



CITY COUNCIL AGENDA ITEM

Date: December 6, 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 P3 North America, Inc., at 1957 Crooks

Background:

P3 North America, Inc., is expanding its operations into Troy, at 1957 Crooks Ste B. As part of their application for incentives from MEGA, a local contribution is required. As such, they have applied for tax abatement, under the new City Council Tax Abatement Policy (attached). They intend to purchase equipment and leasehold improvements valued at \$145,950. They will also add 23 new jobs to the 44 existing jobs they have.

They would qualify for an Industrial Facility Exemption Certificate (IFEC) for 2 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 \$145,950.00. Over the 2 year life of the abatement, the estimated total taxes would be \$3,573.13, of which \$1,123.61 would be City Taxes.

A 50% abatement amounts to a total savings to the taxpayer of \$1,786.56, of which \$561.81 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.



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Policy Considerations:

The application is in compliance with City Council Tax Abatement Policy Resolution #2010-08-173.

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\P3 NA\Memo IDD 12.06.10

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 <i>10/19/10</i>
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) <i>P3 North America Inc</i>	1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) <i>NATCS: 541330 SIC: 8711</i>
1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) <i>1957 Crookes Rd Ste B, Troy MI, 48064</i>	1d. City/Township/Village (indicate which) <i>City of Troy</i>
1e. County <i>Oakland</i>	3a. School District where facility is located <i>Troy Schools</i>
2. Type of Approval Requested <input checked="" type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input type="checkbox"/> Research and Development (Sec. 2(9))	3b. School Code <i>63150</i>
<input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Rehabilitation (Sec. 3(1))	4. Amount of years requested for exemption (1-12 Years) <i>2</i>

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 Attached:
R&D, Testing, Engineering and Consulting for high tech industries including automotive, aviation, and telecommunications. For example, wireless communications and navigation systems.*

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.	▶ <i>27,700</i> 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	▶ <i>118,250</i> Personal Property Costs
6c. Total Project Costs * Round Costs to Nearest Dollar	▶ <i>145,950</i> Total of Real & Personal Costs

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

	Begin Date (M/D/Y)	End Date (M/D/Y)	
Real Property Improvements	▶ <i>10/1/10</i>	<i>10/1/12</i>	▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements	▶ <i>10/1/10</i>	<i>10/1/12</i>	▶ <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. *44*

10. No. of new jobs at this facility expected to create within 2 years of completion. *23*

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) *NA*

b. TV of Personal Property (excluding inventory) *NA*

c. Total TV *NA*

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 <i>Ben Beagan</i>	13b. Telephone Number <i>248-736-3418</i>	13c. Fax Number <i>248-399-5668</i>	13d. E-mail Address <i>ben.beagan@p3-group.com</i>
14a. Name of Contact Person <i>Ben Beagan</i>	14b. Telephone Number <i>248-736-3418</i>	14c. Fax Number <i>248-399-5668</i>	14d. E-mail Address <i>ben.beagan@p3-group.com</i>
▶ 15a. Name of Company Officer (No Authorized Agents) <i>Savit Ghosh</i>			
15b. Signature of Company Officer (No Authorized Agents) <i>Savit Ghosh</i>		15c. Fax Number <i>248-399-5668</i>	15d. Date <i>9/23/10</i>
▶ 15e. Mailing Address (Street, City, State, ZIP Code) <i>1957 Creeks Rd, Troy, MI 48064</i>		15f. Telephone Number <i>248-399-1755</i>	15g. E-mail Address <i>Savit.ghosh@p3-group.com</i>

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 checked="" 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 checked="" type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input checked="" type="checkbox"/> 7. Equipment List with dates of beginning of installation <input checked="" type="checkbox"/> 8. Form 3222 (if applicable) <input checked="" type="checkbox"/> 9. Speculative building resolution and affidavits (if applicable)	
16a. Documents Required to be on file with the Local Unit 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 <i>541330</i>	
17. Name of Local Government Body <i>CITY OF TROY</i>		16d. School Code <i>63150 (260 TROY)</i>	
		▶ 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 <i>Tawni Bartholomew</i>	19b. Name of Clerk <i>Tawni Bartholomew</i>	19c. E-mail Address <i>T.BARTHOLOMEW@TROYMI.GOV</i>
19d. Clerk's Mailing Address (Street, City, State, ZIP Code) <i>500 W BIG BEAVER TROY MI 48054-5254</i>		
19e. Telephone Number <i>248 524-3316</i>	19f. Fax Number <i>248 524-1770</i>	

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

State Tax Commission
Michigan Department of Treasury
P.O. Box 30471
Lansing, MI 48909-7971

(For guaranteed receipt by the STC, it is recommended that applications are sent by certified mail.)

STC USE ONLY				
▶ LUCI Code	▶ Begin Date Real	▶ Begin Date Personal	▶ End Date Real	▶ End Date Personal

Applicant Name P3 North America, 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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P3 North America, Inc. 23647 Woodward Ave, Suite 1 Pleasant Ridge, MI 48069 USA

P3 North America, Inc.
www.p3-group.com/northamerica

Mr. Nino Licari
City Assessor
500 W. Big Beaver Rd.
Troy, MI 48084

PHONE +1-248-399-1755
FAX +1-248-399-5668

Mr. Nino Licari,

Due to our growth during the last 5 years, we have found it necessary to relocate our current operations in Pleasant Ridge Michigan to larger facilities. As a result, we have committed to a five year lease of office space located on Crooks road in the City of Troy. Furthermore, depending on a favorable decision from the MEGA board, we may expand our current square footage to accommodate a new project scheduled for ramp-up during 2011. Our current projection estimates that 23 new jobs will be created between 2011 and 2012.

We have received and read Troy's guidelines for the Industrial Facilities Tax Exemption. After review, we believe P3 North America, Inc. meets the minimum criteria required for eligibility to receive an IFEC tax abatement and plan to submit our formal application and supporting documents. Please accept this letter as our official letter of intent to apply for the Industrial Facilities Tax Exemption. We appreciate your consideration and look forward to a long relationship with the City of Troy. As requested, a brief summary of P3 North America, Inc. is below.

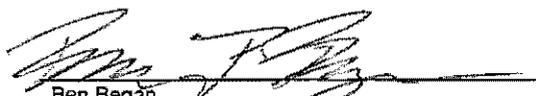
P3 North America is the North American subsidiary of the P3 Group and was founded in 2005 as a result of a hybrid technology optimization and consulting project in Troy Michigan. We have experienced steady growth since 2005 and diversified into various high tech industries.

Historically, our focus has been on the development and management of alternative power-trains, batteries, hybrids, fuel cells, and electric vehicles. Since 2005, we have executed significant consulting, engineering, and testing projects in the various high tech industries mentioned above. We continue to work with companies in these fields to help them bring new technology to market.

In order to follow our international growth strategy, we have added infotainment testing and system validation to our scope of services. In these areas, we are working with automotive OEM's and Tier 1 suppliers to test their system behavior for new infotainment technology. Recently, we have also expanded into the aviation industry.

As of 2010, our focus is on high technology projects and services that combine the automotive, aviation, and telecommunications industries. For example, we have provided extensive services related to wireless communications and navigation systems engineering and testing.

Thank you again for your consideration and we look forward to hearing from you soon.


Ben Began
Accounting – P3 North America
Tel: 248-736-3418
E-mail: ben.began@p3-group.com

RECEIVED

SEP 23 2010

**CITY OF TROY
ASSESSING DEPT.**

Estimated Furniture/Fixtures & IT Equipment For Year 2011 & 2012

Italmoda (Sofas/Chairs/Tables)	\$ 5,000.00
Sunwalls (modular dividers)	\$ 4,900.00
Conf/Task Chairs	\$ 7,500.00
Molo (modular dividers)	\$ 4,450.00
Ikea (desks,chairs, cabinets)	\$ 14,300.00
Appliances (dishwasher/fridge)	\$ 2,700.00
Durafon Pro (phone system)	\$ 2,500.00
Durafon Pro-HC (phone system)	\$ 2,900.00
Vizio (M470NV) (conf TV)	\$ 1,200.00
Vizio (M320NV) (conf TV)	\$ 500.00
Vizio Mounting	\$ 1,000.00
Laptops (x23)	\$ 32,200.00
Phones (x23)	\$ 4,600.00
Server	\$ 7,000.00
Scanners/Printers	\$ 2,500.00
Misc Server/IT (backup tapes,batteries, network cards etc...)	\$ 10,000.00
Testing Equipment	\$ 15,000.00
Total Estimated Furniture/Fixtures & IT Equipment	\$ 118,250.00
Paint,Carpet, Electrical, Cement Flooring,Plumbing	\$ 27,700.00

2107

P3 North America, Inc. Aerial/Site
1957 Crooks Ste B
88-20-29-426-042

1959

1957

CROOKS

1470

1450

1895

P3 North America, Inc
1957 Crooks Ste B
Troy MI 48084
88-20-29-426-042

Legal Description:

T2N, R11E, SEC 29
PART OF SE 1/4
BEG AT PT DIST
N 00-53-00 E 1316.20 FT &
N 89-07-00 W 60.00 FT
FROM SE SEC COR,
TH N 89-07-00 W 402.02 FT,
TH N 00-41-00 E 240.00 FT,
TH S 89-07-00 E 402.90 FT,
TH S 00-53-00 W 240.00 FT
TO BEG 2.22 A

City of Troy - Assessing Department
P3 North America, Inc.
Estimate of Total Taxes and Tax Savings for IFEC Application

Market Value	145,950	132,815	106,252
50% of Value	72,975	66,407	53,126
Year		1	2
Depreciation		0.9100	0.8000
Taxable Value		66,407	53,126

Taxes	100% of Millage	Taxes	Taxes
Trans	0.59000	\$39.18	\$31.34
County	4.64610	\$308.53	\$246.83
Int Schools	3.36900	\$223.73	\$178.98
Comm Coll	1.58440	\$105.22	\$84.17
State Ed	0.00000	\$0.00	\$0.00
School Op	6.00000	\$398.44	\$318.75
Sch Debt	4.10000	\$272.27	\$217.82
Admin	0.20290	\$13.47	\$10.78
City	9.40000	\$624.23	\$499.38
Total	29.89240	\$1,985.07	\$1,588.06

Total 2 Years	\$3,573.13
Total City 2 Yr	\$1,123.61

50% Total 2 Yr	\$1,786.56	Net Total Taxes Abated
50% Total City 2 Yr	\$561.81	Net Total City Taxes Abated
2% Total City 2 Yr	\$11.24	Application Fee (2% total city)

LEASE

THIS LEASE is made as of the 17 day of May 2010 by and between **WILLOWGREEN BUILDING GROUP, LLC**, a Michigan limited liability company, whose address is Stoneridge West, 41000 Woodward Avenue, Bloomfield Hills, Michigan 48304 ("Landlord"), and **P3 NORTH AMERICA, INC.**, a Colorado corporation, whose address is 23647 Woodward Avenue, Pleasant Ridge, Michigan 48064 ("Tenant").

IN CONSIDERATION OF the rents to be paid and the mutual covenants, promises and agreements herein set forth, Landlord and Tenant agree as follows:

Landlord hereby leases unto Tenant a portion of the Building ("Building") situated in the City of Troy, County of Oakland, State of Michigan, and located on the site described on Exhibit A attached hereto and made a part hereof ("Site"). The Building consists of approximately 34,373 square feet, more or less, on one (1) floor. The premises demised hereunder ("Premises") are specifically shown on Exhibit B attached hereto and contain approximately 8,691 square feet.

TO HAVE AND TO HOLD for a term of sixty-two (62) months from and after the commencement of the term as hereinafter provided.

SECTION 1 **LANDLORD'S WORK**

1.01 Landlord agrees, prior to the commencement of the term of this Lease, to complete certain modifications within the Premises and related improvements on the Site.

1.02 Subject to 1.03 below, the Landlord's Work shall be completed on or before 120 days after the date of this lease set forth on Page 1.

1.03 Landlord agrees, at its sole cost and expense (except as set forth in this Lease), to accomplish the Landlord's Work as set forth on Exhibit C attached hereto, made a part hereof, and initialed by the parties. If Landlord shall be in good faith delayed in construction by any labor dispute, strike, lockout, fire, unavailability of material, weather, or other cause, beyond its reasonable control, then the period of delay necessarily caused thereby shall be added to the time provided for such construction.

SECTION 2 **POSSESSION AND COMMENCEMENT OF TERM**

2.01 Except as herein provided, Landlord covenants that actual possession of the Premises shall be delivered to Tenant on or before the date in Section 1.02 specified for the completion of the modification of the Premises. By occupying the Premises, Tenant will be deemed to have accepted same and acknowledged that they are in the condition called for hereunder. Tenant shall be required to accept possession of the Premises from Landlord despite the existence of minor punch list items so long as reasonably usable for Tenant and Landlord proceeds with reasonable diligence to complete same. Upon Tenant taking possession of the Premises, a mutual punchlist shall be prepared by Landlord and Tenant and Landlord shall promptly proceed to complete the punchlist items. Tenant further acknowledges that no representations, express or implied, as to the condition or the state of repairs of the Premises have been made by Landlord or its agents which are not expressed in this Lease. The term of this Lease shall commence on the date when possession of the Premises is delivered to Tenant as required hereunder ("Commencement Date"). Landlord will require its contractor to cooperate with Tenant's installers of equipment, trade fixtures, furnishings and decorations attached to the improvements to the maximum extent possible, but delay of or interference with construction caused by such installers shall not postpone the commencement of the term.

2.02 If Landlord shall be unable for any reason to give possession of the Premises on the Commencement Date, Landlord shall not be subject to any liability for the failure to deliver possession on such date but the obligation to pay rent shall not commence until the Premises are ready for occupancy by Tenant. If possession is not delivered to Tenant by October 15, 2010, Tenant shall have the right to terminate this Lease without any further obligation and receive back any payments theretofore made by Tenant to Landlord, provided; however, that Landlord's right to terminate shall arise only if Landlord receives a written notice to terminate from Tenant on or before October 21, 2010. If permission is given to Tenant to enter into possession of the Premises for fixturing, prior to the Commencement Date, Tenant covenants and agrees that such occupancy shall be subject to all the terms, covenants, conditions and provisions of this Lease, except that no Minimum Net Rent, CAM, insurance, taxes or any other cost (except gas and electric utility charges) will be charged during this time. If the Commencement Date is other than the first day of the month, the term of this Lease, shall be automatically extended to end on the last day of 62nd month after the month in which the Commencement Date.

2.03 On the Commencement Date or within 10 days after Tenant receives a written

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request by Landlord, Tenant shall confirm the Commencement Date in writing and the date on which the term shall end.

SECTION 3
MINIMUM NET RENTAL

3.01 In consideration of the leasing aforesaid, Tenant hereby covenants and agrees to pay Landlord, at such place as Landlord may hereafter from time to time designate in writing, and without any offset or deduction therefrom, a minimum net rental ("Minimum Net Rental") for the original term of the Lease equal in total amount to Two Hundred Seventy Thousand Six Hundred Forty-Five and 65/100 (\$270,645.65) Dollars, payable in advance on the first (1st) day of each month ("Due Date") in monthly installments as follows: No Minimum Net Rental shall be due for the first two (2) months of the Term; however, Tenant shall pay monthly its prorationate share of Common Area Costs (as defined in Section 28), and taxes and insurance during said two (2) month period. Thereafter, on the first (1st) day of the third (3rd) month of the Term, and on the first (1st) day of each and every month thereafter during the balance of the Term, Tenant shall pay minimum net rent to Landlord, as follows:

Months 3 thru 14
Months 15 thru 26
Months 27 thru 38
Months 39 thru 60
Months 61 thru 62

Receipt of rental owing hereby acknowledged. If the term of this Lease commences or ends on a day other than the first day of a month, then Minimum Net Rental for the partial month shall be appropriately prorated.

Dollars representing the third month's
Dollars representing a security deposit is

Additionally, Landlord acknowledges receipt of the sum of Seven Thousand Five Hundred and 00/100 (\$7,500.00) Dollars representing fifty (50%) percent of the cost of a glass wall to be built by Landlord and the sum of Four Thousand and 00/100 (\$4,000) Dollars as additional rent agreed to be paid by Tenant to Landlord [representing the difference between the Three Hundred Ninety-Six Thousand and 00/100 (\$396,000.00) Dollars aggregate rental cost and the Four Hundred Thousand and 00/100 (\$400,000.00) Dollars cap imposed by Tenant]. Landlord will bill separately to Tenant the taxes, insurance and CAM charges for the first two (2) months of the Lease term.

Accordingly, Landlord hereby acknowledges receipt of the total sum of,
Dollars for the items set forth above.

3.02 Landlord and Tenant intend that the Minimum Net Rental shall be net to Landlord, so that this Lease shall yield, net, to Landlord, not less than the minimum net rent specified in Section 3.01 hereof during the term of this Lease, and that all costs, expenses and charges of every kind and nature relating to the Premises which may be attributable to, or become due during the term of, this Lease shall be paid by Tenant and that Landlord shall be indemnified and held harmless by Tenant from and against the payment of such costs, charges and expenses.

SECTION 4
LATE CHARGES AND INTEREST

4.01 Any Minimum Net Rental and additional rent unpaid for more than five (5) days after the Due Date and any rent received and accepted more than five (5) days after the Due Date shall be subject to a late charge of five (5%) percent of such rent, and such late charges shall be due from Tenant to Landlord as additional rent on or before the next rental Due Date. Any default in the payment of rent shall not be considered cured unless and until such late charges are paid by Tenant to Landlord. Upon default of payment of such late charges, Landlord shall have the same remedies, as those for default in payment of rent. Such late charges shall be in addition to any other rights or remedies Landlord may have as provided by this Lease or as allowed by law. Notwithstanding the foregoing, once each succeeding twelve (12) month period during the term of the Lease, Landlord will not impose any late charges if Tenant's monthly rental payment is received no later than the tenth (10th) day of the month in which it was owing.

4.02 If any Minimum Net Rental and additional rent, any late charges, or any other sums payable by Tenant to Landlord under this Lease ("Payables") are not paid within thirty (30) days after the Due Date, the Payables shall commence to accrue interest at the rate of four percentage points above the then-effective prime interest rate per annum charged by JPMorgan Chase Bank (or its successor) to its best commercial customers; provided however, that such rate of interest shall never be less than eleven (11%) percent per annum. Such interest shall be due from Tenant to Landlord as additional rent on or before the next rental Due Date and shall accrue from the date that each of the Payables are due under the terms of this Lease. Such interest for Payables shall accrue until the Payables are paid in full. Any default in the payment of the Payables shall not be considered cured unless and until such accrued interest is paid by Tenant to Landlord. On default of payment of such interest, Landlord shall have the same remedies as on

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default in payment of rent. Such interest shall be in addition to any other rights or remedies Landlord may have as provided by this Lease or as allowed by law.

SECTION 5
TAXES, ASSESSMENTS AND UTILITIES

5.01 Tenant agrees to pay as additional rent for the Premises its proportionate share [as defined in Section 5.01(B)] of all taxes and assessments, general and special, and all water rates, and all other governmental impositions which may be levied upon the Site or any part thereof, and upon the Building and improvements at any time situated thereon, until the termination of the original Lease term and any extended Lease term. Landlord represents that there are currently no special assessments against the Building and that to the best of Landlord's knowledge, there are no special assessments that will be imposed in the future. Tenant's proportionate share of the property taxes and assessments for the first and last year of the original term or any extended term as the case may be, shall be prorated between Landlord and Tenant so that Tenant will be responsible for any such tax or assessment attributable to the period during which Tenant has possession of the Premises. The "due-date" method of proration shall be used, it being presumed that taxes and assessments are payable in advance. In the event that during the term of this Lease (i) the real property taxes levied or assessed against the Site and Building shall be reduced or eliminated, whether the cause thereof is a judicial determination of unconstitutionality, a change in the nature of the taxes imposed, or otherwise, and (ii) there is levied, assessed or otherwise imposed upon the Landlord, in substitution for all or part of the tax thus reduced or eliminated, a tax (hereinafter called the Substitute Taxes") which imposes a burden upon Landlord by reason of its ownership of the Site and Building, then to the extent of such burden, the Substitute Taxes shall be deemed a real estate tax and, for purposes of this Lease, be deemed Payables.

A. Any tax and/or assessments and of any kind or nature presently imposed by the State of Michigan or any political subdivision thereof or any governmental authority having jurisdiction thereover upon, against the Premises or by way of substitution for all or any part of the taxes levied against the Site and Building, shall be deemed to constitute a tax against the Site and Building for the purpose of this Section 5 and Tenant shall be obligated to pay its proportionate share thereof as provided herein. Such taxes are also referred to herein as "Substitute Taxes" and deemed Payables.

B. Landlord and Tenant acknowledge that Tenant is leasing only a portion of the Building. Accordingly, Tenant agrees to pay to Landlord its proportionate share of all taxes, assessments, and Substitute Taxes imposed by this Paragraph 5.01. Tenant's proportionate share shall be equal to the product obtained by multiplying such taxes and assessments and Substitute Taxes by a fraction, the numerator of which shall be the number of square feet of floor area leased according to the schedule below and the denominator of which shall be the total number of square feet of constructed gross leasable floor area in the Building in which the Premises are located. Landlord and Tenant agree that, initially, Tenant's proportionate share is 21.82% ("Proportionate Share").

Landlord's most recent budget for CAM, Taxes, and Insurance was in the amount of _____
The percentage of CAM, taxes and insurance which Tenant is obligated to bear will phase in over time and the percentage to be used in those Lease sections referring to CAM, taxes, or insurance shall be defined

set forth above is based on current charges and may, from time to time, vary, depending on future actual costs and Landlord's reasonable estimates of same.

C. Tenant's Proportionate Share of all of the aforesaid taxes, assessments, and Substitute Taxes levied or assessed for or during the term hereof, as determined by Landlord, shall be paid in monthly installments on or before the first day of each calendar month, in advance, in an amount estimated by Landlord as being reasonably related to the actual amount of taxes and assessments expected to be Landlord's Proportionate Share. Landlord shall, annually, furnish Tenant with a written statement of the actual amount of Tenant's Proportionate Share of such taxes together with a copy of actual tax paid bills. If the total amount paid by Tenant under this section for any year during the term of this Lease shall be less than the actual amount due from Tenant for such year, Tenant shall pay to

AM
SF

IN WITNESS WHEREOF, the Landlord and Tenant have executed this Lease as of the date set forth at the outset hereof.

WITNESSES:

Jane A. Craig
[Signature]

LANDLORD:

WILLOWGREEN BUILDING GROUP, LLC, a Michigan limited liability company

By: [Signature]
Allan Nachman
Its: Authorized Member

TENANT:

P3 NORTH AMERICA, INC., a Colorado corporation

By: [Signature]
Dr. Samit Ghosh
Its: Chief Executive Officer

STATE OF MICHIGAN)
COUNTY OF OAKLAND) SS.

The foregoing instrument was acknowledged before me this 17th day of May, 2010, by Allan Nachman, Authorized Member, on behalf of Willowgreen Building Group, LLC, a Michigan limited liability company.

Jane A. Craig
Notary Public,
Oakland County, Michigan
My Commission Expires: _____

JANE A. CRAIG
Notary Public, State of Michigan
County of Oakland
My Commission Expires Apr. 16, 2014
Acting in the County of Oakland

STATE OF MICHIGAN)
COUNTY OF OAKLAND) SS.

The foregoing instrument was acknowledged before me this 17th day of May, 2010, by Dr. Samit Ghosh, Chief Executive Officer, on behalf of P3 North America, Inc., a Colorado corporation.

Jane A. Craig
Notary Public,
Oakland County, Michigan
My Commission Expires: _____

JANE A. CRAIG
Notary Public, State of Michigan
County of Oakland
My Commission Expires Apr. 16, 2014
Acting in the County of Oakland

[Handwritten initials]

I-4 Amending the Personal Property Tax Abatement Policy

Resolution #2010-08-173

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 tax base of the community, (c) reducing economic obsolescence, (d) providing homogenous industrial areas, (e) encouraging expansion, (f) providing for improved public facilities, and (g) encouraging attractive, viable building sites and (h) enhancing our economic development tools to attract and retain businesses; 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 abatements for eligible properties 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. Any real and/or personal property tax abatement at a minimum must be revenue neutral to the City of Troy.
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 for a minimum term of 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 for Real and Personal Property					
Job Creation		Building Terms		RP and/or 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	5 year	1 Year	\$ 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: Schilling, Beltramini, Fleming, Kerwin, McGinnis, Slater

No: Howrylak

MOTION CARRIED

October 20, 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 \$11.24, equal to 2% of the estimated abated City taxes for the life of the exemption for P3 North America, Inc., 1957 Crooks Ste B Troy, MI 48084

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:

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

This agreement between **P3 North America, 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), **P3 North America, Inc.**, understands that through its investment of \$145,950.00 ~~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 **2** years after either completion of construction of the facilities, or December 31, 2014, whichever is sooner.
- 2.) At the end of two (2) years or no later than December 31, 2012, **P3 North America, 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.) **P3 North America, 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**.

P3 North America, 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.) **P3 North America, 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.) **P3 North America, 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, December 6, 2010 at 7:30 P.M. to consider the establishment of an Industrial Development District (IDD) at the following location:

88-20-29-426-042 1957 Crooks Ste B, Troy, MI. 48084
T2N, R11E, Section 29 Part of SE 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.*

TROY SCHOOL DISTRICT
MARK RAJTER
4400 LIVERNOIS
TROY MI 48098-4799

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

P3 NORTH AMERICA INC
BEN BEGAN
1957 CROOKS STE B
TROY MI 48084

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

P3 NORTH AMERICA INC
SAMIT GHOSH
1957 CROOKS STE B
TROY MI 48084

E- 03 Resolution for Establishment of an Industrial Development District (IDD) at 1957 Crooks

Suggested Resolution

Resolution # 2010-

Moved by:

Seconded by:

RESOLVED, That Troy City Council hereby **ESTABLISHES** an Industrial Development District (IDD) for property known as 1957 Crooks, Troy, MI 48084, Parcel # 88-20-29-426-042, in accordance with City Council Policy Resolution #2010-08-173; 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: