



CITY COUNCIL AGENDA ITEM

Date: October 4, 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
Magna Powertrain at 1870-1932 Technology

Background:

Magna USA is opening a new division, Magna Powertrain of America, in Troy at 1870-1932 Technology. As part of their expansion, they intend to purchase machinery and equipment valued at \$8,776,000. They will also add 103 new jobs to the 93 existing jobs they have in Troy. 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 11 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 \$8,776,000. Over the 11 year life of the abatement, the estimated total taxes would be \$344,230.24, of which \$109,232.50 would be City Taxes.

A 50% abatement amounts to a total savings to the taxpayer of \$172,115.12, of which \$54,616.25 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\Magna PT\Memo IDD 10.04.10

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 08/03/10 NL #6345
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) Magna Powertrain of America/MPT D&CCS Engineering		▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 55114	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 1870, 1900, 1932 Technology Drive		▶ 1d. City/Township/Village (indicate which) City of Troy	▶ 1e. County Oakland
▶ 2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Rehabilitation (Sec. 3(1)) <input type="checkbox"/> Research and Development (Sec. 2(9))		▶ 3a. School District where facility is located Warren Consolidated	▶ 3b. School Code 50230
		4. Amount of years requested for exemption (1-12 Years) 12	

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

Commerical Office and Automotive Research Facility with Light Prototype capabilities.

The office section of this facility will be used as Corporate Headquarters for Magna Powertrain of America, Inc. This will include Corporate Officers, Sales, Purchasing, Quality, IT and Product Engineering. See Attachment details.

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.	
6b. Cost of machinery, equipment, furniture and fixtures	▶ \$8,776,000.00
* Attach itemized listing with month, day and year of beginning of installation, plus total	
6c. Total Project Costs	▶ \$8,776,000.00
* 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 ▶	4/1/10	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. 93	▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. 103
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11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.

a. TV of Real Property (excluding land)

b. TV of Personal Property (excluding inventory)

c. Total TV

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

Industrial Development District Plant Rehabilitation District

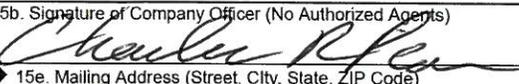
▶ 12b. Date district was established by local government unit (contact local unit)

▶ 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 Timothy Sinacola	13b. Telephone Number (248) 680-4930	13c. Fax Number (248) 524-5570	13d. E-mail Address timothy.sinacola@magnapowertrain.com
14a. Name of Contact Person Dave Sage	14b. Telephone Number (248) 524-5527	14c. Fax Number (248) 524-5570	14d. E-mail Address david.sage@magnapowertrain.com
▶ 15a. Name of Company Officer (No Authorized Agents) Charles Pear			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number (248) 524-5570	15d. Date 8/2/2010
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 1775 Research Drive, Troy, MI 48083		15f. Telephone Number (248) 680-4940	15g. E-mail Address charlie.pear@magnapowertrain.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 _____ 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: 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.	
16c. LUUCI Code 55114	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				
▶ LUUCI Code	▶ Begin Date Real	▶ Begin Date Personal	▶ End Date Real	▶ End Date Personal

APPLICATION FOR INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
Attachment A - Building improvements, Machinery & Equipment List , and Furniture & Fixture List
2/15/2010 - page 1-3

Building Improvements

DESCRIPTION TYPE	PROJECTED INSTALL DATE	EXPECTED COST
------------------	---------------------------	------------------

Carpet/Paint/Lighting

Carpet	Corp Office	2010	\$198,000
Paint	Corp Office	2010	\$35,000
Lighting	Corp Office	2010	\$60,000

	Total	\$293,000
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Lobby Upgrade

	Corp Office	2010	\$22,000
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	Total	\$22,000
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MEP

Power UpGrade	Engineering	2010	\$1,050,000
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	Total	\$1,050,000
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APPLICATION FOR INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
Attachment A - Building improvements, Machinery & Equipment List , and Furniture & Fixture List
2/15/2010 - page 2 of 3

Machinery and Equipment List

DESCRIPTION TYPE	PROJECTED INSTALL DATE	EXPECTED COST
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DATA Room/Equipment

Servers	Corp Office	2010	\$78,000
Air Conditioners	Corp Office	2010	\$83,000
Generator	Corp Office	2010	\$43,000
Switch/Controls/Other	Corp Office	2010	\$61,000
Total			\$265,000

DATA/IT

Software/Hardware Purchases	Corp Office	Thru 2012	\$518,000
Software/Hardware Purchases	Engineering	Thru 2012	\$720,000
Software Licenses	Engineering	Thru 2012	\$1,800,000
Total			\$3,038,000

Leased Equipment

Leased Copiers		Thru 2012	\$216,000
Total			\$216,000

APPLICATION FOR INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
Attachment A - Building improvements, Machinery & Equipment List , and Furniture & Fixture List
2/15/2010 - page 3 of 3

Furniture, Fixture and Equipment Transfers

DESCRIPTION TYPE	PROJECTED INSTALL DATE	EXPECTED COST
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Equipment Purchased

Cabling	Corp Office	2010	\$130,000
Offices/Cafeteria	Corp Office	2010	\$102,000
Signage	Corp Office	2010	\$33,000
Other	Corp Office	2010	\$85,000
Bedplates	Engineering	Thru 2012	\$172,000
Dynamometer	Engineering	Thru 2012	\$1,910,623
Labs/Test Stands	Engineering	Thru 2012	\$438,000
Other	Engineering	Thru 2012	\$890,377

\$3,761,000

Equipment Transferred

Moved from Syracuse Engineering 2010 thru 2011

Liebher		2010	\$3,312
Lorenz Shaper		2010	\$4,378
Okuma Grinder		2010	\$5,917
Brown & Sharp CMM		2010	\$4,041
Charimlles EDM		2010	\$0
Gleason Hob		2010	\$0
Kapp Grinder		2010	\$59,657
Gleason Pointer		2010	\$5,888
Mitsubishi Shaver		2010	\$12,301
Gleason CMM		2010	\$16,725
Hoffman Balancer		2010	\$0
Demco Dyno		2010	\$0
Environmental Chamber		2010	\$1,292
Environmental Chamber		2010	\$1,292
Horiba Dyno		2010	\$0
LDS Shaker		2010	\$8,344
Synch Performance Stand		2010	\$763
New Brunswick Freezer		2010	\$652
MTS Rotary and Linear hydraulic test stands		2011	\$5,947

Total \$130,510

TOTALS

Carpet/Paint/Lighting	\$293,000
Lobby Upgrade	\$22,000
MEP	\$1,050,000
DATA Room/Equipment	\$265,000
DATA/IT	\$3,038,000
Leased Equipment	\$216,000
Equipment Purchased	\$3,761,000
Equipment Transferred	\$130,510

GRAND TOTAL \$8,775,510

Applicant Name Magna Powertrain of America

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
Magna Powertrain of America
Estimate of Total Taxes and Tax Savings for IFEC Application**

Market Value	8,776,000	7,898,400	6,160,752	4,189,311	2,534,533	1,355,975	650,868	283,128	111,835	39,702	12,705	3,748
50% of Value	4,388,000	3,949,200	3,080,376	2,094,656	1,267,267	677,988	325,434	141,564	55,918	19,851	6,352	1,874
Year	1	2	3	4	5	6	7	8	9	10	11	
Depreciation	0.9000	0.7800	0.6800	0.6050	0.5350	0.4800	0.4350	0.3950	0.3550	0.3200	0.2950	
Taxable Value	3,949,200	3,080,376	2,094,656	1,267,267	677,988	325,434	141,564	55,918	19,851	6,352	1,874	

Taxes	100% of Millage	Taxes										
Trans County	0.59000	\$2,330.03	\$1,817.42	\$1,235.85	\$747.69	\$400.01	\$192.01	\$83.52	\$32.99	\$11.71	\$3.75	\$1.11
Int Schools	4.64610	\$18,348.38	\$14,311.73	\$9,731.98	\$5,887.85	\$3,150.00	\$1,512.00	\$657.72	\$259.80	\$92.23	\$29.51	\$8.71
Comm Coll	2.94300	\$11,622.50	\$9,065.55	\$6,164.57	\$3,729.57	\$1,995.32	\$957.75	\$416.62	\$164.57	\$58.42	\$18.69	\$5.51
State Ed	1.58440	\$6,257.11	\$4,880.55	\$3,318.77	\$2,007.86	\$1,074.20	\$515.62	\$224.29	\$88.60	\$31.45	\$10.06	\$2.97
School Op	0.00000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Sch Debt	6.82260	\$26,943.81	\$21,016.17	\$14,291.00	\$8,646.05	\$4,625.64	\$2,220.31	\$965.83	\$381.50	\$135.43	\$43.34	\$12.78
Admin City	3.43640	\$13,571.03	\$10,585.40	\$7,198.07	\$4,354.84	\$2,329.84	\$1,118.32	\$486.47	\$192.16	\$68.22	\$21.83	\$6.44
Admin City	0.20023	\$790.73	\$616.77	\$419.40	\$253.74	\$135.75	\$65.16	\$28.34	\$11.20	\$3.97	\$1.27	\$0.38
City	9.40000	\$37,122.48	\$28,955.53	\$19,689.76	\$11,912.31	\$6,373.08	\$3,059.08	\$1,330.70	\$525.63	\$186.60	\$59.71	\$17.61
Total	29.62273	\$116,986.07	\$91,249.13	\$62,049.41	\$37,539.89	\$20,083.84	\$9,640.24	\$4,193.51	\$1,656.43	\$588.03	\$188.17	\$55.51

Total 11 Years	\$344,230.24
Total City 11 Yr	\$109,232.50

50% Total 11 Yr	\$172,115.12	Net Total Taxes Abated
50% Total City 11 Yr	\$54,616.25	Net Total City Taxes Abated
2% Total City 11 Yr	\$1,092.32	Application Fee (2% total city)

August 3, 2010

To: State Tax Commission
P. O. Box 30471
Lansing, MI 48909-7971

From: Leger A. (Nino) Licari, City Assessor

Re: Affidavit of Application Fees For IFEC

This affidavit attests to the fact that the City of Troy has charged an application fees in the amount of \$1,092.32, equal to 2% of the estimated abated City taxes for the life of the exemption for Magna Powertrain of America, 1870 - 1932 Technology, Troy, MI 48083-4242.

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

Signed: Leger A. (Nino) Licari, City Assessor

Dated:

Magna Powertrain of America
Aerial of Site
IFT Application

1835

TECHNOLOGY

1870

1900

1932



Legal Description:

Magna Powertrain of America
IFT Application
1870 – 1932 Technology
Troy, MI 48083-4242
88-20-35-276-006

T2N, R11E, SEC 35
PART OF NE 1/4
BEG AT PT DIST
N 00-07-20 E 399.85 FT &
N 89-12-00 W 568.54 FT
FROM E 1/4 COR,
TH N 89-12-00 W 744.12 FT,
TH N 00-25-25 E 252.56 FT,
TH ALG CURVE TO LEFT,
RAD 467.50 FT, CHORD BEARS
N 65-35-08 E 236.57 FT,
DIST OF 239.17 FT,
TH ALG CURVE TO RIGHT,
RAD 407.50 FT, CHORD BEARS
N 70-31-33 E 273.34 FT,
DIST OF 278.75 FT,
TH S 89-52-40 E 270.02 FT,
TH S 00-07-20 W 451.27 FT
TO BEG 6.70 A
05/01/86 FR 226-034 & 052



TROY TECHNOLOGY PARK
 1835-1975 TECHNOLOGY DRIVE
 AND 1960 RING ROAD
 TROY, MICHIGAN

TRIPLE NET LEASE

THIS LEASE is made and entered into this 24 day of March 2010, by and between "Landlord" (as defined in Section 1.1 below), and "Tenant" (as defined in Section 1.2 below).

1. **PRIMARY TERMS.** The following are the primary terms and provisions of this Lease, including certain critical definitions.

1.1 "Landlord": SOUTH TROY TECH, L.L.C., a Michigan limited liability company
 5700 Crooks Road, SUITE 400 C/O THE HAYMAN COMPANY
 Troy, Michigan ~~48008~~ 48088

1.2 "Tenant": MAGNA POWERTRAIN OF AMERICA, INC., a Delaware corporation
 1775 Research Drive
 Troy, Michigan 48083

All notices to tenant shall be sent to Tenant at the Leased Premises (described below), with a copy to Magna Powertrain Inc., 50 Casmir Court, Concord, Ontario, Canada, L4K 4J5, Attention: General Counsel.

1.3 "Leased Premises": The buildings ("Buildings") located at 1870, 1900 and 1932 Technology Drive (Buildings B, C and D), City of Troy, Oakland County, Michigan 48083, containing approximately ninety-seven thousand three hundred eighty-nine (97,389) rentable square feet (the "Leased Premises"), together with the non-exclusive use of the driveways and the use of those designated parking areas as depicted on the site plan attached hereto as Exhibit "A." The legal description of the Troy Technology Park, of which the Leased Premises is a part, is set forth on Exhibit "B" attached hereto.

1.4 "Term": Seven (7) years and four (4) months. (See Section 3)
 A. "Commencement Date" is May 1, 2010
 B. "Rent Commencement Date" is September 1, 2010
 C. "Expiration Date" is August 31, 2017.

1.5 "Base Rent" (aggregate): [REDACTED] (See Section 3)

1.6 Monthly / Annual Installments of Base Rent. (See Section 3)

Months 1 - 4: Base Rent Abated
 Spt Months 5 - 16: [REDACTED]
 Months 17 - 28: [REDACTED]
 Months 29 - 40: [REDACTED]
 Months 41 - 52: [REDACTED]
 Months 53 - 64: [REDACTED]
 Months 65 - 76: [REDACTED]
 Months 77 - 88: [REDACTED]

1.7 "Permitted Use": Automotive powertrain and other related testing, development, research, engineering, design, sales and related administrative and operational support and ancillary uses and for no other reason without the prior written consent of Landlord, which shall not be unreasonably or arbitrarily withheld or refused. (See Section 4)

1.8 Hazardous Substances: EXCEPT AS OTHERWISE PROVIDED HEREIN, THE USE OF HAZARDOUS SUBSTANCES ON THE LEASED PREMISES IS PROHIBITED.

1.9 Brokers: Landlord's Broker: The Hayman Company
 Tenant's Broker: Colliers International (See Section 35)

1.10 Due at Signing: [REDACTED] Monthly Base Rent
 [REDACTED] Estimated Monthly Installment of Additional Rent
TOTAL DUE AT SIGNING

1.11 Condition: This Lease is conditional upon Tenant receiving approval, on or before April 30, 2010, of certain State and local incentives which have been sought by Tenant; provided that such condition is agreed to be for the sole benefit of Tenant and Tenant shall have the right to waive or withdraw such condition at any time. In the event that the within condition is not fulfilled by April 30, 2010, Tenant may terminate this Lease by providing Landlord with written notice of termination which must be received by Landlord by not later than 5:00 PM Troy,

33. **BROKER'S COMMISSION.** Tenant represents and warrants unto the Landlord that there are no claims for brokerage commissions or finder's fees in connection with this Lease, other than to Collier's International, whose commission shall be paid by Landlord pursuant to a separate written agreement, and Tenant agrees to indemnify Landlord and hold it harmless from all liabilities arising from any such claim arising from an alleged agreement or act by the indemnifying party (including, without limitation, the cost of counsel fees in connection therewith); such agreement to survive the termination of this Lease.

34. **OPTION TO EXTEND.** Provided Tenant has not been in default beyond any applicable cure periods under this Lease and has continuously maintained possession of the Leased Premises and operated its business throughout the immediately preceding lease term, Tenant shall have the right to extend the term of the Lease for three (3) periods of five (5) years each commencing on the expiration of the original lease term; option term one or option term two as the case may be. Written notice of Tenant's election to extend the term of this Lease must be received by Landlord via certified mail, return receipt requested, at least 180 days prior to the expiration of the original lease term, option term one or option term two, as the case may be, failing which Tenant shall be deemed to waive such option, time being declared of the essence. In the event Tenant exercises the options contained in this Section 36, and thereafter, but prior to the commencement of the forthcoming option term, ceases to remain in possession of the Leased Premises or discontinues the operation of its business, Tenant's exercise of its option to extend the term of this Lease shall be deemed null and void at Landlord's election. The renewals shall be on the same terms and conditions of this Lease, with base rental increased as provided below. Provided, however, that the Base Rent to be paid by Tenant during the Option Term 1 shall be the lesser of: (i) the rental rates set forth in the table below; or (ii) ninety (90%) percent of the then prevailing rental rate (as hereinafter defined).

<u>Months</u>	<u>Rent/Sq. Foot</u>	<u>Annual Minimum Base Rent</u>	<u>Monthly Minimum Base Rent</u>
Option Term 1			
89 – 100			
101 – 112			
113 – 124			
125 – 136			
137 -148			
Option Term 2			
149 – 160	90% of Prevailing Rental Rate		
161 – 172	90% of Prevailing Rental Rate		
173 – 184	90% of Prevailing Rental Rate		
185 - 196	90% of Prevailing Rental Rate		
197 - 208	90% of Prevailing Rental Rate		
Option Term 3			
209 – 220	90% of Prevailing Rental Rate		
221 – 232	90% of Prevailing Rental Rate		
233 – 244	90% of Prevailing Rental Rate		
245 – 256	90% of Prevailing Rental Rate		
257 - 268	90% of Prevailing Rental Rate		

For purposes hereof, the "Prevailing Rental Rate" means the rental rate charged at the commencement of such extended Term, for renewals of space in the Buildings of equivalent quality, size, utility and location, with the length of the extended Term and the credit standing of Tenant to be taken into account. In the event that ninety (90%) percent of the Prevailing Rental Rate is utilized for purposes of determining the Base Rent for Option Term 1, the Base Rent for subsequent years under the Option Term 1 shall be calculated at ninety (90%) percent of then applicable Prevailing Rental Rate. The Base Rent for each year in Option Term 2 and Option Term 3 shall be calculated at ninety (90%) percent of then applicable Prevailing Rental Rate.

Within thirty (30) days after receipt of Tenant's notice to renew, Landlord shall deliver to Tenant written notice of the Prevailing Rental Rate and shall advise Tenant of the required adjustment to Base Rent, if any, and the other terms and conditions offered. Tenant shall, within fifteen (15) days after receipt of Landlord's notice, notify Landlord in writing whether Tenant accepts or rejects Landlord's determination of the Prevailing Rental Rate. If Tenant timely notifies Landlord that Tenant accepts Landlord's determination of the Prevailing Rental Rate, then, on or before the commencement date of the applicable Option Term, Landlord and Tenant shall execute an amendment to this Lease extending the Term on the same terms provided in this Lease, except as follows:

- (a) Base Rent for the balance of the option Term shall be adjusted annually to then Prevailing Rental Rate;
- (b) Tenant shall have no further renewal options other than those which are expressly granted herein; and
- (c) Landlord shall lease to Tenant the Leased Premises in their then-current condition, and except as otherwise provided herein, Landlord shall not provide to Tenant any allowances or other tenant inducements.

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

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

This agreement between **Magna Powertrain of America**, (“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), **Magna Powertrain of America**, understands that through its investment of \$8,776,000 ~~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 **11** years after either completion of construction of the facilities, or December 31, 2023, whichever is sooner.
- 2.) At the end of two (2) years or no later than December 31, 2012, **Magna Powertrain of America** 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.) **Magna Powertrain of America**, 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**.

Magna Powertrain of America, 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.) **Magna Powertrain of America**, 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.) **Magna Powertrain of America**, 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:

88-20-35-276-006 1870-1932 Technology, Troy, MI. 48083-4242
T2N, R11E, Section 35 part of NE 1/4

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.*

WARREN CON SCHOOLS
Attn: TOM WALL
31300 ANITA
WARREN MI 48093-1697

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

MACOMB INTERMEDIATE SCHOOLS
Attn: PAUL J BODIYA
44001 GARFIELD
CLINTON TWSHP MI 48038-1100

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

MAGNA POWERTRAIN
Attn: CHARLIE PEAR
1775 RESEARCH
TROY MI 48083

MAGNA POWERTRAIN
Attn: CHARLIE PEAR
1870 – 1932 TECHNOLOGY
TROY MI 48083-4242

E - 03 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 1870-1932 Technology, Troy, MI. 48083-4242, Parcel # 88-20-35-276-006, 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: