



CITY COUNCIL AGENDA ITEM

Date: January 24, 2011

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 Facilities Exemption Certificate (IFEC) for Meritor Heavy Vehicles, LLC – 2135 W. Maple

Background:

Meritor Heavy Vehicles, LLC, is expanding its operations at 2135 W. Maple. They intend to take advantage of their technical and manufacturing experience, and broaden into new markets. As such, they have applied for tax abatement, under the new City Council Tax Abatement Policy #2010-08-173 (attached). They intend to purchase new equipment valued at \$10,683,000. They will also add 125 new jobs to the 749 existing jobs they have.

They would qualify for an Industrial Facility Exemption Certificate (IFEC) for twelve (12) years.

Financial Considerations:

The projected amount of the investment is \$10,683,000. Over the twelve (12) year life of the abatement, the estimated total taxes would be \$405,095.69, of which \$128,743.14 would be City Taxes.

A 50% abatement amounts to a total savings to the taxpayer of \$202,574.84, of which \$64,371.57 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 #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 granting the tax abatement.

Options:

City Council may approve the tax abatement. Or, City Council may choose to deny any tax abatement. In the latter instance, Meritor would be able to appeal to the State Tax Commission (STC), as they meet all state and local criteria.

NI/nl H:IFT\Arvin Meritor\Memo IFEC AM 01.24.11

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 information, call (517) 373-3272.

RECEIVED

To be completed by Clerk of Local Government Unit	
Signature of Clerk	Date received by Local Unit NOV 30 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) MERITOR HEAVY VEHICLE SYSTEMS, LLC		▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 336330	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 2135 W MAPLE ROAD		▶ 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) 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.

SEE ATTACHED

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.	
6b. Cost of machinery, equipment, furniture and fixtures	▶ \$10,683,000.00
* Attach itemized listing with month, day and year of beginning of installation, plus total	
6c. Total Project Costs	▶ \$10,683,000.00
* 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 ▶	12/1/10	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. **749** ▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. **125**

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: <input type="checkbox"/> Industrial Development District <input type="checkbox"/> Plant Rehabilitation District	
▶ 12b. Date district was established by local government unit (contact local unit)	▶ 12c. Is this application for a speculative building (Sec. 3(8))? <input type="checkbox"/> Yes <input type="checkbox"/> 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	13b. Telephone Number	13c. Fax Number	13d. E-mail Address
14a. Name of Contact Person Octavio Williams	14b. Telephone Number (248) 435-2693	14c. Fax Number (248) 435-9395	14d. E-mail Address octavio.williams@arvinmeritor.
▶ 15a. Name of Company Officer (No Authorized Agents) Craig Schmitter, Assistant Treasurer			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number (248) 435-9395	15d. Date 11/30/10
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 2135 W. MAPLE ROAD, TROY, MI 48084		15f. Telephone Number (248) 435-1000	15g. E-mail Address craig.schmitter@arvinmeritor.c

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), <u>12</u> 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 <u>336330</u>	
17. Name of Local Government Body <u>CITY OF TROY</u>		16d. School Code <u>63150</u>	
		▶ 18. Date of Resolution Approving/Denying this Application <u>11/24/11</u>	

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 <u>TOMMI BARTHOLDWICZ</u>	19c. E-mail Address <u>T.BARTHOLDWICZ@TROYMI.GOV</u>
19d. Clerk's Mailing Address (Street, City, State, ZIP Code) <u>500 W. BIG BEAVER TROY MI 48064</u>		
19e. Telephone Number <u>248 524-3316</u>	19f. Fax Number <u>248 524-1770</u>	

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

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

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

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

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

Application for Industrial Facilities Tax Exemption Certificate

Section 5

As ArvinMeritor transforms into a company focused exclusively on commercial vehicle systems, there is a strong need for increased emphasis on technology and new product development. The company has laid out an ambitious program to substantially expand its human resource base and to bolster and update its Engineering Laboratory facilities. ArvinMeritor's vision for expanded Research and Development will foster the development of products and technologies considered absolutely critical to our future success. This project endeavors to address the overarching needs for greater product and technology development capabilities.

ArvinMeritor's five year plan for key technology development is focused in five main areas.

Our most ambitious technology initiative is the development of hybrid-electric products, components and systems for the commercial vehicle market. This technology has the potential to transform the heavy duty truck market, offering attractive fuel savings (15%), improved drivability and a significant reduction in vehicle emissions. Our unique technology for a Class 8 Dual Mode Hybrid System has been demonstrated in a Walmart vehicle, and will be a key player in the Navistar SuperTruck program, a federally funded effort to develop and accelerate technology that improves fuel economy and reduces emissions. ArvinMeritor also has innovative designs for the medium duty market, either for hybrid electric or pure electric vehicles. At the heart of these efforts is the development of the foundation technologies that will serve as building blocks for electric or hybrid electric designs. As currently planned, all R&D associated with this development will occur at our Troy Global Engineering Center.

ArvinMeritor is re-entering the off-highway commercial vehicle market with innovative new axle and brake designs that will allow us to quickly gain penetration on a global basis. Although our sales base is global, a high percentage of R&D and new product development will occur in Oakland County in the City of Troy. The vehicles in this segment differ significantly from the commercial truck market, but the core technology needed to effectively develop products for off-highway are complementary to truck based axle and brake products; this positions ArvinMeritor well to successfully develop the products needed to penetrate and grow in this market. ArvinMeritor innovations will allow us to provide highly customized, relatively low volumes products that meet the needs of the customer at very competitive prices.

Our Specialty Products business, which includes powertrain systems for military vehicles, requires new game-changing technologies to address ever-increasing performance requirements of future military vehicle systems. For example, we are developing new axle- suspension modules for the next generation of tactical vehicles (JLTV) to replace the HUMVEE, and will employ electronically controlled systems to improve ride, handling, mobility, and safety. ArvinMeritor will use this newly technology to build upon our previous successful penetration of the military vehicle market, including the supply of axles, brakes and suspensions to current vehicles such as the FMTV and MRAP families.

ArvinMeritor is aggressively developing our electronics and controls capability. This technology will be a key enabler to attaining greater performance of traditional mechanical products through innovative electronic control strategies that improve mobility, safety, and functionality. Examples include our proposed development of an electronically enhanced SMART Tandem Axle, which delivers (1) greater efficiency; (2) lighter weight; and (3) mobility and vehicle safety enhanced by pneumatic-electronic controls. Additionally, we will be enhancing our vehicle dynamics expertise to develop new suspension components and control systems that greatly improve vehicle handling, safety, and driver comfort. Such products have a future both in commercial and military markets.

And finally, ArvinMeritor remains committed to our traditional axle and brake product lines with the development of new products offering improved performance, lower weight, and lowest cost of ownership. The comprehensive development plans will transform the traditional product line ups and help to maintain market leadership. With ever changing customer demands for enhanced vehicle safety, performance and durability, we must infuse the latest technology into our core products. As a result of these product development initiatives, we anticipate that in five years over 50% our traditional product line ups will be comprised of products less than 5 years old.

To successfully implement these ambitious initiatives, ArvinMeritor will expand its technical staff by a total of 125 persons over a five year period, a 63 % increase. These are quality, high paying jobs, requiring technical professionals, with an average weekly wage of \$1,185. Primary needs include engineers, designers, and technicians. Capital expenditures of our expanded, upgraded Technical Center total approximately \$9.4 Million, with another \$14 million to be spent in the refurbishing and upgrading of our headquarters building. The total spending for the project is \$23.4 Million. This expansion and upgrade will all occur at ArvinMeritor's World Headquarters, located at 2135 W. Maple Rd., in Oakland County in the City of Troy.

This substantial commitment to our Headquarters facility ensures that Michigan will remain our global center of engineering excellence for years to come. High paying jobs requiring technical professionals will be preserved and expanded upon, thereby adding to the critical mass of the Southeast Michigan economy. Locating in proximity to a number of complimentary businesses will encourage mutual cooperation with these companies, to the benefit of each, and will help to maintain the area's role as the world center of vehicle technology. It provides ready access to suppliers that can support and accelerate ArvinMeritor key development initiatives.

PA198 Capital Spending (FY11 - FY12)
(Dollars in 000's)

Project	Personal Property	
	FY2011	FY2012
Dynamometer for Hybrid E-Machines	\$ 985	
Infrastructure Improvements	\$ 350	\$ 150
Single Axis Shakers	\$ 178	
Hydraulic Axle Chucker	\$ 140	
Off Highway Structural Test Equipment	\$ 400	\$ 200
X-Ray Unit	\$ 150	
4 Square Axle Dyno	\$ 500	
Computer Equipment	\$ 40	\$ 20
Brake Dyno Control System	\$ 300	\$ 200
Brake Dyno Cooling System		\$ 80
Electronics Support (Altitude & Shock)		
Humidity Cabinet	\$ 75	
Wheel Force Transducers		\$ 300
Chassis Dyno		
Convert Dyno MG's to solid State		\$ 700
MAST table (6 axis vibration)		
Truck Road Simulator		
Bearing Test Equipment	\$ 500	
Efficiency Test Equipment	\$ 200	
Dedicated Axle efficiency Lab	\$ 2,100	
Damper dynos for Adaptive Damping Durability		\$ 460
Dspace Simulator for Software Validation	\$ 150	
2-Axis Hub Test Machine		\$ 450
3-D Printer	\$ 80	
Advanced Computer Software (CFD and Casting)	\$ 50	\$ 100
Truck Hoist		\$ 200
D-1 Renovation		
Admin hot water heater	\$ 20	
Lab air compressor	\$ 30	
A-2 Renovation		
B-3 Renovation		
Admin A&D Roof		
Admin Elevator Safety - Phase I		
Admin HVAC VFDs		
S&E Renovation		\$ 1,500
Admin Reception and Security		\$ 75
Admin Elevator Safety - Phase II		
Totals	\$ 6,248	\$ 4,435

Applicant Name Meritor Heavy Vehicles, LLC

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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565

2477

2445

2345

2135

184

5

EQUITY

2037

2

12/07/10

Arvin Meritor
2135 W Maple
Troy, MI 48084

IDD, IFEC, and PREC

Legal Description

T2N, R11E, SEC 32
PART OF N 1/2 OF SEC 32
BEG AT PT DIST
S 00-29-31 W 60 FT
FROM N 1/4 COR,
TH S 89-53-40 E 402.74 FT,
TH S 00-10-46 W 931.12 FT,
TH N 89-38-34 W 407.81 FT,
TH N 89-38-18 W 792.42 FT,
TH N 00-29-24 E 929.34 FT,
TH S 89-38-21 E 792.45 FT
TO BEG. 25.56 A
2/03/03 FR -028

City of Troy - Assessing Department
Meritor Heavy Vehicles LLC (88-20-32-126-035)
Estimate of Total Taxes and Tax Savings for IFEC Application

Market Value	10,683,000	9,507,870	7,225,981	4,841,407	2,904,844	1,568,616	768,622	345,880	145,270	55,202	19,873	6,558	2,033
50% of Value	5,341,500	4,753,935	3,612,991	2,420,704	1,452,422	784,308	384,311	172,940	72,635	27,601	9,936	3,279	1,016
Year		1	2	3	4	5	6	7	8	9	10	11	12
Depreciation		0.8900	0.7600	0.6700	0.6000	0.5400	0.4900	0.4500	0.4200	0.3800	0.3600	0.3300	0.3100
Taxable Value		4,753,935	3,612,991	2,420,704	1,452,422	784,308	384,311	172,940	72,635	27,601	9,936	3,279	1,016

Taxes	100% of Millage	Taxes											
Trans	0.59000	\$2,804.82	\$2,131.66	\$1,428.22	\$856.93	\$462.74	\$226.74	\$102.03	\$42.85	\$16.28	\$5.86	\$1.93	\$0.60
County	4.64610	\$22,087.26	\$16,786.32	\$11,246.83	\$6,748.10	\$3,643.97	\$1,785.55	\$803.50	\$337.47	\$128.24	\$46.17	\$15.23	\$4.72
Zoo	0.10000	\$475.39	\$361.30	\$242.07	\$145.24	\$78.43	\$38.43	\$17.29	\$7.26	\$2.76	\$0.99	\$0.33	\$0.10
Int Schools	3.36900	\$16,016.01	\$12,172.17	\$8,155.35	\$4,893.21	\$2,642.33	\$1,294.74	\$582.63	\$244.71	\$92.99	\$33.48	\$11.05	\$3.42
Comm Coll	1.58440	\$7,532.13	\$5,724.42	\$3,835.36	\$2,301.22	\$1,242.66	\$608.90	\$274.01	\$115.08	\$43.73	\$15.74	\$5.20	\$1.61
State Ed	0.00000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
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	\$0.00
Sch Debt	4.70000	\$22,343.49	\$16,981.06	\$11,377.31	\$6,826.38	\$3,686.25	\$1,806.26	\$812.82	\$341.38	\$129.73	\$46.70	\$15.41	\$4.78
Hold Harmless	5.03810	\$23,950.80	\$18,202.61	\$12,195.75	\$7,317.45	\$3,951.42	\$1,936.20	\$871.29	\$365.94	\$139.06	\$50.06	\$16.52	\$5.12
Admin	0.14990	\$712.59	\$541.57	\$362.85	\$217.71	\$117.56	\$57.61	\$25.92	\$10.89	\$4.14	\$1.49	\$0.49	\$0.15
City	9.40000	\$44,686.99	\$33,962.11	\$22,754.61	\$13,652.77	\$7,372.50	\$3,612.52	\$1,625.64	\$682.77	\$259.45	\$93.40	\$30.82	\$9.56
Total	29.57750	\$140,609.49	\$106,863.21	\$71,598.35	\$42,959.01	\$23,197.87	\$11,366.95	\$5,115.13	\$2,148.35	\$816.37	\$293.89	\$96.99	\$30.07

Total 12 Years	\$405,095.69
Total City 12 Yr	\$128,743.14

50% Total 12 Yr	\$202,547.84	Net Total Taxes Abated
21 Yr	\$64,371.57	Net Total City Taxes Abated
2% Total City 12 Yr	\$1,287.43	Application Fee (2% total city)

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	
100 - 149	4 years	Own	4 years	\$ 10,000,000	4 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

December 8, 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 \$1,287.43, equal to 2% of the estimated abated City taxes for the life of the exemption for Meritor Heavy Vehicles, LLC 2135 W Maple, 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 **Meritor Heavy Vehicles, 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), **Meritor Heavy Vehicles, LLC**, understands that through its investment of \$10,683,000.00 ~~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 **12** years after either completion of construction of the facilities, or December 31, 2024, whichever is sooner.
- 2.) At the end of two (2) years or no later than December 31, 2012, **Meritor Heavy Vehicles, 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.) **Meritor Heavy Vehicles, 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**.

Meritor Heavy Vehicles, 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.) **Meritor Heavy Vehicles, 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.) **Meritor Heavy Vehicles, 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, January 24, 2011 at 7:30 P.M. to consider the establishment of an Industrial Development District (IDD), a Plant Rehabilitation District (PRD), the granting of an Industrial Facilities Exemption Certificate (IFEC) and the granting of a Plant Rehabilitation Exemption Certificate (PREC) at the following location:

88-20-32-126-035

2135 W. Maple, Troy, MI. 48084

T2N, R11E, Section 32

Part of the N ½ of said section...

You may express your comments regarding this matter by writing to this office, or by attending the Public Hearing.

NOTICE: *Persons 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 COMMUNITY COLLEGE
CLARENCE E BRANTLEY
2480 OPDYKE
BLOOMFIELD HILLS MI 48304-2266

OAKLAND INTERMEDIATE
SCHOOLS
2111 PONTIAC LAKE
WATERFORD MI 48328

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

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

MERITOR HEAVY VEHICLES LLC
CRAIG SCHMITTER
2135 W MAPLE
TROY MI 48084

MERITOR HEAVY VEHICLES LLC
OCTAVIO WILLIAMS
2135 W MAPLE
TROY MI 48084

E - 02 Request for Consideration to Grant an Industrial Facilities Exemption Certificate (IFEC) to Meritor Heavy Vehicles, LLC – 2135 W Maple

Suggested Resolution

Resolution # 2011-

Moved by:

Seconded by:

WHEREAS, After due notice and proper hearing, the City Council of the City of Troy on January 24, 2011, established an Industrial Development District (IDD) for property known as 2135 W Maple, Troy, MI. 48084, Parcel # 88-20-32-126-035; and

WHEREAS, An Application has been submitted by Meritor Heavy Vehicles, LLC, for an Industrial Facilities Exemption Certificate (IFEC) for personal property at 2135 W Maple, Troy, MI. 48084, for six (6) years, after completion; and

WHEREAS, After due and proper notice by the City Clerk, the City Council, on January 24, 2011, 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 Meritor Heavy Vehicles, LLC, at 2135 W Maple, Troy, MI. 48084 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 Meritor Heavy Vehicles, LLC, at 2135 W Maple, Troy, MI. 48084 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 Meritor Heavy Vehicles, LLC, Inc., at 2135 W Maple, Troy, MI. 48084, Parcel # 88-20-32-126-035, for personal property for a term of twelve (12) years, after completion, **CONTINGENT** upon the execution of a Letter of Agreement between the City of Troy and Meritor Heavy Vehicles, LLC, 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 Meritor Heavy Vehicles, LLC, 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: