



CITY COUNCIL AGENDA ITEM

Date: October 11, 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 Witzenmann USA, LLC, 1201 Stephenson

Background:

Witzenmann USA, LLC, is expanding its North American operations into Michigan, at 1201 Stephenson. As part of their expansion, they intend to purchase machinery and equipment valued at \$11,384,000. They will also add 75 new jobs to Troy, and the state. 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 10 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 \$11,384,000. Over the 10 year life of the abatement, the estimated total taxes would be \$430,804.91, of which \$137,148.01 would be City Taxes.

A 50% abatement amounts to a total savings to the taxpayer of \$215,402.46, of which \$68,574.01 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\Witzenmann\Memo IDD 10.11.10 Revised

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.

RECEIVED

To be completed by Clerk of Local Government Unit	
Signature of Clerk	▶ Date received by Local Unit JUN 23 2010
STC Use Only	
▶ Application Number	▶ Date Received by STC CITY OF TROY ASSESSING DEPT.

APPLICANT INFORMATION

All boxes must be completed.

▶ 1a. Company Name (Applicant must be the occupant/operator of the facility) Witzenmann USA, LLC		▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 3944	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 1201 Stephenson Highway, Troy, MI 48083		▶ 1d. City/Township/Village (indicate which) Troy	▶ 1e. County Oakland
▶ 2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(1)) <input type="checkbox"/> Research and Development (Sec. 2(9))		▶ 3a. School District where facility is located Troy	▶ 3b. School Code 63150
		4. Amount of years requested for exemption (1-12 Years) 10	

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.

Witzenmann USA will expand operations in North America, installing additional manufacturing capacity for production of automotive, construction, agriculture and heavy truck exhaust flex components and assemblies. Technology that will be installed includes state-of-the art welding of thin wall stainless steel tubing, hydroforming and laser welding.

6a. Cost of land and building improvements (excluding cost of land)	▶ \$0.00
* Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.	Real Property Costs
6b. Cost of machinery, equipment, furniture and fixtures	▶ \$11,384,000.00
* Attach itemized listing with month, day and year of beginning of installation, plus total	Personal Property Costs
6c. Total Project Costs	▶ \$11,384,000.00
* Round Costs to Nearest Dollar	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 ▶	9/1/10	12/31/12	▶ <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. **0 - New to Troy** ▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. **75 new jobs created**

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

a. TV of Real Property (excluding land)

b. TV of Personal Property (excluding inventory)

c. Total TV

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

▶ 12b. Date district was established by local government unit (contact local unit) ▶ 12c. Is this application for a speculative building (Sec. 3(8))?
 Yes No

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name Marvin Pisarczyk	13b. Telephone Number (586) 756-1900	13c. Fax Number (586) 756-1700	13d. E-mail Address marvin.pisarczyk@witzenman
14a. Name of Contact Person Marvin Pisarczyk	14b. Telephone Number (586) 756-1900	14c. Fax Number (586) 756-1700	14d. E-mail Address marvin.pisarczyk@witzenman
▶ 15a. Name of Company Officer (No Authorized Agents) Marvin Pisarczyk			
15b. Signature of Company Officer (No Authorized Agents) <i>Marvin Pisarczyk</i>		15c. Fax Number (586) 756-1700	15d. Date June 22, 2010
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 2200 Centerwood, Warren, MI 48091		15f. Telephone Number (586) 756-1900	15g. E-mail Address marvin.pisarczyk@witzenman

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 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.	
16c. LUCI Code 3944	16d. School Code 63150
17. Name of Local Government Body City of Troy	▶ 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 Tonni 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 48084-5254		
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

Witzenmann USA
 Personal Property
 Troy, MI facility

1.35

	<u>Euro</u>	<u>USD</u>
tube welding machine left	584,000 € \$	788,400
tube welding machine right	584,000 € \$	788,400
tube cutter 2.2m left	175,200 € \$	236,520
tube cutter 2.2m right	175,200 € \$	236,520
welding source	23,360 € \$	31,536
welding source	23,360 € \$	31,536
bfu	876,000 € \$	1,182,600
tube inserter	292,000 € \$	394,200
bftl	1,460,000 € \$	1,971,000
basic equipment welding system	113,880 € \$	153,738
PQ46 tube welding tool	17,520 € \$	23,652
TIVCT tube welding tool	17,520 € \$	23,652
BMW F25 tube welding tool	17,520 € \$	23,652
installation costs	23,360 € \$	31,536
shipping costs	73,000 € \$	98,550
Manual Benny Assembly & Liner	584,000 € \$	788,400
Auto Ring Feeder	51,852 € \$	70,000
	5,091,772 € \$	6,873,892
CAT Laser welder	518,519 € \$	700,000
CAT Flexcells	148,148 € \$	200,000
John Deere Flexcells	259,259 € \$	350,000
Oven	44,444 € \$	60,000
ACRO Welder	74,074 € \$	100,000
	1,044,444 € \$	1,410,000
Special tooling	1,111,111 € \$	1,500,000
Additional investment - liner manufacturing	1,111,111 € \$	1,500,000
Misc furniture/equipment	74,074 € \$	100,000
	2,222,222 € \$	3,100,000
	8,358,439 € \$	11,383,892

Applicant Name WITZENMANN USA, LLC
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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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City of Troy - Assessing Department
Witzenmann USA, LLC
Estimate of Total Taxes and Tax Savings for IFEC Application

Market Value	11,384,000	10,131,760	7,700,138	5,159,092	3,095,455	1,671,546	819,057	368,576	154,802	58,825	21,177
50% of Value	5,692,000	5,065,880	3,850,069	2,579,546	1,547,728	835,773	409,529	184,288	77,401	29,412	10,588
Year		1	2	3	4	5	6	7	8	9	10
Depreciation		0.8900	0.7600	0.6700	0.6000	0.5400	0.4900	0.4500	0.4200	0.3800	0.3600
Taxable Value		5,065,880	3,850,069	2,579,546	1,547,728	835,773	409,529	184,288	77,401	29,412	10,588

Taxes	100% of Millage	Taxes									
Trans County	0.59000	\$2,988.87	\$2,271.54	\$1,521.93	\$913.16	\$493.11	\$241.62	\$108.73	\$45.67	\$17.35	\$6.25
Int Schools	4.64610	\$23,536.59	\$17,887.80	\$11,984.83	\$7,190.90	\$3,883.08	\$1,902.71	\$856.22	\$359.61	\$136.65	\$49.19
Comm Coll	3.36900	\$17,066.95	\$12,970.88	\$8,690.49	\$5,214.29	\$2,815.72	\$1,379.70	\$620.87	\$260.76	\$99.09	\$35.67
State Ed	1.58440	\$8,026.38	\$6,100.05	\$4,087.03	\$2,452.22	\$1,324.20	\$648.86	\$291.99	\$122.63	\$46.60	\$16.78
School Op	0.00000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sch Debt	5.03820	\$25,522.92	\$19,397.42	\$12,996.27	\$7,797.76	\$4,210.79	\$2,063.29	\$928.48	\$389.96	\$148.19	\$53.35
Admin City	4.70000	\$23,809.64	\$18,095.32	\$12,123.87	\$7,274.32	\$3,928.13	\$1,924.79	\$866.15	\$363.78	\$138.24	\$49.77
Admin City	0.19928	\$1,009.51	\$767.23	\$514.04	\$308.43	\$166.55	\$81.61	\$36.72	\$15.42	\$5.86	\$2.11
City	9.40000	\$47,619.27	\$36,190.65	\$24,247.73	\$14,548.64	\$7,856.27	\$3,849.57	\$1,732.31	\$727.57	\$276.48	\$99.53
Total	29.52698	\$149,580.12	\$113,680.89	\$76,166.20	\$45,699.72	\$24,677.85	\$12,092.15	\$5,441.47	\$2,285.42	\$868.46	\$312.64

Total 10 Years \$430,804.91

Total City 10 Yr \$137,148.01

50% Total 10 Yr	\$215,402.46	Net Total Taxes Abated
50% Total City 10 Yr	\$68,574.01	Net Total City Taxes Abated
2% Total City 10 Yr	\$1,371.48	Application Fee (2% total city)



1305

1201

STEPHENSON



06/23/10

Witzenmann USA, LLC – IFT Application – Legal Description

Parcel ID 88-20-35-102-038

1201 Stephenson, Troy, MI 48083-1116

T2N, R11E, SEC 35
INDUSCO'S OAKLAND INDUSTRIALCOMPLEX
S 76 FT OF LOT 7,
ALL OF LOT 8,
E 115 FT OF LOT 15 &
S 76 FT OF E 115 FT OF LOT 16

NET LEASE

This Lease is made as of June _____, 2010, by and between **JOEL NOSANCHUK**, P. O. Box 668, Bloomfield Hills, Michigan 48303-0668 ("Landlord"), and **WITZENMANN USA LLC, a Michigan limited liability company**, 2200 Centerwood Drive, Warren, Michigan 48091 ("Tenant"), who agree as follows:

SECTION 1 THE PREMISES

1.01 Landlord hereby leases to Tenant the real property located in the City of **Troy**, County of **Oakland**, and State of **Michigan**, more particularly described in **Exhibit "A"** attached to, and made an integral part of, this Lease (the "Land"), together with the building and other improvements on the Land, including without limitation those described in **Exhibit "C"** attached (the "Improvements")(the Land and the Improvements collectively will constitute and be referred to in this Lease as the "Premises"), more commonly known as **1201 Stephenson Highway, a single story industrial building containing 57,589 square feet.**

SECTION 2 THE TERM

2.01 The Term will commence (the "Commencement Date") on **September 1, 2010** or the date Landlord tenders possession of the Premises to Tenant, ready for occupancy, but not earlier than September 1, 2010.

The Term will be **ten (10) years** from and after the Commencement Date. If the Commencement Date is other than the first day of calendar month, the Term will be extended to terminate at the end of the calendar month in which it would otherwise terminate under the preceding sentence and the payment provisions in Section 3.01 shall also be extended.

2.02 The date shown in Section 2.01 represents Landlord's estimate of the date the Premises will be ready for occupancy. Landlord agrees to use its best efforts to complete all work, and to tender possession to Tenant, on or before the date shown in Section 2.01, or the extended date, if any, provided for therein. If Landlord is unable, for any reason beyond his control, to tender possession on that date, Tenant may not terminate this Lease; however, if the Premises are not substantially completed by October 31, 2010, Tenant shall be entitled to a rent abatement in the sum of Six Hundred Thirty-Nine and 87/100 (\$639.87) Dollars for each day after October 31, 2010 until the Premises are substantially completed. The rent abatement shall be applied against ensuing monthly rent payments.

2.03 The Premises will be conclusively deemed "ready for occupancy" under Section 2.01 as soon as the work to be done as described in **Exhibit "C"** has been substantially completed. The Premises will not be considered unready or incomplete if only minor or unsubstantial details of construction, decoration or mechanical adjustments remain to be done within the building, or if only landscaping or exterior trim remains to be done outside the building, or if the delay in the availability of the Premises for Tenant's occupancy is caused in whole or in part by Tenant. Landlord will require its workmen to cooperate with Tenant's installers of equipment, trade fixtures, furnishings and decorations attached to the Improvements to the maximum extent possible, but Tenant agrees that delay of or interference with Landlord's preparation of the Premises caused by such installers will not postpone the Commencement Date or the obligation to begin paying rent. By occupying the Premises, Tenant will be deemed to have accepted the Premises and acknowledged that they are in the condition called for in this Lease. Provided the Premises are otherwise substantially completed, the Commencement Date shall not be delayed or postponed in the event Tenant has not completed the construction and/or installation of the second floor mezzanine in accordance with Paragraph 31 of **Exhibit "C"**, nor shall the Commencement Date be delayed or postponed in the event Landlord has not completed construction of the lunchroom and quality lab under the mezzanine.

2.04 If Landlord permits Tenant to enter into possession of the Premises, prior to the Commencement Date, Tenant agrees that such occupancy will be deemed to be under all the

provisions of this Lease, except Tenant shall not be required to pay the rental established therein during such period of early occupancy.

2.05 Upon request by Landlord, Tenant will execute a written instrument confirming the Commencement Date and the expiration date of the Term.

2.06 Landlord represents and warrants to Tenant that the materials and equipment furnished pursuant to the Landlord's Work will be of good quality and new unless otherwise approved by Tenant, that the work will be free from defects, that the work will be completed in a good, workmanlike manner consistent with industry standards, and that the work will conform with the requirements of the specifications set forth in Exhibit "C". If, within one hundred eighty (180) days after occupancy of the Premises by Tenant, Tenant discovers that any of the work or materials supplied are not in compliance with this Paragraph or the specifications of Exhibit C, Tenant shall provide to Landlord a written notice, specifying in detail the nature and extent of the defects. Landlord shall repair or replace the defective work, and if Landlord fails to do so within a reasonable time, Tenant may, after written notice to Landlord, make such repairs and replacements. All reasonable costs and expenses incurred by Tenant in making such repairs and replacements shall be credited against the subsequent rent coming due.

2.07 When the Premises are ready for occupancy, Landlord and Tenant shall compile a "Punch List" of any items in need of adjustment, repair or correction, if any.

SECTION 3 THE BASE RENT

3.01 Rent shall not commence until the Commencement Date. Tenant agrees to pay to Landlord, as Minimum Net Rental for the original Term of this Lease, the total amount of

in monthly installments as follows:

September 1, 2010 through August 31, 2011
September 1, 2011 through August 31, 2012
September 1, 2012 through August 31, 2013
September 1, 2013 through August 31, 2014
September 1, 2014 through August 31, 2015
September 1, 2015 through August 31, 2016
September 1, 2016 through August 31, 2017
September 1, 2017 through August 31, 2018
September 1, 2018 through August 31, 2019
September 1, 2019 through August 31, 2020

3.02 Each monthly installment of Minimum Net Rental will be paid in advance without any setoffs or deductions, on the first day of each and every month (the "Rent Day") during the Term, at the office of the Landlord at the address first shown above, or at such other place as Landlord from time to time may designate in writing. Landlord acknowledges receipt of representing **the first (1st) month's rent**. In the event the Commencement Date is other than the first day of a calendar month, the rental for the partial first calendar month of the Term will be prorated accordingly.

3.03 Landlord and Tenant acknowledge and agree that this is a Net Lease. Except as otherwise provided herein, all costs, expenses and charges of every nature relating to the Premises which may be attributable to, or become due during, the Term will be paid by Tenant, and Tenant will indemnify and hold harmless Landlord from and against such costs, expenses and charges.

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 23, 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 \$1,371.48, equal to 2% of the estimated abated city taxes, for processing the application for tax abatement submitted by Witzenmann USA, LLC, 1201 Stephenson, 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 **Witzemann USA, 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), **Witzemann USA, LLC**, understands that through its investment of \$11,384,000.00 ~~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 **10** 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, 2012, **Witzemann USA, 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.) **Witzemann USA, 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**.

Witzemann USA, 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.) **Witzemann USA, 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.) **Witzemann USA, 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: _____ (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, October 11, 2010 at 7:30 P.M. to consider the establishment of an Industrial Development District (IDD) at the following location:

88-20-35-102-038 1201 Stephenson, Troy, MI. 48083-1116
T2N, R11E, Section 35 Oakwood Industrial Complex, Part of Lots 7, 8, 15, & 16

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
MARK RAJTER
4400 LIVERNOIS
TROY MI 48098-4799

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

WITZENMANN USA LLC
Attn: MARVIN PISARCZYK
1201 STEPHENSON
TROY MI 48083-1116

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

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

OAKLAND INTERMEDIATE
SCHOOLS
2111 PONTIAC LAKE
WATERFORD MI 48328

WITZENMANN USA LLC
Attn: MARVIN PISARCZYK
2200 CENTERWOOD
WARREN MI 48091

E - 01 Resolution for Establishment of an Industrial Development District (IDD) at 1201 Stephenson

Suggested Resolution

Resolution # 2010-

Moved by:

Seconded by:

RESOLVED, That Troy City Council hereby **ESTABLISHES** an Industrial Development District (IDD) for property known as 1201 Stephenson, Troy, MI. 48083-1116, Parcel # 88-20-35-102-038, in accordance with City Council Policy Resolution #2009-02-042; and

BE IT FURTHER RESOLVED, That the City Clerk shall **FORWARD** a copy of this resolution to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI. 48909-7971.

Yes:

No: