



## CITY COUNCIL AGENDA ITEM

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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 granting of an Industrial Facilities Exemption Certificate (IFEC) for Magna Powertrain at 1870-1932 Technology

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### 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.

### 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.

### 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.



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### Recommendation:

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

### Options:

City Council may approve the tax abatement. Or, City Council may choose not to grant the abatement. In which case, the Petitioner may appeal that decision to the State Tax Commission (STC).

NI/nl H:IFT\Magna PT\Memo IFEC 10.11.10 Revised

**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 granting of an Industrial Facilities Exemption Certificate (IFEC) 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.

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Tonni Bartholomew, MMC  
City Clerk

***NOTICE:*** *People with disabilities needing accommodations for effective participation in this meeting should contact the City Clerk by e-mail at [clerk@ci.troy.mi.us](mailto: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 - 04 Request for Consideration to Grant an Industrial Facilities Exemption Certificate (IFEC) to Magna Powertrain of America – 1870-1932 Technology**

Suggested Resolution

Resolution # 2010-

Moved by:

Seconded by:

WHEREAS, After due notice and proper hearing, the City Council of the City of Troy on October 11, 2010, established an Industrial Development District (IDD) for property known as 1870-1932 Technology, Troy MI. 48083-4242, Parcel # 88-20-35-276-006; and

WHEREAS, An Application has been submitted by Magna Powertrain of America, for an Industrial Facilities Exemption Certificate (IFEC) for personal property at 1870-1932 Technology, Troy MI. 48083-4242, for eleven (11) years; and

WHEREAS, After due and proper notice by the City Clerk, the City Council, on October 11, 2010, held a Public Hearing giving opportunity for comment by all taxing units as to the possibility that the granting of an Industrial Facilities Exemption Certificate (IFEC) for Magna Powertrain of America, at 1870-1932 Technology, Troy, MI. 48083-4242 may have the effect of substantially impeding the operation of the taxing unit, or impairing the financial soundness of the taxing unit;

NOW, THEREFORE, BE IT RESOLVED, That Troy City Council has **FOUND THAT THE GRANTING** of an Industrial Facilities Exemption Certificate (IFEC) for Magna Powertrain of America, at 1870-1932 Technology, Troy, MI. 48083-4242 shall not substantially impede the operation of the City of Troy or the other taxing units, **NOR HAS IT BEEN FOUND THAT THE GRANTING** of the Industrial Facilities Exemption Certificate (IFEC) will impair the financial soundness of the City of Troy, or the other taxing units which levy taxes on said property; and

BE IT FURTHER RESOLVED, That Troy City Council hereby **APPROVES** the application for an Industrial Facilities Exemption Certificate (IFEC) for Magna Powertrain of America, Inc., at 1870-1932 Technology, Troy MI. 48083-4242, Parcel # 88-20-35-276-006, for personal property for a term of eleven (11) years after completion, **CONTINGENT** upon the execution of a Letter of Agreement between the City of Troy and Magna Powertrain of America, and payment of the application fee established in accordance with Public Act 198 of 1974, as amended; and

BE IT FURTHER RESOLVED, That the Mayor and City Clerk are **AUTHORIZED TO EXECUTE** the Letter of Agreement between the City of Troy and Magna Powertrain of America, a copy of which shall be **ATTACHED** to the original minutes of this meeting; and

BE IT FINALLY RESOLVED, That the City Clerk is hereby **AUTHORIZED TO COMPLETE** the Application and **TRANSMIT** same to the State Tax Commission, Treasury Building, P.O. Box 30471, Lansing, MI. 48909-7971

Yes:

No: