



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 Plant Rehabilitation, 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.

To accomplish this goal, they need to upgrade all five (5) of the buildings on their site, as they are obsolete from their age, and do not meet current manufacturing standards. These upgrades will come in two (2) separate two (2) year cycles.

The first cycle of renovations will occur on two (2) of the structures, and will cost \$6,368,000.

As part of the overall project, they will also be adding 125 new jobs to the existing 749 jobs that are now at the facility.

Under State law, and City Council Policy Resolution #2002-05-273 (Plant Rehabilitation, attached), they would qualify for an Industrial Facility Exemption Certificate (IFEC) for Plant Rehabilitation for twelve (12) years.

Financial Considerations:

The projected amount of the investment is \$6,368,000. Over the twelve (12) year life of the abatement, the existing Taxable Value of the two (2) structures would be frozen at \$5,076,419. This will generate an estimated \$247,624.17 in overall taxes for each of the twelve (12) years, for a total of \$3,219,114.

Of these amounts, \$47,718.34 would be annual City taxes, for a total of \$620,338 in City taxes over the twelve (12) year life of the abatement. Both of these estimates are guaranteed during the life of the abatement.



CITY COUNCIL AGENDA ITEM

The new construction would generate an estimated Taxable Value of \$3,184,000. Yearly overall taxes on this amount would be approximately \$155,313.29, for total abated taxes of \$2,019,073 for the twelve (12) year life of the abatement. This is the cost of the abatement to all taxing authorities.

City taxes on the abated new construction would be approximately \$29,929.60 per year, for a total of \$389,085.00 for the full twelve year abatement. This is the cost of the abatement to the City.

Legal Considerations:

The application meets all requirements of Public Act 198 of 1974 (as amended), the Plant Rehabilitation and Industrial Development Districts legislation, and City Council Policy Resolution #2002-05-273.

Policy Considerations:

The application is in compliance with City Council Plant Rehabilitation Policy Resolution #2002-05-273.

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 PREC 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 an informational packet, call (517) 373-3272.

RECEIVED

To be completed by Clerk of Local Government Unit	
Signature of Clerk	▶ Date received by Local Unit 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 type="checkbox"/> New (Sec. 2(4)) <input type="checkbox"/> Transfer (1 copy only) <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input checked="" 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)	▶ \$6,368,000.00
* 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	▶
* Attach itemized listing with month, day and year of beginning of installation, plus total	
6c. Total Project Costs	▶ \$6,368,000.00
* 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 ▶	12/1/10	12/31/12	▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements ▶			▶ <input 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. ▶ 10. No. of new jobs at this facility expected to create within 2 years of completion.

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)	\$5,076,419.00
b. TV of Personal Property (excluding inventory)	
c. Total TV	\$5,076,419.00

▶ 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	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) <i>Craig Schmitter</i>		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 <u>12</u> 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 <u>336330</u>	
16d. School Code <u>63150</u>		17. Name of Local Government Body <u>CITY OF TROY</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>TOWNI BARTHOLOMEW</u>	19c. E-mail Address <u>T.BARTHOLOMEW@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	Real Property	
	FY2011	FY2012
D-1 Renovation	\$ 446	
Admin hot water heater		
Lab air compressor		
A-2 Renovation	\$ 556	
B-3 Renovation	\$ 683	
Admin A&D Roof		\$ 150
Admin Elevator Safety - Phase I		\$ 132
Admin HVAC VFDs		\$ 150
S&E Renovation		\$ 3,900
Admin Reception and Security		\$ 211
Admin Elevator Safety - Phase II		\$ 140
Totals	\$ 1,685	\$ 4,683

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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City of Troy - Assessing Department
Oakland County, Michigan
Plant Rehabilitation Application

Assessor's Affidavit of:

Total State Equalized Value (SEV) of the District
Obsolescence of the Subject Property

<u>Date:</u>	12/08/10
<u>Applicants Name:</u>	Meritor Heavy Vehicles, LLC
<u>Subject Property Address:</u>	2135 W Maple, Troy MI 48084
<u>Parcel Number(s):</u>	88-20-32-126-035
<u>Total SEV of District:</u>	\$8,019,890
<u>Total SEV of Parcel Number(s):</u>	\$8,019,890
<u>Total Taxable Value (TV) of Parcel Number(s):</u>	\$8,019,890
<u>Reconstruction Cost New (RCN) of Subject Property:</u>	\$30,630,413
<u>Reconstruction Cost New Less Depreciation (RCNLD) of Subject Property:</u>	\$10,152,838
<u>Total Cost of Proposed Rehabilitation:</u>	\$6,368,000
<u>% of Rehabilitation Cost to RCNLD:</u>	62.72%

The above information is true to the best of my knowledge.

Leger A. (Nino) Licari, MMAO (4), R-6345, Assessor, City of Troy

12/08/10
Date:

88-20-32-126-035
Property Class: 301
Map #: 88-20-32-126-035

2010 Est. T.C.V.
Printed 11/30/2010
CITY OF TROY

MERITOR HEAVY VEHICLE SYSTEMS LLC
2135 W MAPLE
TROY, MI 48084

Land Value Estimates for Land Table M-1.M-1

* Factors *

Description	Frontage	Depth	Front	Depth	Rate	%Adj.	Reason	Value
M-1 SQ FT	M-1 1/2 SQ FT	1113437	SqFt		2.00	100		2,226,874
25.56 Total Acres					Total Est. Land Value =			2,226,874

Land Improvement Cost Estimates

Description	Rate	County	Mult.	Size	%Good	Cash Value
D/W/P: Asphalt Paving	1.61	1.45		524290	58	709,894
Total Estimated Land Improvements True Cash Value =						709,894

Cost Estimates for Commercial/Industrial Building/Section: 1 Built 1974

Costs are taken from the Office Building cost schedules.

<<<<< Calculator Cost Computations >>>>>
Class: B Quality: Average Percent Adj: +0

Base Rate for Upper Floors = 104.15

(10) Heating system: Zoned A.C. Warm & Cooled Air Cost/SqFt: 0.00 100%
Adjusted Square Foot Cost for Upper Floors = 104.15

3 Stories Number of Stories Multiplier: 1.000
Average Height per Story: 12 Height per Story Multiplier: 1.000
Ave. Floor Area: 64,835 Perimeter: 1330 Perim. Multiplier: 0.891
Refined Square Foot Cost for Upper Floors: 92.80

County Multiplier: 1.45, Final Square Foot Cost for Upper Floors = 134.557

Total Floor Area: 195,903 Base Cost New of Upper Floors = 26,360,040

Eff. Age: 34 Phy. %Good/Abnr. Phy./Func./Econ./Overall %Good: 60 /100/100/75 /45.0
11/12
Reproduction/Replacement Cost = 26,360,040
Total Depreciated Cost = 11,862,018

ECF (ENGINEERING) 0.772 => TCv of Bldg: 1 = 9,157,478
Replacement Cost/Floor Area= 134.56 Est. TCv/Floor Area= 46.74

5,076,419 EXIST INV

3,184,000 PROP'D INV

6,368,000 TOT INV.

Cost Estimates for Commercial/Industrial Building/Section: 3 Built 1974
Description of Occupancy: F/O FOR LAYOUT MTT 01 NL

Costs are taken from the Industrial, Engineering cost schedules.

<<<<< Calculator Cost Computations >>>>>
Class: C Quality: Average Percent Adj: +0

Base Rate for Upper Floors = 50.00

(10) Heating system: Package Heating & Cooling Cost/SqFt: 0.00 100%
Adjusted Square Foot Cost for Upper Floors = 50.00

1 Stories Number of Stories Multiplier: 1.000
Average Height per Story: 14 Height per Story Multiplier: 1.000
Ave. Floor Area: 67,200 Perimeter: 1040 Perim. Multiplier: 0.893
Refined Square Foot Cost for Upper Floors: 44.65

County Multiplier: 1.42, Final Square Foot Cost for Upper Floors = 63.403

Total Floor Area: 67,200 Base Cost New of Upper Floors = 4,260,682

2,500 Sq.Ft. of Sprinklers @ 2.73, County Mult.:1.42 Cost New = 9,692

Reproduction/Replacement Cost = 4,270,373
Eff. Age: 34 Phy. %Good/Abnr. Phy./Func./Econ./Overall %Good: 50 /100/80 /75 /30.0
Total Depreciated Cost = 1,281,112

Local Cost Items	Rate	Quantity/Area	%Good	Depr. Cost
MEZZANINE-STORAGE	13.69	2000	30	8,214

ECF (ENGINEERING) 0.772 => TCV of Bldg: 3 = 995,360
Replacement Cost/Floor Area= 63.67 Est. TCV/Floor Area= 14.81

Cost Estimates for Commercial/Industrial Building/Section: 2 Built 1960
Description of Occupancy: F/O FOR LAYOUT MTT 01 NL

Costs are taken from the Industrial, Engineering cost schedules.

<<<<< Calculator Cost Computations >>>>>
Class: C Quality: Average Percent Adj: +0

Base Rate for Upper Floors = 50.00

(10) Heating system: Package Heating & Cooling Cost/SqFt: 0.00 100%
Adjusted Square Foot Cost for Upper Floors = 50.00

1 Stories Number of Stories Multiplier: 1.000
Average Height per Story: 19 Height per Story Multiplier: 1.110
Ave. Floor Area: 35,457 Perimeter: 1026 Perim. Multiplier: 0.948
Refined Square Foot Cost for Upper Floors: 52.61

County Multiplier: 1.42, Final Square Foot Cost for Upper Floors = 74.712

Total Floor Area: 41,057 Base Cost New of Upper Floors = 3,067,446

13/15
Eff. Age: 48 Phy. %Good/Abnr. Phy./Func./Econ./Overall %Good: 40 /100/80 /75 /24.0
Reproduction/Replacement Cost = 3,067,446
Total Depreciated Cost = 736,187

Local Cost Items	Rate	Quantity/Area	%Good	Depr. Cost
CRANEWAY DBL RAIL LF	429.46	300	24	30,921
MEZZANINE-STORAGE	13.69	1200	24	3,943

ECF (ENGINEERING) 0.772 => TCV of Bldg: 2 = 595,251
Replacement Cost/Floor Area= 75.56 Est. TCV/Floor Area= 14.50

2,950,183 EXIST M/V
1,475,092 EXIST T/V

2,465,000 PROP'D T/V 4,930,000 TOT INV.

Cost Estimates for Commercial/Industrial Building/Section: 4 Built 1974
 Description of Occupancy: F/O FOR LAYOUT MTT 01 NL

Costs are taken from the Industrial, Engineering cost schedules.

<<<<< Calculator Cost Computations >>>>>
 Class: C Quality: Average Percent Adj: +0

Base Rate for Upper Floors = 50.00

(10) Heating system: Package Heating & Cooling Cost/SqFt: 0.00 100%
 Adjusted Square Foot Cost for Upper Floors = 50.00

1 Stories Number of Stories Multiplier: 1.000
 Average Height per Story: 27 Height per Story Multiplier: 1.305
 Ave. Floor Area: 117,680 Perimeter: 1452 Perim. Multiplier: 0.880
 Refined Square Foot Cost for Upper Floors: 57.42

County Multiplier: 1.42, Final Square Foot Cost for Upper Floors = 81.536

Total Floor Area: 117,680 Base Cost New of Upper Floors = 9,595,204

13/15

Reproduction/Replacement Cost = 9,595,204

Eff. Age: 34 Phy. %Good/Abnr. Phy. /Func. /Econ. /Overall %Good: 50 /100/80 /75 30.0
 Total Depreciated Cost = 2,878,561

Local Cost Items	Rate	Quantity/Area	%Good	Depr. Cost
CRANEWAY DBL RAIL LF	429.46	180	30	23,191
CRANEWAY SGL RAIL LF	214.23	24	30	1,542
DOCK LEVELOR	6560.17	1	30	1,968
MEZZANINE-STORAGE	13.69	34000	30	139,638
TRUCKWELL	9.60	1920	30	5,530

ECF (ENGINEERING) 0.772 => TCV of Bldg: 4 = 2,354,932
 Replacement Cost/Floor Area= 83.00 Est. TCV/Floor Area= 20.01

Total Estimated True Cash Value of Commercial/Industrial Buildings = 13,103,021

2010 Est. T.C.V. 88-20-32-126-035 = 16,039,789

Est. TCV/Total Floor Area = 38.02

2009 Assessed	MBOR	S.E.V.	Base for Cap	C.P.I.	
10,886,410	10,886,410	10,886,410	10,886,410	-0.30	
2010 New Eq. Adjustment		Loss	Additions	Tax Adjustment	Losses
		-2,866,520		-2,866,520	
2010 Assessed	MBOR	S.E.V.	Capped	->Taxable<-	PRE/MBT
8,019,890	8,019,890	8,019,890	10,853,750	8,019,890	

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 Vehicle, LLC
 Estimate of Current Taxes and Tax Savings for Plant Rehabilitation Application

Year	0	1	2	3	4	5	6	7	8	9	10	11	12
Current Yr Taxable	5,076,419	5,076,419	5,076,419	5,076,419	5,076,419	5,076,419	5,076,419	5,076,419	5,076,419	5,076,419	5,076,419	5,076,419	5,076,419
Rahab Taxable	3,184,000	3,184,000	3,184,000	3,184,000	3,184,000	3,184,000	3,184,000	3,184,000	3,184,000	3,184,000	3,184,000	3,184,000	3,184,000

2010 Millage Rate	48.7793	48.7793	48.7793	48.7793	48.7793	48.7793	48.7793	48.7793	48.7793	48.7793	48.7793	48.7793	48.7793
Frozen Taxes	247,624.17	247,624.17	247,624.17	247,624.17	247,624.17	247,624.17	247,624.17	247,624.17	247,624.17	247,624.17	247,624.17	247,624.17	247,624.17
Est'd Rehab Taxes (Savings)	155,313.29	155,313.29	155,313.29	155,313.29	155,313.29	155,313.29	155,313.29	155,313.29	155,313.29	155,313.29	155,313.29	155,313.29	155,313.29

2010 City Millage Rate	9.4000	9.4000	9.4000	9.4000	9.4000	9.4000	9.4000	9.4000	9.4000	9.4000	9.4000	9.4000	9.4000
Frozen City Taxes	47,718.34	47,718.34	47,718.34	47,718.34	47,718.34	47,718.34	47,718.34	47,718.34	47,718.34	47,718.34	47,718.34	47,718.34	47,718.34
Est'd Rehab City Taxes (Savings)	29,929.60	29,929.60	29,929.60	29,929.60	29,929.60	29,929.60	29,929.60	29,929.60	29,929.60	29,929.60	29,929.60	29,929.60	29,929.60

Total Frozen Taxes 12 Yrs	\$3,219,114	Total Tax Savings 12 Yrs	\$2,019,073
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Total Frozen City Taxes 12 Yrs	\$620,338	Total City Tax Savings 12 Yrs	\$389,085
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May 6, 2002 adopted amendment by Resolution #2002-05-273
September 11, 2000

Plant Rehabilitation

F-4

RESOLUTION #2000-412
Moved by Pallotta
Seconded by Kaszubski

WHEREAS, the City of Troy has the economic objective of (a) increasing employment opportunities, (b) reducing economic obsolescence of the Industrial base, (c) encouraging industrial expansion, (d) encouraging attractive, viable industrial sites, (e) encouraging the redevelopment of obsolete industrial buildings, and (f) maintaining a modern, efficient industrial building inventory; and

WHEREAS, The Plant Rehabilitation and Industrial Development Districts Act, being Public Act 198 of 1974 (PA 198), as amended, empowers cities to establish Plant Rehabilitation Districts (PRD) and to grant tax abatements for certain properties which meet certain criteria established by PA 198; and

WHEREAS, the City Council of the City of Troy has determined that additional criteria should be established for the creation of such districts and abatements;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Troy, that the following criteria are to be met, applied, or measured by the City Manager, or his designees in the review of areas and locations to be considered for the designation as Plant Rehabilitation Districts (PRD) by the City Council:

- 1.) The property must be included in the (M-1) Light Industrial zoning classification.
- 2.) If the district is to be established for a Replacement Facility, as defined in PA 198, it will include the site of the obsolete building, as defined by PA 198, and vacant land contiguous to the site, not separated by a dedicated public right of way.

BE IT FURTHER RESOLVED, that in addition to the criteria established by The Plant Rehabilitation and Industrial Development Districts Act, being Public Act 198 of 1974, the following criteria are established as guidelines to be met, passed, measured and ascertained by the City Manager, or his designees, as minimum standards before submitting requests or petitions for the consideration and possible approval of Plant Rehabilitation type Industrial Facilities Exemption Certificates, by the City Council of the City of Troy:

- 1.) For Rehabilitation or Replacement Facilities applications, Personal Property shall not be included as part of an abatement request.
- 2.) For Rehabilitation or Replacement Facilities applications, the minimum amount of Taxable Value generated by the renovation or replacement, shall be at least 50% of the existing Taxable Value of the obsolete building.
- 3.) For Rehabilitation or Replacement Facility applications, the maximum amount of Taxable Value generated by the renovation or replacement, shall not be more than ~~100% of the existing Taxable Value of the obsolete building.~~ 50% of the Reproduction/Replacement Cost of the existing building, as shown on the Assessing Department's current year Valuation Statement.
- 4.) For Replacement Facilities applications, the existing obsolete structures shall be demolished.
- 5.) For Replacement Facilities applications, the Replacement shall be constructed on the site of the demolished obsolete building, and on contiguous vacant land not separated by a dedicated public right of way.

Yes: Stine, Kaszubski, Pallotta, Schilling, Stevens
No: Howrylak
Absent: Allemon

September 11, 2000: Original Resolution Passes
May 6, 2002 Amendments moved by Beltramini, support Pallotta,
Yes: Broomfield, Eisenbacher, Lambert, Pallotta, Pryor, Beltramini
No: Howrylak

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 PREC

This affidavit attests to the fact that the City of Troy has not charged any fees in connection with the application, or approval of a Plant Rehabilitation Exemption Certificate for Meritor Heavy Vehicles, LLC 2135 W Maple, Troy, MI. 48084

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

Leger A. (Nino) Licari, MMAO (4), R-6345, Assessor, City of Troy

12/08/10
Dated:

**CITY OF TROY
INDUSTRIAL FACILITIES EXEMPTION
CERTIFICATE LETTER OF AGREEMENT
FOR PLANT REHABILITATION**

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 a Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation, **Meritor Heavy Vehicles, LLC**, understands that through its investment of \$6,368,000 ~~and its qualification for Michigan Economic Growth Authority incentives~~, and the **City of Troy**, by its investment of the Industrial Facilities Exemption Certificate for Plant Rehabilitation, 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 IFEC in order to retain the benefits of the IFEC, 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 IFEC, the **City Council of the City of Troy** has the right to recapture from the Company the total amount of taxes abated by the IFEC.

- 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
FOR PLANT REHABILITATION
(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

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

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.

E-03 Request for Consideration to Grant an Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation, to Meritor Heavy Vehicles, LLC – 2135 W. Maple, Troy, MI 48084

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 a Plant Rehabilitation District (PRD) 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 Plant Rehabilitation, for real property at 2135 W. Maple, Troy, MI. 48084, for twelve (12) years after completion; and

WHEREAS, After due an 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 a Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation, 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 a Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation, 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) for Plant Rehabilitation, 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 a Industrial Facilities Exemption Certificate (IFEC) for Plant Rehabilitation, for Meritor Heavy Vehicles, LLC, Inc., at 2135 W. Maple, Troy, MI 48084, Parcel # 88-20-32-126-035, for real 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 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: