me.

Sincerely,

Daniel Peterson, CMI, CPA
President, COO

RECEIVED

JUN 17 2010

CITY OF TROY
ASSESSING DEPT.

SULZER

Sulzer Metco (US) Inc.
1101 Prospect Avenue
Westbury, NY 11590
United States of America
www.sulzermelco.com

Nino Licari
City Assessor
Troy, Michigan
500 West Big Beaver Road
Troy, MI 48084-5285

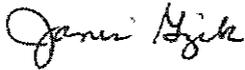
Phone direct +1 (516) 338-2430
Fax direct +1 (516) 338-2132
E-Mail direct Janis.Gzik@sulzer.com
Date February 23, 2010

Regarding: Notification of letter of intent to file an IFT application

Dear Mr. Licari,

This is to inform you that Sulzer Metco (US) Inc. will be filing an IFT application for its Troy, Michigan location in the near future.

Best Regards,



Janis Gzik
SMUS VP Finance

cc: Dan Peterson, National Bureau

Applicant Name SULZER METCO, INC.

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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06/17/10

Sulzer Metco, Inc., IFT Application – Legal Description

Parcel ID 88-20-32-226-024

T2N, R11E, SEC 32
OAKWOOD INDUSTRIAL PARK
E 8.72 FT OF LOT 1, ALSO
ALL OF LOT 2, ALSO
W 102.28 FT OF LOT 3
12-20-84 FR 021 & 022

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

Market Value	3,540,651	3,245,715	2,704,979	2,029,005	1,352,940	789,441	394,878	164,625
50% of Value	1,770,326	1,622,857	1,352,489	1,014,502	676,470	394,720	197,439	82,312
Year		1	2	3	4	5	6	7
Depreciation		0.9167	0.8334	0.7501	0.6668	0.5835	0.5002	0.4169
Taxable Value		1,622,857	1,352,489	1,014,502	676,470	394,720	197,439	82,312

Taxes	100% of Millage	Taxes						
Trans	0.59000	\$957.49	\$797.97	\$598.56	\$399.12	\$232.88	\$116.49	\$48.56
County	4.64610	\$7,539.96	\$6,283.80	\$4,713.48	\$3,142.95	\$1,833.91	\$917.32	\$382.43
Int Schools	3.36900	\$5,467.41	\$4,556.54	\$3,417.86	\$2,279.03	\$1,329.81	\$665.17	\$277.31
Comm Coll	1.58440	\$2,571.26	\$2,142.88	\$1,607.38	\$1,071.80	\$625.39	\$312.82	\$130.42
State Ed	0.00000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
School Op	5.03820	\$8,176.28	\$6,814.11	\$5,111.27	\$3,408.19	\$1,988.68	\$994.74	\$414.71
Sch Debt	4.70000	\$7,627.43	\$6,356.70	\$4,768.16	\$3,179.41	\$1,855.19	\$927.96	\$386.87
Admin	0.19928	\$323.40	\$269.52	\$202.17	\$134.80	\$78.66	\$39.35	\$16.40
City	9.40000	\$15,254.86	\$12,713.40	\$9,536.32	\$6,358.82	\$3,710.37	\$1,855.93	\$773.74
Total	29.52698	\$47,918.07	\$39,934.92	\$29,955.18	\$19,974.12	\$11,654.90	\$5,829.78	\$2,430.44

Total 7 Years	\$157,697.41
Total City 7 Yr	\$50,203.43

50% Total 7 Yr	\$78,848.70	Net Total Taxes Abated
50% Total City 7 Yr	\$25,101.72	Net Total City Taxes Abated
2% Total City 7 Yr	\$502.03	Application Fee (2% total city)

06/22/10

FIRST AMENDMENT attached to and made a part of that certain Lease dated March 22, 2002, between **FIRST INDUSTRIAL, L.P.**, as Landlord, and **SULZER METCO (US), INC.**, as Tenant, covering Premises at 1972 Meijer Drive, Troy, Michigan.

NOTWITHSTANDING anything to the contrary contained in the Lease to which this First Amendment is attached to and made a part thereof, the Landlord and Tenant agree as follows:

1. Rider I – Option to Renew of the Lease dated March 22, 2002 (pursuant to which Tenant was granted a five (5) year Term extension option) is hereby deleted in its entirety from the Lease and is declared null and void.
2. Notwithstanding that the Lease now contains no right or option in favor of the Tenant to extend or renew the Lease Term, Landlord and Tenant have nonetheless agreed to extend the Term of the Lease for five (5) years, commencing September 1, 2007 and terminating August 31, 2012.

The Base Rent for the said extended five (5) year Term shall be \$ _____

instalments in advance as follows:

Period

Monthly Base Rent

3. Subject to any changes required by local authorities, Landlord agrees to construct at its cost the tenant improvements described in attached Exhibit B-1 (the "Tenant Improvements"). Landlord will use commercially reasonable efforts to complete the Tenant Improvements as soon as reasonably possible after the Date of this First Amendment, such construction to be completed in a good and workmanlike manner. All installations shall be in a location acceptable to Landlord, consistent with the specifications attached as Exhibit B-1. For purposes of Section 20 of this Lease, the Tenant Improvements shall be treated as Alterations.
4. Grant of Option. Tenant shall have an option to extend the term of this Lease for one (1) additional period of five (5) years, beginning September 1, 2012 and ending August 31, 2017 (hereinafter referred to as the "Extension Period"). Tenant shall not be entitled to so extend the Term of the Lease if then in default or if during the year immediately preceding the date for exercise of the option, Tenant shall have been in default under this Lease for any prior consecutive period of two (2) months, or any non-consecutive period totaling four (4) months.

Exercise of Option. The option to extend the Term granted in the above paragraph shall be exercised by written notice to Landlord given not more than two hundred forty (240) nor less than one hundred eighty (180) days prior to the expiration date of the extended Term commencing September 1, 2012.

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

June 22, 2010

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 \$502.03, equal to 2% of the estimated abated city taxes, for processing the application for tax abatement submitted by Sulzer Metco, Inc., 1972 Meijer, 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 **Sulzer Metco, Inc.**, (“Company”) and the **City of Troy**, is for the purpose of fulfilling the requirements of Public Act 198, as amended in Public Act 334, Section 22.

In consideration of approval of an Industrial Facilities Exemption Certificate (IFEC), **Sulzer Metco, Inc.**, understands that through its investment of \$3,540,651.00 ~~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 7 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, 2012, **Sulzer Metco, Inc.**, will report to the Assessing Department of the City of Troy the actual cost of this project and indicate any differences and the reason for any differences in the cost or scope of the project as compared to the IFEC application submitted by the Company.
- 3.) **Sulzer Metco, Inc.**, agrees to remain within the City of Troy for the period of the Industrial Facilities Tax (IFT) abatement in order to retain the benefits of the IFT, unless permission for relocation is granted by the **City Council of the City of Troy**.

Sulzer Metco, Inc., further understands that if it chooses to leave the City of Troy without permission for relocation prior to the end of the term of the IFT, the **City Council of the City of Troy** has the right to recapture from the Company the total amount of taxes abated by the IFT.

- 4.) **Sulzer Metco, Inc.**, understands that the City of Troy may reduce the term of the IFEC, revoke the IFEC and/or recover from the Company, the amount of taxes which were abated if the project has not been completed, expenditures made, as represented by the Company, in Section 12’C of its application, by sending a copy of this Agreement along with a copy of the City Council Resolution authorizing such action to the State Tax Commission.

- 5.) **Sulzer Metco, Inc.**, agrees that it will operate the Project in accordance with all applicable Federal, State and Local laws or regulations, including but not limited to zoning, outside storage, industrial waste disposal, air and water quality, noise control, other environmental regulations, and all of the terms and conditions of 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, September 13, 2010 at 7:30 P.M. to consider the establishment of an Industrial Development District (IDD) at the following location:

88-20-32-226-024 1972 Meijer, Troy, MI. 48084-7143
T2N, R11E, Section 32 Oakwood Industrial Park, Part of Lots 1, 2, & 3

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 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

SULZER METCO
Attn: JANIS GZIK
1101 PROSPECT AVE
WESTBURY NY 11509

NATIONAL BUREAU OF PROPERTY
Attn: DANIEL PETERSON
TWO PRUDENTIAL PLAZA STE 2525
180 N STETSON AVE
CHICAGO IL 60601