

Regular City Council Meeting

January 27, 2020

Agenda

7:30 p.m. **Call to Order**
Pledge of Allegiance
Roll Call
Approval of City Council Minutes: January 13, 2020
Approval of Bills: None
Approval of Agenda

Public Comment

Discussion - Downtown

Fire Chief Report
Police Chief Report
-Police Introductions and Awards

- I. Old Business**
 - 1. Donation Policy**
 - 2. City Council Rules of Procedure**

- II. Budget**
- III. Manager's Report**
- IV. Public Comment**
- V. Council Comments**
- VI. Adjournment**

Please see reverse side for rules of conduct for public comment at City Council meetings

City of South Lyon
Regular City Council Meeting
January 13, 2020

Mayor Pelchat called the meeting to order at 7:30 p.m.
Mayor Pelchat led those present in the Pledge of Allegiance.

Present: Mayor Pelchat, Councilmembers Dilg, Kennedy, Kivell, Kurtzweil, Richards and Walton
Also, present: City Manager Zelenak, Chief Sovik, Superintendent Varney, Fire Chief Vogel, Attorney Hamameh and Deputy Clerk/Treasurer Pieper
Absent: Clerk/Treasurer Deaton

MINUTES- December 9, 2019

Councilmember Kivell stated on page 8 the word improving should be placed in the sentence which includes continue improving our circumstances.

CM 1-1-20 MOTION TO APPROVE MINUTES

Motion by Walton, supported by Kurtzweil

Motion to approve minutes as amended

VOTE: MOTION CARRIED UNANIMOUSLY

BILLS

Councilmember Kivell stated he would like Council to be that aware that his brother-in-law did some work for the DPW but he played no role in it.

CM 1-2-20 MOTION TO APPROVE THE BILLS

Motion by Kennedy, supported by Walton

Motion to approve the bills as presented

VOTE: MOTION CARRIED UNANIMOUSLY

AGENDA

CM 1-3-20 MOTION TO MOVE NEW BUSINESS #1 TO BE MOVED AFTER THE PRESENTAION BY SLARA

Motion by Kivell, supported by Dilg

Motion to move new business #1 to just after the SLARA presentation

VOTE: MOTION CARRIED UNANIMOUSLY

CM 1-4-20 MOTION TO APPROVE THE AGENDA AS AMENDED

Motion by Kivell, supported by Dilg

Motion to approve the agenda as amended

VOTE: MOTION CARRIED UNANIMOUSLY

CONSENT AGENDA

1. 2020 City Council Meeting schedule
2. Board of Review Re-appointment

CM 1-5-20 MOTION TO APPROVE THE CONSENT AGENDA

Motion by Kennedy, supported by Dilg

Motion to approve the consent agenda as presented

1. 2020 City Council meeting dates
2. Reappointment of Gary Beasley to the Board of Review

VOTE:

MOTION CARRIED UNANIMOUSLY

PUBLIC COMMENT

Mindy Fernandez stated she is here to represent Kathy Crawford's office and stated there is a house bill 5229 which is a regional transit tax and it is a large tax increase. She stated it is very egregious. She wanted to make sure everyone knew about this. Kathy has been working excessively to ensure our communities in our districts are not harmed by this. She has been working to ensure it doesn't get to the floor. This bill takes a lot of money from communities and we don't know where it all goes. She stated they want to put in a train from Ann Arbor to the airport. She stated they are doing all they can to ensure this tax doesn't hit our communities.

DISCUSSION- Downtown

Mr. Donohue stated we are looking at the final bills and budget information for the Cool Yule and he will supply Council with that at a later date and then they will have a critique meeting. He then stated the DDA Board retreat is at 6:00 p.m. instead of 8:00 a.m. on February 13th. We will begin the board meeting with a short agenda, which will follow with the retreat. It usually lasts 3 hours and we do have public comment as well. Mr. Donohue stated the 2020 guide will be finished by February and the downtown business guide is going to the printer this week. Councilmember Kurtzweil asked if we charge people fees if the businesses want outdoor seating. Mr. Donohue stated not that he knows of, but you have to make sure the liquor control and the police department are aware of it. Councilmember Kurtzweil asked if there is a fee for piping music outside. Mr. Donohue stated we need to get that information clarified because some business members think there are fees. Councilmember Dilg stated the Christmas Eve event was a great event. There were families out there at midnight, but she asked if it will be expanded in the future if we can make it more family friendly. She stated she is always asked about the old Draft Street building. Mr. Donohue stated he was told there was purchase offer that will be signed in the next week, but he doesn't have any details on it except it is an unrelated party to the owner. Councilmember Walton stated the Cool Yule and the New Year's Eve event were great events. Councilmember Richards stated the lighting downtown is very beautiful and he hopes we keep them on for a while. Mr. Donohue stated they will be turning them off this week, but will probably have them back on for Valentine's Day and possibly some other holidays, but that will be up to the DDA. Attorney Hamameh stated that the Michigan Liquor Control Commission does charge fees for outside seating and often times outdoor seating areas can infringe on City sidewalks and could require insurance requirements. Councilmember Kurtzweil stated the point of the question was that we want to do everything for our business owners and provide favorable climate for customers to come to their business and many people would like to sit outside and she would like to find a way around charging fees. Attorney Hamameh stated the Liquor Control Commission is at the state level and we have no control over that. Councilmember Kennedy

stated in the past, when the outdoor seating was approved, there were times when the area expanded and it was taking up part of the sidewalk taking up walking space.

FIRE CHIEF REPORT

Chief Vogel stated they finished the year with 933 runs which is over 200 more than last year and they are researching why. Chief Vogel stated we ended the year with the death of former Fire Chief Kaska and the Lyon Cantina burning down. That was an expensive day between South Lyon Eve, personnel hours and damage, we went out twice within 7-8 hours and the truck broke and the 3rd time we told them we couldn't keep coming back, it became unsafe so they dozed it. He stated there were no issues with New Year's Eve. Chief Vogel stated the committees to buy the SCVA has grown and Milford has joined the City and Lyon Township and the larger the group, the likelier we will get the grant. He stated we have hired 2 new employees. Councilmember Richards stated there was a nice write up about Chief Vogel in the Lyon township magazine. Councilmember Kurtzweil stated many people have told her what a wonderful job the City did for the former Fire Chief Kaska he was well liked. Chief Vogel stated we had the fire the next day and the holiday and the community helped out a lot. The motorcycle club helped out a lot as well as Phillips Funeral Home. There was a lot of work done with the family as well. Councilmember Kurtzweil thanked him and the Fire Department for all they did. Councilmember Walton stated she liked the added touch adding the Lions. Chief Vogel stated the superintendent gave them permission and we added them to the fire trucks. Councilmember Kivell congratulated Vogel for his recruiting efforts. Chief Vogel stated it is the committee that did all the work, they have been going to the schools along with a video that a past firefighter made and they keep trying. He stated the trick is keeping them.

POLICE CHIEF REPORT

Chief Sovik stated we have a new officer that will be starting this week, his name is Mark Mostek. He has 25 years' experience with Farmington Hills. He will eventually be working the midnight shift. Chief Sovik stated he met with the IT Company regarding our software needs and it was a good meeting to see what our immediate needs are as well as looking toward the next few years. Chief Sovik stated the South Lyon Eve event went great and there were no issues. Everyone was having a good time. Chief Sovik is currently working on the yearly report as well as the budget. Chief Sovik stated our new police officer will be at the next Council meeting as well as our new cadets.

SLARA PRESENTATION

Amy Allen, along with Kristi Hoskins gave a brief PowerPoint presentation which the full presentation can be found in the Council packet online. Ms. Allen gave a brief history of how the South Lyon Recreation Authority came about. She stated it was formed in 2007, before that in 1999 they were considered South Lyon Recreation Council. She stated they were originally at 318 W. Lake, but they moved to a new location on Griswold Road because they wanted to expand their programs. Ms. Allen stated the board meets monthly and it is available to anyone that wants to attend. They are overseen by a board of directors which consist of one member from each of the governing bodies that participate. She stated she has been with SLARA since 2010. She then introduced the staff. Carrie Hill, Matt Stanley, Kristi Hoskins, Katy Fitzpatrick, Margaret Pierce and Mary Schur. Ms. Allen stated they are excited they hired a full-time marketing/social media manager. Since that time SLARA has increased their online presence and it continues to grow. Ms. Allen stated they came up with a Mission Statement, Vision

Statement as well as what their core values are. She stated some of the programs we offer is aquatics, family swim nights, aquatic fitness programs and others. She stated they work with other businesses to offer more specialized classes for the residents. She stated we also offer sports clinics with local businesses, as well as soccer, volleyball and football. She stated we have special events each year and they continue to grow. One of the most popular is the Island Lake Kids Kamp, it is a 10-week program and we don't require they have to be there the entire week. It is certified by the State of Michigan. Ms. Allen then explained the number of employees and volunteers they have. She then stated they work and partner with over 75 local businesses. She further explained it is important for everyone to know they are a very fiscally sound organization. On average, the residents of South Lyon, Lyon Township and Green Oak pay much less than non-members. Ms. Allen stated they are being fiscally sound as well and her latest audit showed their total expenses were \$756,006 and their revenue was \$773,087. Ms. Allen stated one of their best-known marketing tools is their program guides. She stated they send out 3 a year and they reflect all the programs they offer. She then thanked the City of South Lyon for all they do. Councilmember Kurtzweil stated she represents their landlord so she will have a conflict when it comes to their lease, although this is just approving a form so this isn't a conflict.

NEW BUSINESS

1. SLARA- athletic field/court use application and permit policy & procedure

City Manager Zelenak stated this issue is being brought before Council because Parks and Recreation is recommending to approve the new athletic field/court use application and permit policy and fees. The request is being made due to increased use of the fields/courts and multiple date usage is causing damage to our fields and resident groups and the city are paying for this.

Councilmember Dilg stated as she was reading through this, it mentioned there are concerns about multiple requests for the same dates. Would it be a good idea if that is changed that residents can make the requests at a certain time, then others can make requests at a later date. Ms. Allen stated we can look into that. This has been a learning process and this is the first time we are bringing up the issues to Council. Councilmember Dilg questioned the 75% for South Lyon residents. Ms. Allen stated the City owns the fields, but SLARA handles the scheduling but we don't make the determinations.

Councilmember Kivell likes the idea of our residents getting priority for using the fields since the City owns them. Councilmember Walton stated she has been on the field for another organization who also had paid to use the field and the track and there were issues of ownership of who had the use of the field at that time. She would hope we can have a procedure put in place so that everyone can share the space if multiple groups are there. Ms. Allen asked her to reach out to her about that tomorrow, we maintain the calendar at the office and we only book it to one organization. The City sometimes will reserve the pavilion. She stated they have a great relationship with the Junior League and they are very willing to open up a night if someone is asking to use the area for a family reunion or such. Councilmember Richards stated he recently found out that if someone reserves the pavilion for a family reunion, they don't automatically have access to the fields. Ms. Allen stated yes, that is completely separate.

Councilmember Kennedy complimented Ms. Allen on being proactive with this and stepping forward to handle this. Councilmember Walton stated this shows the City needs to have an interactive calendar that holds all of this information for all the parks and fields.

1-6-20 MOTION TO APPROVE APPLICATION AND PERMIT POLICY

Motion by Kennedy, supported by Kivell

Motion to approve the new Athletic Field/Court Use Application and Permit Policy and Procedure

VOTE:

MOTION CARRIED UNANIMOUSLY

OLD BUSINESS

1. Commercial Rehabilitation Act, 210 of 2005, Tax Abatement Policy and Guidelines

Robert Donohue explained we have updated our past research and draft documents and are proposing a new updated commercial tax abatement program. He stated there is also a redevelopment law. Mr. Donohue stated the only item to discuss is the generic procedure of guidelines. It isn't appropriate to discuss any detailed of the proposed request. He further stated we had considerable research and discussion regarding this. He stated we were considering two projects, but those two projects have now declined. Councilmember Kennedy asked if the total investment includes real and personal. Mr. Donohue stated he believes it is just the real property. Councilmember Kennedy stated we would need to know what it is which seems to require more research. Attorney Hamameh stated it is the real property. Councilmember Richards stated the incentive to improve someone's building is already there from the County. He stated their building increases in value which would allow them to borrow more money to fix their building. Mr. Donohue stated there will always be a gap, so they are always looking at a realistic way to finance the development. He further stated the County offers small business administration financing. He stated a tax abatement creates a district, property by property. He stated then there would be a public hearing and look at all the criteria to see if that person's request is deserving of the abatement. He stated there is a need for this regardless of the economy. We put a premium on our historic buildings. He stated there is more cost involved in a historic building. He further stated if we put a premium on historic preservation of our buildings, it is one criterion, they must meet all the criteria. Councilmember Richards asked how many inquiries have you had. Mr. Donohue stated 3 in the past few years. Councilmember Richards stated sometimes the building owner isn't always the same as the property owner. Mr. Donohue stated he has never heard such a thing. The building owner owns the building and the property. Councilmember Kurtzweil stated sometimes what happens with the tax abatements, the lending institution sets up a debt ratio that the applicant must reach and sometimes the only way they can get the ratio down is by using an abatement. She stated she will scrutinize the requests because that could show weakness in their ability to pay for their loan. She further stated another issue she will scrutinize will be their cash flow. She stated many times when you are rehabbing you have a specific purpose, but sometimes they don't have a plan in place and if they have a new business come in so they are attempting to ensure they have a tax flow for tax liabilities. If the tax liabilities are high and you get a tax abatement that lowers their risk. Councilmember Kennedy asked if the requests were all commercial properties. Mr. Donohue stated they were all commercial. Councilmember Kivell stated he would like to see a menu of targets that we want to see of assets that would be imported into the building. Things that would be the product as the result of the building fulfilling whatever the rehab ended up being. He stated it would only be deserving if it meets our desires and Council will need to form ideas of what we want to see as assets that would be imported into the project. He further stated each one would be different. He stated he doesn't agree with Maggie's comment regarding the financial aspects of it, it is possible but we shouldn't

necessarily see all the applicants that way. Further discussion was held regarding the criteria. Councilmember Kennedy stated he understands what Councilmember Kurtzweil is saying. He further stated they are basically asking the City to cover the shortage. Mr. Donohue stated he doesn't agree. Councilmember Kurtzweil stated she recalls where there was a tax abatement given and it is done with the understanding, they will be open for 10 years or so, is that non-binding. Attorney Hamameh stated we added one of the requirements that they enter into an agreement with the City, such as failure to build. Councilmember Kurtzweil stated we need to find out if those agreements are enforceable. City Manager Zelenak stated the City does have the ability to revoke the abatement if they don't complete the building or things fail on the agreement. Councilmember Kurtzweil stated that is a different issue. She further stated revoking the certificate is a different issue than giving a tax abatement but then they leave the town. Councilmember Walton stated she would like to table this to make sure we have all our questions answered. Mr. Donohue stated he understands it is important to take our time on this. City Manager Zelenak stated there is a 6-month time frame from the date they apply and depending on how all this proceeds, first Council establishes guidelines for the commercial rehabilitation, then the City can form a district, then after that an individual can apply for the certificate. Discussion was held regarding the guidelines and policy. City Manager stated we can establish a district and it can be amended as well. It is specific properties. Attorney Hamameh stated we spent a lot of time looking at other communities. She further stated we are showing what the law requires, then we put in the City's criteria, we didn't use a point system because whatever you establish, you are bound by and wouldn't have the flexibility to judge a case by case criteria. She further stated there are multiple steps in this. After Council decides to establish a district, there has to be a public meeting, then after you have an applicant, there has to be a public hearing. There will be many meetings. She further stated these are really two separate issues. Ideally you want to have the policies in place so it can be applied to the district. City Manager Zelenak stated we need to realize South Lyon is different than Lyon Township. We could potentially have different areas for districts. He stated originally in 2017 Bob Donohue brought this up and discussed some properties that people were asking to establish a district but that didn't materialize. Now someone has acquired about this, we decided to look into it again. He further stated a downtown historic building is completely different than what someone may be doing on Grand River. He stated Council has to analyze what that property would do for the revitalization or the redevelopment of that specific property. The owner is already paying taxes, now you are talking about an influx of investment. He further stated the criteria should be are they maintaining their building, what are they bringing to the City. He stated we listed 20-25 items for Council to consider. He further stated we are looking at several public hearings. You can establish a district and you can have many people apply, but they could all be denied if they don't meet the criteria. He stated this draws business into our City. Mayor Pelchat asked what the concern is with the point system. Attorney Hamameh stated you want to be able to look at everything by a case by case bases, not just based on a point system. Mr. Donohue stated the Lyon Township does not have many historical buildings. City Manager Zelenak stated they can always bring different plans from different communities for examples. Councilmember Kennedy stated there was a million dollars of renovations in the downtown and we didn't have to sacrifice any tax dollars. He also stated there was millions spent at the Brookdale Shopping Center and we still didn't lose tax dollars. He further stated he doesn't think we need to give away tax dollars. Councilmember Dilg stated we shouldn't wait until the market crashes before we get the guidelines in place. Everyone that ran for Council discussed the downtown and she doesn't think we should wait to have the guidelines in place. Mayor Pelchat stated he thinks we had a good discussion tonight and he agrees with Councilmember Dilg we need to have this in place for future use. City Manager Zelenak will gather some examples from other communities. Further discussion was held regarding the guidelines and policy and the Pole Town issue that happened.

1-7-20 MOTION TO TABLE TO FEBRUARY 10, 2020 MEETING

Motion by Kivell, supported by Walton

Motion to table until the February 10th meeting

VOTE: MOTION CARRIED UNANIMOUSLY

2. Purchase and installation of a unit heater for the maintenance garage at the clean water plant

City Manager Zelenak stated this for a heater for the maintenance garage has a crack exchanger and it needs to be replaced and we have three bids for review. The suggestion is to purchase of \$5,310.00 under line item 592-557-931. Councilmember Kennedy thanked him for taking the time to answer his questions.

1-8-20 MOTION TO APPROVE THE PURCHASE OF NEW HEATER

Motion by Kurtzweil, supported by Walton

Motion to approve purchase and installation of a new heater for maintenance garage at the clean water plant for the amount of \$5,310.00 under line item 592-557-931

VOTE: MOTION CARRIED UNANIMOUSLY

3. Purchase and installation of a new Flygt explosion proof submersible pump for Eagle Heights lift station

Superintendent Varney stated we had a pump failure at the Eagle Heights pump station. He were able to replace it with one we had in the shop. We have two pumps at each lift station.

CM 1-9-20 MOTION TO PURCHASE FLYGT SUBMERSSIBLE PUMP

Motion by Kennedy, supported by Richards

Motion to purchase a new Flygt Submersible Pump for the lift station at Eagle Heights for \$8,700.00 under line item 592-557-977

VOTE: MOTION CARRIED UNANIMOUSLY

BUDGET

Councilmember Kurtzweil asked if City Manager Zelenak regarding meeting with Andy Meisner. City Manager Zelenak stated he spoke with the Treasurer's Office regarding the investment policy and we are meeting with our auditors regarding the pension liability and afterwards we will move forward with a meeting with Andy Meisner. Councilmember Dilg spoke with him and he said he is willing to come to any of our meetings. Councilmember Kurtzweil stated she has a list of things she will be taking into the 2020 budget season. She stated she hasn't seen the budget and doesn't know if the City will be asking for an increase in the mileage. She further stated, we have things that will be coming like the RTA tax which could be up to 5 mills. She then stated we will never see that money. She has met with seniors regarding the tax issues that are coming on in 2020 and they are very concerned. There is the DIA renewal which is 2 years early. She said there could be a school bond and a new tax called the Oakland County Enhancement mill which will supposedly go to schools in need which won't come to South Lyon. She then asked where will be find room in the budget for .05 mills to work on the roads. She wants Andy Meisner here to explain where we can find the money for our OPEB. The new taxes are chasing people out of their homes. These are her concerns.

MANAGER'S REPORT

City Manager Zelenak stated he supplied copies of the information he compiled from Council suggestions for the next budget year. He stated he has had preliminary meetings with Department Heads. He stated they will be meeting with the auditors regarding the water and sewer rate study as well as the OPEB and unfunded liability. He wants to meet with them to gather information before meeting with Andy Meisner so we will have information for him to see where we stand. City Manager Zelenak stated he is gathering the suggestions Councilmembers gave to him regarding the Council rules and procedures. City Manager Zelenak stated Thomasville will be submitting new plans for a PUD on that property. City Manager Zelenak stated we will be having presentations from the Police Department and the Fire Department.

PUBLIC COMMENT- None

COUNCIL COMMENTS

Councilmember Richards stated there are a few topics he wants to mention. He stated Peoples Express may not have legally violated the contract, the spirit of the deal has been broken and he thinks it should be looked at. It cost him \$16.00 for a round trip to Walmart and back.

Councilmember Richards stated he would like to set aside some money to improve 110 Detroit Street. He stated we should make them an offer and buy it. It can be turned into a nice business office.

Councilmember Richards stated somewhere down the line we need to find out what we will do with the Tube Mill pollution.

Councilmember Richards stated he inspected the DPW property and he spoke with Ron. We have budgeted a lot of money regarding improvements to the property. It is moving along nicely.

Councilmember Richards stated he thinks we will have an increase of requests for annexation, especially after the Cantina burned down.

Councilmember Kivell congratulated everyone for all their work during Cool Yule and the New Year's Eve event.

Councilmember Walton stated there are so many great events in this City. She stated the First United Methodist Church had an event where people painted 113 bowls and it is used to serve soup in an empty bowls event later on where the proceeds are used to feed the hungry in Detroit.

Councilmember Walton stated the South Lyon Youth Assistance worked with many groups that took 72 children shopping for the holidays.

Councilmember Walton stated there is a high school student named McKenzie that is part of Peers.

Which is when students are partnered with special needs students so they always have a friend in school. She stated she noticed she had a peer that needed clothing. She was able to collect clothing from South Lyon Swap and now she is opening a clothing closet at the South Lyon High School. It is awesome we have a high school student that recognized this need and she found a way to fix this situation.

Councilmember Walton wished Pastor Mills luck in Cadillac and thanked him for all his years of service.

Councilmember Dilg stated she went to The Lemon Tree grand opening and it was great and that whole block of powerhouse women attended as well. The building is beautiful.

Councilmember Dilg stated she met the new business owner that took over the Lafayette Middle Eastern restaurant and they are going to turn that into a Mancini Mediterranean.

Councilmember Dilg stated she spent some time at the Corner Social with her book club and she has spent a lot of time downtown and it's great.

Councilmember Kurtzweil stated she spent time focusing on the budget. She spent some time with Eric Mays who spent time with her in December and they discussed public service and public safety. He was a phenomenal individual and very inspiring. He is very involved with the Flint water crisis and the lack of funds. He told her to always remember the responsibility of public safety and health. She stated he is on the city council for the city of Flint. She will be going up to Flint to thank them for the inspiring conversation and they are willing to talk to anyone regarding what happened in Flint. The public is trusting us with an important commodity and she then thanked him again.

Councilmember Kurtzweil thanked the DPW for all their hard work Saturday night keeping the roads cleared and salted. They work extremely hard in the winter time and she is thrilled they have the work ethic they have.

Councilmember Kurtzweil stated she had a Girl Scout come to her door and she bought some Girl Scout cookies and if anyone wants to buy any, let her know.

Councilmember Kurtzweil stated the Lyon Theatre will be showing Dr. Doelittle and it is always nice to go downtown and have dinner and see a movie. It gets you away from your phone and video games and Facebook rants. Then after the movie you can visit the new wine bar downtown.

Councilmember Kennedy stated this past week Ann Arbor Firefighter Amy Pennywitt died when she was struck by a pickup truck driving too fast for the icy road conditions. Firefighters were responding to multiple crashes on I-94 when the pickup truck came up on them and lost control on the icy surface. The vehicle struck Pennywitt and another firefighter as they tried to get out of the way. The other firefighter was not seriously injured while Pennywitt suffered critical head and chest injuries. She passed away a few days later. She was 34 and had been in the department for 7 years. She left behind a husband, a child, other family members and friends. While our thoughts and prayers go out to her family and the City of Ann Arbor Fire Department, this is an important reminder for everyone to take weather conditions into consideration and drive appropriately. He further stated people need to move over when you see the lights flashing on the side of the road and they need to slow down. So please, help keep those safe who are working to keep you safe!

ADJOURNMENT

1-10-20 MOTION TO ADJOURN

Motion by Kurtzweil, supported by Walton

Motion to adjourn meeting at 9:44 p.m.

VOTE:

MOTION CARRIED UNANIMOUSLY

Respectfully submitted,

Mayor Dan Pelchat

Deputy Clerk/Treasurer Judy Pieper

AGENDA NOTE

Old Business # 1

MEETING DATE: January 27, 2020

PERSON PLACING ITEM ON AGENDA: City Manager

AGENDA TOPIC: Donation Acceptance Policy

EXPLANATION OF TOPIC: In December I brought before City Council a proposed Donation Acceptance Policy. This policy would establish guidelines, standards and procedures for acceptance and documentation of donations to the City. The City desires to encourage donations, while at the same time consider the impacts some donations may have on the City including aesthetics, ongoing maintenance and operational costs. I have brought back the policy for council discussion and adoption.

MATERIALS ATTACHED AS SUPPORTING DOCUMENTS: Donation Acceptance Policy, and Donation Form.

POSSIBLE COURSES OF ACTION: Approve / not approve the new Donation Acceptance Policy for the City of South Lyon.

SUGGESTED MOTION: Motion by _____, supported by _____ to approve the new Donation Acceptance Policy for the City of South Lyon.



Donation Form

Tax ID #38-6004651
335 S. Warren Street – South Lyon, MI 48178
Office 248-437-1735 FAX 248-486-7054
www.southlyonmi.org

Donor Name: (How you want to be listed for recognition purposes)		Donor Stated Value:	
Address:	City:	State:	Zip:
Email Address:	Home Phone:	Business Phone:	

Donated Item:

Item or amount of donation: _____

___ Will Be Dropped Off – Date: _____

___ Needs Pick-up

___ Will Be Mailed

Pick-up Information: _____

___ Is Enclosed

If Item is a Gift Certificate, it will be provided by: _____

Donation Made in Honor or Memory Of or For a Specific Purpose:

Please make checks payable to: City of South Lyon. Please put "donation" on the memo line.

Donation Description:

Please describe the donated item in the space below. If you are donating an item, please describe what you would like to donate and where you would like it placed or if you would like it to go to a particular department or location. (We will make every effort to accommodate your request)

Name of person to contact for information regarding donation: _____
(If different than above)

CITY OF SOUTH LYON
DONATION ACCEPTANCE POLICY

Adopted by City Council on _____

Section 1. Introduction & Purpose

The City of South Lyon truly appreciates the generosity of donors who wish to make the City a better community for everyone. The residents of South Lyon have a proven track record of donating and volunteering not only their time and resources for many community initiatives and activities, including service on City and other civic boards and groups, but also making generous donations that benefit the community.

The purpose of this policy is to establish guidelines, standards and procedures for the acceptance and documentation of donations, including gifts, to the City. This policy provides guidance when individuals, community groups, and businesses wish to make donations to the City. The City desires to encourage donations while at the same time consider the impacts some donations may have on the City such as aesthetics, on-going maintenance and operational costs. It is the policy of the City of South Lyon to consider all donation requests and to decide if accepting it is in the best interest of the City.

The guidelines, standards and procedures established by this policy will apply to all donations made after the effective date of this policy.

Section 2. Types of donations

Donations can take a variety of forms including monetary gifts and donations of services, labor, equipment, materials, memorial items, facility enhancements, land or real property, or partnership projects. Designated donations mean those that the donor specifies for a particular department, board or commission, location, use or purpose. Undesignated donations mean those that are made to the City for an unspecified use and without restriction.

Section 3. Consistency with City Interests

Designated donations may be accepted when they have a purpose consistent with the City's goals and objectives and are in the City's best interest. The City must always consider the public trust and comply with all applicable laws when accepting donations.

Section 4. Acceptance of Undesignated Donations of Cash or Tangible Items

All donations to the City shall be submitted for review and consideration for acceptance using the Donation Acceptance Form. Based on the nature and value of the offered donation, appropriate City staff will review the proposed donation and determine if the benefits warrant acceptance. Donations of cash or items valued at \$500.00 or less may be accepted by the City

Manager or his/her designee (such as a department head). Donations valued at more than \$500.00 shall be presented to the City Council for review and acceptance.

Offers of donations for gratuitous purposes (e.g. holiday gift baskets, lunches, meals, snacks, etc.) to any employee, department or the City shall be made available to benefit all employees.

Section 5. Acceptance of Designated Donations

Designated donations for specific uses, purposes, activities, or for use by specific Departments, Boards or Commissions, or intended to either become incorporated into City property or facilities (e.g., parks), as well as donations of equipment, vehicles, facilities or improvements intended to supplement those of the City often involve considerations of aesthetics, costs, and compatibility whose features shall be evaluated using the following criteria:

- a. The City's need or use for the donation
- b. Aesthetics, appearance, consistency with surroundings and the character of surrounding area, attractiveness
- c. Consistency with current and future uses of property and surrounding areas
- d. Consistency with City's plans and policies (Master Plan, Parks Master Plan, etc.)
- e. Impact on natural environment
- f. Costs of installation, including relocation, removal or other improvements to accommodate the donation (other infrastructure improvements, utilities to service and allow equipment or property to function, matching requirements, easements, etc)
- g. Costs of ongoing and long-term operation, maintenance and repair, including expected useful life, and whether accepting the donation will increase the City's work load (durability, materials, quality, etc)
- h. Compliance with laws and other regulations
- i. Uniqueness
- j. Accessibility
- k. Safety
- l. Historical, cultural and social relevance and/or concerns
- m. The donor(s) and background
- n. Requested restrictions and conditions
- o. Public input
- p. Overall benefit to the City and community in light of costs and other concerns

When considering designated donations, particularly those involving physical improvements to City-owned property and facilities such as, but not limited to, statues, memorials, benches or pieces or items of public art which may affect its immediate surroundings, the City Council may request a review and recommendation from an appropriate City board or commission. It may also consult with other governmental agencies and community organizations in the review process. A donation shall not impose any conditions on the City unless agreed to

by the City Council. The City and any board, commission, or other group or agency may recommend that the proposed donation be re-directed to an established need, and they may recommend whether the City Council should accept, reject or accept with conditions. The City Council may, at its sole discretion, hold a public hearing to obtain public comment and input on a proposed donation. The City Council may require a written agreement with the donor as a condition of acceptance of a designated donation.

Designated monetary donations approved by City Council may be deposited to the fund or account in which the intended use of the donation is to be achieved. This money shall be placed into a restricted fund and reflected in the budget for the appropriate department, board or commission responsible for achieving such intended use.

Section 6. Right to Reject Donations

The City reserves the right to reject any donation if, upon review, acceptance of the donation offer is determined in the sole discretion of the City to not be in the best interests of the City. The City Council shall have the full and final authority to accept or reject all donations including those accepted by the City Manager or his/her designee.

Section 7. Donations Become City Property

All donations shall become the sole property of the City unless determined otherwise by the City Council. The City has no duty to return any donation as all donations are irrevocable and otherwise final upon acceptance and receipt by the City. The City Council has the final authority to relocate, remove, relinquish sell, or dispose of any donation at any time, when deemed to be in the City's best interest, as determined in City Council's sole discretion, with or without notice to the donor unless agreed to in writing. The City is not obligated to replace a donation if it is stolen, vandalized, damaged, worn-out, or destroyed.

Section 8. Recognition of Donations

Donations will receive recognition appropriate to the level and nature of the donation as determined by the City Manager or City Council. For those of a capital nature, recognition may be in the form of signage, plaques, markings, or other means the City may deem appropriate. Regardless of the manner of recognition, the intent shall be to appropriately honor the donor for their contribution to the community. To ensure uniformity of appearance and good taste on any recognition, the language of any plaques shall also be approved by the City Council or its designee. Donation acknowledgments and memorial plaques shall be made of bronze or other material approved by the City and be of the highest quality, life and durability. In cases where plaques are not feasible, other alternative types may be considered. The appearance of traditional commercial advertising shall be avoided.

Donation Forms and information regarding donations, including the donor names, the donation and its nature, value, or amount are public information subject to disclosure pursuant to the Michigan Freedom of Information Act, MCL 15.261 et seq.

Section 9. Procedures

Persons or entities wishing to make a donation to the City must first submit a completed Donation Form to the City Clerk. To promote an efficient review process, persons or entities proposing designated donations are encouraged to contact the City Manager to discuss the proposed donation before submitting a Donation Form. The City Manager may arrange for a pre-application meeting to determine whether a proposed donation will meet the criteria contained in this policy.

A proposed donation will be reviewed by City staff and may be referred to a City department or department head or staff member for review. The City may also request that the donor meet with staff or representatives from other agencies or community organizations to discuss the details of the proposed donation. City staff and/or City Council may request additional information regarding a proposed donation, including, but not limited to, written explanations, drawings, plans, specifications (materials, colors, locations, etc), renderings, site plans, surveys, sketches, cost estimates, or other information needed to better explain the exact nature and details of the donation.

Following staff reviews and other appropriate input, a proposed donation will be reviewed by the City Manager or City Council for acceptance.

AGENDA NOTE

Old Business # 2

MEETING DATE: January 27, 2020

PERSON PLACING ITEM ON AGENDA: City Manager

AGENDA TOPIC: City Council Rules of Procedure

EXPLANATION OF TOPIC: At our December 9, 2019 City Council I presented to City Council a Draft of Rules of Procedure that I feel should be adopted by City Council to ensure that we have an efficient operation of our City and our meetings. In this document were rules addressing; meetings, agendas, minutes, parliamentary procedure, comments, and relationship with City staff and consultants. Since that meeting all City Councilmembers provided feedback. Last week I provided to City Council all of your comments. Tonight I request of City Council to proceed in reviewing and discussing the Rules of Procedure. And develop a timeline for possible adoption.

MATERIALS ATTACHED AS SUPPORTING DOCUMENTS: City Council Rules of Procedure w/comments.

POSSIBLE COURSES OF ACTION: to proceed in reviewing and discussing the Rules of Procedure. And to develop a timeline for possible adoption.

SUGGESTED MOTION: None

CITY OF SOUTH LYON COUNCIL RULES OF PROCEDURE

These Rules of Procedure are adopted under provisions set forth in Section 4.6 of the South Lyon City Charter. These Rules are subject to compliance with the City Charter, ordinances, and State statutes.

I. CITY COUNCIL MEETINGS

All meetings of the City Council will be held in compliance with the City of South Lyon Charter and state statutes, including the Open Meetings Act, Public Act 267 of 1976, as amended, and with these Rules. All meetings of City Council will be open to the public, unless authorized by the Open Meetings Act. The seating arrangements for the Mayor, Mayor Pro-tem, Council members, consultants and staff shall be determined by the Mayor and the City Clerk.

Maybe consider something about the seating arrangements being subject to change at any time as determined necessary by the Mayor? (only because I can see people interpreting this as happening only once after each election.) Maybe also consider something about members being able to make a request regarding their own seat which will be evaluated by the Mayor.

Why is the City Clerk saying where a person shall sit?

Lets work the seating arrangements out like adults.

a. REGULAR MEETINGS

Regular Meetings of the City Council will be held on the second and fourth Mondays of each month beginning at 7:30 P.M. in the Council Chambers of the South Lyon City Hall, unless otherwise rescheduled by resolution of Council. Council meetings shall conclude no later than 11:00 p.m., subject to extension by Council.

How can we guarantee that the meeting agenda will be done by 11:00? What if the discussion needs to continue?

If you have (10) items and only get to (5) because of the time limit, do you violate the Open Meetings Act? Do you amend the agenda? Are you obligated to finish the agenda? Need some discussion and clarification.

Why not cut presentations out of the agenda? Council meeting should be about the business of Council. I feel this is micro-managing and not real efficient. Get more on consent agenda.

b. SPECIAL MEETINGS

Special Meetings of the Council may be called by the Clerk upon the written request of the Mayor, the City Manager or by any two members of the Council. There shall be at least eighteen (18) hours written notice to the public and each member of the Council designating the time, place, and purpose of a special meeting and served personally on, or left at, the usual place of residence of each of the Council members.

No business shall be transacted at any special meeting of the Council unless the same has been stated in the notice of such meeting. However, other than the enactment of an ordinance, any business which may lawfully come before a regular meeting may be transacted at a special meeting if all the members of Council present consent thereto and all the members absent file their written consent.

I thought you had to be present to vote?

Please clarify last sentence.

c. CLOSED SESSION

Closed sessions may be held only for the reasons authorized in the Open Meetings Act. A two-thirds (2/3) roll call vote of members elected or appointed and serving shall be required to call a closed session, except for those circumstances where the Open Meetings Act permits the calling of a closed session by a lesser vote. The purpose of the closed session must be stated in the motion to call the closed session.

City Council members shall not divulge to any unauthorized person confidential information discussed in a closed session in advance of the time prescribed for its authorized release to the public by the City Council. Council members shall honor the confidentiality of the debate and discussion occurring in closed session and be aware of the potential liability or other harm to the City by premature disclosure.

Will the Mayor keep the subject matter at hand the only business in closed sessions or will "side chatter" and personal attacks continue to be allowed? Will Council Members be held accountable for saying items from closed sessions outside of the meeting.

Everyone needs to understand that only the subject matter of the motion is permitted in the closed session. And no personal attacks of people. Need serious discussion here.

d. STUDY SESSION

Upon the call of the Mayor or the Council and with appropriate notice to the Council members and to the public, the Council may convene a work session devoted exclusively to the exchange of information relating to municipal affairs. No votes shall be taken on any matters under discussion nor shall any Council member enter into a formal commitment with another member regarding a vote to be taken subsequently.

II. AGENDA PREPARATION AND DISTRIBUTION

The City Manager and the City Clerk, with consultation and concurrence of the Mayor, shall prepare an agenda of business to be considered at each regular Council meeting. Items of business must generally be submitted by 12 noon on the Wednesday preceding the next regular meeting, subject to the discretion of the City Manager.

Agenda materials will primarily be provided to Council members by electronic delivery method. "Paper" copies of agenda materials will be provided only where the materials are likely to be retained for regular

review (bound documents such as the Master Plan for Land Use, or the Budget), or where a paper copy is required or appropriate to completely convey the information contained in the materials.

I agree this is the best method, but I think that if the City requires electronic delivery, they should provide a method to view - such as a tablet/laptop which I think you are still considering. And maybe include a provision for those who do not want electronic documents.

Not in favor of on the mayor and city manager having the only say as to what goes onto an agenda. Not in favor of micromanaging and selective narratives coming from only two people. Why is this even an issue ?

Not in favor of electronic delivery of Council packets. Is the City buying computers ? Not using personal computer for personal business and not voting to approve purchase of computers. Purchasing computers is not a financial priority at this time. Let people manage their information the way they want to.

No items will be added to the published agenda unless approved by a majority vote of City Council. The agenda of regular meetings of the City Council shall be prepared in accordance with the following format:

- A. Call to order
- B. Pledge of Allegiance
- C. Roll Call
- D. Approval of Minutes
- E. Approval of Bills
- F. Approval of Agenda
- G. Consent Agenda
- H. Public Comment
- I. Reports:
 - Discussion – Downtown
 - Fire Chief Report
 - Police Chief Report
- J. Presentations
- K. Public Hearings
- L. New Business
- M. Old Business
- N. Budget
- O. Manager's Report
- P. Public Comment
- Q. Council Comment
- R. Adjournment

Are members of the community and Council not allowed to enter items onto the agenda?

The printing of agendas should continue as I tested the theory of not printing not only was this confusing, it was hard to stay focused. If you are now asking Council to provide their own copies, I would suggest that you give us a raise to cover the reams of copy paper and printer ink. The mass quantity printing is best kept at the city in a commercial printer rather than a personal computer. If you are looking for a cost savings, print on both sides.

III. POSTING REQUIREMENTS FOR REGULAR AND SPECIAL BOARD MEETINGS

For regular meetings of the Council, the Clerk shall post at the City Hall, within ten (10) days after the first meeting of the Council in each calendar year, a public notice stating the dates, times and places of its regular meetings for the year.

Do not feel the (10) day posting is necessary.

For a rescheduled regular or a special meeting of the Council, a public notice stating the date, time and place of the meeting shall be posted at least 18 hours before the meeting. In addition to posting at City Hall, the notice shall be posted on the City's website. The website posting shall be included on the homepage or on a separate webpage that is dedicated to notices for special meetings and is accessible by a prominent or conspicuous link on the homepage.

However, such 18-hour notice requirement, as described above, is not required for a meeting of the Council in emergency meeting in the event of a widespread natural disaster or a severe and imminent threat to the health, safety or welfare of the public when two-thirds of the members of the Council determine that delay would be detrimental to the City's efforts in responding to the threat. The notice shall be published as soon as possible and available at the emergency meeting.

Not sure why this is in here. Covered by Open Meetings Act.

IV. MEETING MINUTES

The Clerk shall attend the Council meetings and record all the proceedings and resolutions of the Council in accordance with the Open Meetings Act. In the absence of the Clerk or Deputy Clerk, the Council may appoint one of its own members or another person to temporarily perform the Clerk's duties.

In accordance with the Open Meetings Act, within 5 business days of a Council meeting a draft of the minutes shall be prepared by the Clerk showing the substance of each separate decision of the Council and shall indicate the vote of the Council members. The Clerk shall prepare the final minutes within 8 business days of a Council meeting.

Don't feel its reasonable to expect the Clerk to prepare final minutes within (8) business days.

Minutes of regular and special meetings will be kept by the Clerk and shall be signed by the Mayor and Clerk upon approval by City Council.

A separate set of minutes shall be taken by the Clerk or the designated secretary at a closed session. These minutes will be retained by the Clerk for the period of time required by the Open Meetings Act and shall not be available to the public and shall be disclosed only if required by a court of law. Minutes of closed session meetings may be distributed to Council for review at a closed session and may be approved, in Council's discretion, and returned to the Clerk.

Not sure why this is in here. Covered by Open Meetings Act.

V. CONDUCT OF MEETINGS

a. PRESIDER OF THE MEETING

The Mayor shall be responsible for enforcing these rules of procedure and for enforcing orderly conduct at Council meetings. At the first meeting of the Council following each City election, the Council shall appoint one of its members Mayor Pro Tem, who shall preside in the absence of the Mayor. In the absence of both the Mayor and the Mayor Pro Tem, the member present who has the longest consecutive service on the Council shall preside.

Any Mayor should be able to ask for help from the staff, clerk, or attorney in the event of any unforeseen situation that might occur of an extreme nature and out of the ordinary. It seems this is too much pressure on any mayor to contend with.

b. GENERAL RULES OF PARLIAMENTARY PROCEDURE

Where these rules or the City Charter are silent, "Roberts Rules of Order Newly Revised" shall, to the extent reasonably feasible, govern the proceedings of the Council. The City Attorney shall act as Parliamentarian. In addition, the following general rules of debate shall apply:

1. The maker of a motion is entitled to speak first.
2. A Council member must obtain the floor by being recognized by the Mayor.
3. A Council member shall confine discussion to the question at hand and to its merits and shall not be interrupted except by a point of order or privilege raised by another member.
4. No Council member is entitled to speak a second time on the same motion while any other Council members wish to make their first speech.
5. A Council member may not speak against his/her own motion but may vote against it.
6. Questions and remarks must be addressed through the Mayor. Council members are not to speak directly to each other or to a staff member.

Needs discussion and/or clarification.

Suggest make #2 first and #1 second.

#6 is not a practice of City Council. You don't want council talking directly to department heads without prior clearance from City Manager, and now council can't ask questions directly of in a public meeting ?

Please have individuals refrain from disturbing the assembly with side-bar discussions.

7. A courteous tone must be maintained. Interjecting personal notes or attacking another member's motives is prohibited.

Why would Council not be allowed to ask questions to a staff member? If you don't ask questions, you cannot get answers. How do we get educated on the subject matter? I see that sidebar conversations is not addressed. This is rude and disrespectful towards the Mayor and the person in whom the Mayor gave the floor too.

Does this mean we are not allowed to interject facts and statistics that may be controversial or counter to someone's statement ? Not in favor of this.

c. QUORUM

Three members of the Council shall be a quorum for the transaction of business at all meetings of the Council, but in the absence of a quorum, any number of Council members may adjourn any regular or special meeting to a later date.

Seems like quorum for a 7 person council would be 4 members?

Completely opposed to this except in the situation of a real emergency. Not without attorney preent – whole concept seems to open up liability.

In the Charter – redundant. Needs to be changed by ballot.

d. VOTING

A Roll Call vote shall be required on all ordinances and resolutions and the "Yes" or "No" vote shall be entered upon the records opposite the name of the Council member. Whenever the vote is unanimous, it shall only be necessary to so state.

Should there be a provision for the Mayor or other council to request a roll call vote for other matters?

No member of the Council shall vote on any question in which he/she has a financial interest other than the common public interest or on any question concerning his own conduct, but on all other questions every member present shall vote unless excused by unanimous consent of the remaining members present.

It seems that a simple abstention on a roll call is sufficient without any unanimous consent of members present.

Need major discussion on conflicts of interest. Can arise even if the person does not have a financial interest.

The right to vote is limited to the Council members present at the time the vote is taken. Voting by proxy or by telephone is not permitted.

It is my understanding that a conflict of interest can be more than just financial. Please clarify the rule.

e. CONSENT AGENDA

A consent agenda may be used to allow Council to act on numerous administrative or noncontroversial items at one time. Upon request by a member of the Council, an item shall be removed from the consent agenda and placed on the regular agenda for discussion.

In order to limit the number of items removed from the Consent Agenda, all members of Council will contact the City Manager before the meeting to have questions answered. Unless a member of the Council specifically requests that an item listed on the Consent Agenda be removed therefrom and action be taken separately on said item, those items listed on the Consent Agenda shall be approved, accepted, etc. by motion and unanimous roll call vote of the Council. Those items so approved under the heading "Consent Agenda" shall appear in the Council minutes in the proper form.

Items can be removed by anybody. Be flexible.

f. RECONSIDER/RESCIND/REPEAL A QUESTION

When a question has been decided, in order for it to be reconsidered, any Council member who voted on the prevailing side of the question may move for reconsideration at the same or next regular meeting, provided no action has been taken as a result of the previous vote. If a matter is to be brought for reconsideration at a succeeding meeting, the Council member making the request must notify the City Manager in writing by the Wednesday prior to the meeting who shall place the matter of reconsideration of the matter on the agenda.

A motion to rescind or repeal some previous action may be made at any time at any regular or special meeting of the Council, provided, such matter has been formally placed on the agenda for consideration and it is in order.

In Roberts Rules of Order. Seems redundant.

g. USE OF COMMUNICATION DEVICES DURING MEETINGS

A Council member shall refrain from the use of electronic or wireless communication devices during meetings to communicate with other Council members or with members of the public, regardless of whether the device is provided by the City. This prohibition shall not apply to communications with family members, employees, or co-workers, or others with whom the member communicates on a matter unrelated to an agenda item for Council action; such communications shall be infrequent and shall not disrupt, disturb, or otherwise adversely affect the conduct of the meeting.

h. COUNCIL COMMENTS

All regular Council meeting agendas shall provide for a reserved time for Council member Comments. Remarks shall be limited to those pertaining to City business or policy, or to issues of community concern or interest. Each Council member shall limit his or her comments to three (3) minutes.

An extension can be granted if a grander thought is being presented.

Should there be a provision to allow a council person to request more time (PRIOR) to comments beginning as we allow for the public? I don't think we should be allowing this to be requested once comments begin.

I do not like the idea of limiting comments. Some items need discussion

There should be a limit, but not (3) minutes. Its too short a time and a disservice to the public, who need to be fully informed of how e are trying to be of service to them.

This is too much micro managing. If I want to wish someone happy birthday, I should be able to do so.

i. AUDIENCE PARTICIPATION

Generally

1. All regular and special Council meeting agendas shall provide for reserved time for audience participation.
2. The Audience shall address the council during "Public Comment," which shall be included on the agenda.
3. All members of the Audience addressing the Council (hereinafter speaker) shall direct their remarks to the person in charge of the meeting (hereinafter Chair).
4. No speaker shall address the Council unless recognized by the Chair for that purpose.
5. Remarks shall be limited to those pertaining to matters before the Council; to City business or policy, or to issues of community concern or interest. While comment upon the action, inaction, or performance of the Council and the City of South Lyon commissions, boards, employees and consultants is allowed, inappropriate, profane, vulgar or abusive language and personal attacks will not be tolerated.
6. No speaker shall continue to address the Council after being advised by the Chair that the speaker's time for addressing the Council has expired.
This provision has not been enforced along with other provisions. So why have it ?
7. There shall be no audience comment by voice, clapping, or otherwise, showing approval or disapproval of any remarks of the speaker or Council.
This is free speech
8. Each speaker may address the meeting for two (2) minutes. The Chair has the authority to grant additional time, if requested by a speaker, for good cause.
9. Speakers wishing to display visual materials through the City's audiovisual system must provide the materials to City staff for screening no later than 12:00 P.M. the day of the meeting. The materials submitted will be reviewed by the City Manager (or his designee) to ensure that the materials are in a format capable of broadcast or presentation over the City's audiovisual system; the materials relate to a permitted purpose under Paragraph 4 above; and the material is legally appropriate for broadcast over the audiovisual system and/or cable system. Notwithstanding the foregoing, the Chair may allow a speaker to utilize the City's audiovisual system to display a limited number (no more than three) of non-electronic, physical documents (e.g., photographs), provided that the documents are presented to the City Manager for review before the documents are displayed.
10. Speakers using visual materials are subject to the same time limitation set forth in Paragraph 8 above.
11. Taped or recorded audio presentations not presented through the City's audiovisual system (i.e., with sound only, not displaying visual materials) shall also be submitted for review as described in Paragraph 9 above.

12. Council members or the Mayor shall not respond to general Audience Comment. The Mayor or Council members can bring up a point of order regarding false information and request a response be provided. The Mayor may direct the City Manager to respond to the speaker, if appropriate, during or outside of the meeting. The Mayor may also respond with an indication of the appropriate action to be taken.

Approval all, however these should be discussed in a work session. Open for additions and modifications.

Public Hearings

1. Persons desiring to address Council at a Public Hearing shall state their name and address.
2. Each person shall be allowed five minutes to address the council.
3. There shall be no questioning by the audience of persons addressing the Council. However, the Council members may question person addressing Council.
4. No person all be allowed to address Council more than once.
No person "shall" be allowed to address Council more than once.

Discretion of the Mayor to allow a second comment for clarification of relevant facts.

Make Public Hearings Section V(j). Then change Disorderly Conduct to V(k), and so on...

Limiting a person to one opportunity to speak to council at a public hearing is very restrictive

Let the Mayor control the meeting particularly when it comes to public hearings.

j. DISORDERLY CONDUCT

Persons addressing the Council shall make responsible comments and shall refrain from making personal, impertinent, slanderous or profane remarks. The Mayor may call to order any person who is being disorderly by speaking when not recognized by the Chair or otherwise disrupting the proceeding by failing to be germane, by speaking longer than the allotted time, or by speaking vulgarities. Such persons shall thereupon be seated until the chair shall have determined whether the person is in order. If a person so engaged in presentation shall be called out of order, he or she shall not be permitted to speak at the same meeting, except upon special leave by the Council. If the person shall continue to be disorderly and disrupt the meeting, the chair may order the Police Department to remove the person from the meeting. No person shall be removed from a public meeting except for an actual breach of the peace committed at the meeting.

Approve of all, except who determines the special leave by the council and how determined ?

Too restrictive. Who is going to judge whether someones comment is impertinent.

Also sometimes a person will speak at a meeting to support a cause tht has nothing to do with City Council, etc. Let the public speak. It is their time, not ours.

k. SUSPENSION AND AMENDMENT OF RULES

These rules may be suspended or amended for a specified portion of a meeting by an affirmative vote of two-thirds of the members present except that council actions shall conform to state statutes and to the Michigan and United States Constitutions.

Would add Corporate charter.

l. ENFORCEMENT OF RULES

These rules are subject to enforcement by the City Council as it determines appropriate under applicable provisions of State law, the City Charter, and Roberts' Rules of Order (which have been adopted above to the extent reasonably practicable), and any penalty for violation hereof shall be in accordance with said provisions.

VI. ATTENDANCE

A Council member who cannot attend a meeting bears the responsibility of notifying the Clerk of his or her anticipated absence. The Council may excuse absences for cause. If a Council member has failed to attend three (3) consecutive regular meetings of City Council without providing prior notification, the member may be removed from office, in accordance with the City Charter and applicable state law.

I am not always permitted the time to walk away and call the City Clerk by 5:00 to notify of an absence. I have always texted the Mayor, the City Manager, and notified at least one member of Council if timing permits me to do so. Emergencies come up, will the City Clerk be available until 7:29 PM to answer calls?

The number of people to notify should be broader than just the Clerk.

The charter says a council member can be removed for unexcused absences. Not because they failed to tell them they would not be there.

VII. VACANCY ON COUNCIL

If a vacancy occurs in any elective office, it shall be filled within thirty (30) days by a vote of the majority of the remaining members of Council. Such appointee shall hold office until the next regular City election taking place more than sixty (60) days after such vacancy occurs, at which election a successor shall be elected for the unexpired term of the member in whose office the vacancy occurs.

If someone resigns, that leaves an even number of council persons - is there any provision for what happens in case of a tie vote for appointing a new councilperson?

I would recommend that the procedure for filling the vacancy be added and specifically that the procedure should be to open up application for the vacancy to the general public rather than automatically taking the next highest vote recipient from the most recent election. Conditions change, and a new field of applicants could be available who were not available at the time of the most recent election. Likewise, even the next highest vote recipient from the most recent election may not be available (i.e., not interested, relocated, etc.) and then the council would have to take the second-place finisher, third-place finisher, etc.

(30) days is definitely not enough time for this whole process to take place.

VIII. STANDARDS OF CONDUCT FOR CITY COUNCIL MEMBERS

City Council members will be governed by the City's Code of Ethics, as adopted and amended by Chapter 2, Article III of the City's Code of Ordinances, and all other applicable state and federal laws.

Who determines what, and where do the ethics begin and end ?

IX. COUNCIL MEMBER RELATIONSHIPS

a. RELATIONSHIP WITH THE PUBLIC

Members of Council should refrain from argument with a member of the public or staff at Council meetings since these arguments seldom resolve concerns and many times inflame feelings at a public meeting. Any concerns by a member of Council over the behavior or work of a City employee during a Council meeting should be directed to the City Manager to ensure the concern is addressed.

I feel that "Relationship with the public" and "Relationship with city employees" are two different things. How does one educate themselves without being allowed to hold conversations with city employees during meetings or outside of meetings? If a member of the public has a legit question for the Council Member, we should be allowed to answer that question during Council Comment.C
This could put a strangle hold on the council when a controversial subject or proposal comes before same.

I disagree completely. Any member of Council should be permitted to defend themselves if they are attacked by the public.

Councilmembers should try to speak with the Manager regarding employee conduct. However, if there is a city manager who fails to be responsible or responsive to legitimate complaints (on an employee) the only recourse is public discussion.

b. RELATIONSHIP WITH CITY STAFF AND CONSULTANTS

1. There shall be mutual respect from both staff and Council members of their respective roles and responsibilities when and if expressing criticism in public session.
2. Requests for information or questions by the City Council shall be directed to the City Manager. All non-routine requests should be submitted to the City Manager's office. All complaints should be submitted to the City Manager.
3. All written information material requested by individual Council members shall be submitted by staff and consultants to the City Manager who will transmit them to all Council members with the notation indicating which Council member requested the information.
4. Council shall not contact consultants or attempt to correct or influence staff or consultant in the selection of employees, recommendations for the awarding of contracts, the selection of consultants, the processing of development applications or the granting of City licenses or permits.
5. Incoming mail clearly marked as personal shall not be opened when addressed to individual Council members or staff unless requested.
6. A Council member shall not direct staff or a consultant to initiate any action or prepare any report that is significant in nature or initiate any project or study without the approval of a majority of the City Council. All such requests will be first directed to the City Manager.

This suggested restriction seems to come as a response to some Council members that have exceeded appropriate interactions with staff and consultants. I propose the solution should be to establish a process to enable this valuable tool to take place in an orderly and managed manner. I understand the desire to protect staff from being overburdened while they meet their responsibilities. Providing the subject of the discussion and asking to schedule a reasonable meeting should not be an unreasonable request. The clarity of understanding these interactions can provide are valuable in learning facts or forming opinions or perceptions which can help Council members inform their colleagues more fully to gain insight into issues thought to be important to the city.

If a particular council member is abusing city staff and consultants, then speak with that councilmember. Do not make this a problem with Council in itself or as a whole

Need discussion on this subject. Unsure where I stand on some of these.

This is way to controlling. If there is a councilmember abusing their authority with City employees, then have the attorney send them a cease and desist letter or obtain an injunction.

Need discussions on items #2-6

Who is opening other peoples mail.

c. RELATIONSHIP WITH BOARDS, COMMISSIONS, COMMITTEES AND OTHER GOVERNMENTAL AGENCIES

1. Members of the City Council should not attempt to influence boards, commission or committee recommendations, or to influence or lobby individual board, commission or committee members on any item under their consideration. It is important for boards, commissions and committees to be able to make objective recommendations to the City Council on items before them. Members of Council that attempt to influence board, commission or committee positions on an item may prejudice or hinder their role in reviewing the recommendations as a member of the City Council.
2. It is suggested that City Council Members refrain from attending other public meetings. If they do attend they should be cautioned about becoming involved in the meetings' discussions.
3. If a member of the City Council represents the City before another governmental agency or organization, the Council member should first indicate the majority position as an opinion of the Council. Personal opinions and comments may be expressed only if the Council member clarifies that these statements do not represent the position of the City Council.

I do fully understand why this is included, but I do have an issue with it. I know its stated as a suggestion, but I have to disagree with it. From time to time, as a city council member, I would like to attend various meetings simply as an observer. As a resident/member of the public, I do have that right as well. I personally think showing up at some of these meetings could show council interest and support of that board. If we have this in here, it would be very uncomfortable to attend a meeting. I think commenting and being involved in a discussion in the meeting should be discouraged, but I don't like the idea of being discouraged from attending a meeting. (I have even heard board members say, well no one from council ever shows up to hear from us.)

I am also not clear if this means we are discouraged from attending things like the business owners monthly meetings, or the Cool Yule planning meetings, etc - which I would also disagree with. And, I know what disagreeing with means.

If I have an interest in a meeting, I shall be there.

Need discussion and clarification on this subject. As written, I do not approve.

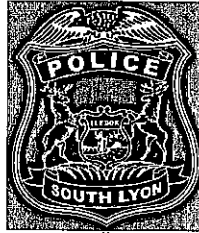
I don't agree with any one of these items. There is a Michigan CA opinion regarding #2 and its is permissible to attend and speak at a commission meeting. As to #3, many times all of council does not know councils majority position, so it would be hard to comply with the suggestion. This needs tweeking.

Given that this is a governance document, my personal opinion is that all of council should work through each of these sections. Take their time and debate rather than rubber stamping this document. A special meeting would be helpful so that we focus on the rules, rather than punching through an agenda so that we are out of the meeting by 11:00 pm.

SOUTH LYON POLICE DEPARTMENT

Christopher J. Sovik

Chief



Memorandum

To: Paul Zelenak, City Manager

From: Chief Christopher J. Sovik

Subject: Depot Day – Witch's Hat

Date: January 14, 2020

I have received a permit request for the above-mentioned event. I discussed Depot Day with Mr. Larry Ledbetter, one of the organizers. The event is scheduled for Saturday, September 12, 2020, 10:00 a.m. to 4:00 p.m. The planned activities will be similar to those of prior Depot Days.

The planned event should cause little or no disruption to normal traffic in the area, and no street closures are necessary. The Police Department will monitor the event and provide support, as necessary. Therefore, I have approved the request and have so notified the organizer. I have attached a copy of the application and approval for your information.

cc: Lt. Douglas Baaki
Lisa Deaton, City Clerk
Chief Robert Vogel, SLFD
Doug Varney, DPW



South Lyon Police Department

219 Whipple St.
South Lyon, MI 48178
Ph: (248) 437-1773
Fx: (248) 437-0459

Parade/Event Application

Date(s) of Event: SEPT 12, 2020

Applicant's Name: LARRY LEDBETTER

Ph#: [REDACTED]

Applicant's Address: [REDACTED] SOUTH LYON, MI

Name of Event: DEPOT DAY (40th ANNUAL)

Business/Organization Name: SOUTH LYON HISTORICAL SOCIETY

Business Address: 300 DOROTHY ST. SOUTH LYON

Business Phone Number: 248-437-9929

President/CEO Responsible for Event: LARRY LEDBETTER Ph#: 248-613-7579

Event Start Date and Time: 10:00 (AM) / PM

Event End Date and Time: 4:00 AM / (PM)

Approximate number of persons attending: 800

Approximate number and types of vehicles: (8) FIRE ENGINE, AMBULANCE,
THOMAS THE TRAIN, ANTIQUE TRACTORS & CARS

Approximate number and types of animals: (10) PONIES, DUCKS, GOATS, CALF, RABBITS
PETTING ZOO

Amount of space maintained between all units in parade: NO PARADE

Route to be Traveled (Include Street Names and turning directions) or area to be utilized:

THE EVENT TAKES PLACE AT THE HISTORICAL VILLAGE

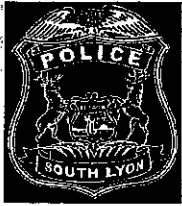
Larry E. Ledbetter 1/12/2020
Applicant's Signature and Date

Larry E. Ledbetter 1/12/2020
Responsible Party's Signature and Date

Approved ☒ Denied ☐

Chief Christopher J. Sovik
Chief Christopher Sovik

01/14/2020
Date



South Lyon Police Department

219 Whipple St.
South Lyon, MI 48178
Ph: (248) 437-1773
Fx: (248) 437-0459

Hold Harmless

To the fullest extent permitted by law the SOUTH LYON HISTORICAL SOCIETY
(Name of applicant/organization)

agrees to defend, pay on behalf of, indemnify, and hold harmless the City of South Lyon, its elected and appointed officials, employees, volunteers, and other working on behalf of the City of South Lyon against any and all claims, demands, suits, or loss, including all costs connected therewith, and for any damages which may be asserted, claimed, or recovered against or from the City of South Lyon by reason of personal injury, including bodily injury or death and/or property damage including loss of use thereof which arises out of, or is in any way connected or associated with this event. You and/or the organization that holds responsibility will be held liable for the conduct of the event and each of its participants.

Larry E. Sedra
Signature

JAN 12/2020
Date

Table of Contents

- Summary of CRA & CFT
- Draft Commercial Rehabilitation Application Process
- Application
- Tax Abatement Policies
 - Lyon Township
 - City of Novi
 - City of Ann Arbor
 - City of Ypsilanti
 - City of Auburn Hills
 - Orion Township
 - City of Falls Church, Virginia
- State Suggested Checklists
- Tax Abatement Analysis (2)

Creation of Tax Abatement District

DRAFT APPLICATION

1. Address of subject property
2. Parcel Identification Number
3. Location: In DDA (yes or no), Outside of DDA (yes or no), In Core Downtown (yes or no)
4. Name of real property owner(s)
5. Address and contact info for real property owner(s)
6. Legal Name of the Business
7. Federal Tax ID #
8. Main Contact/Representative of the Business and/or property
 - A. Name
 - B. Address
 - C. Phone
 - D. E-mail
9. Project Description
10. Please state why this project will benefit the City
11. List the size of the existing structure in square feet and the dimensions of the building and property

Tax Abatement DRAFT APPLICATION

1. Address of subject property
2. Parcel Identification Number
3. Location: In DDA (yes or no), Outside of DDA (yes or no), In Core Downtown (yes or no)
4. Name of real property owner(s)
5. Address and contact info for real property owner(s)
6. Legal Name of the Business
7. Federal Tax ID #
8. Main Contact/Representative of the Business and/or property
 - A. Name
 - B. Address
 - C. Phone
 - D. E-mail
9. Project Description
10. Please state why this project will benefit the City
11. List the size of the existing structure in square feet and the dimensions of the building and property
12. Indicate the estimated cost of the construction, rehabilitation and/or remodeling.
\$ _____
13. Indicate the estimated total cost of the project (hard and soft costs) including all professional fees. \$ _____
14. Tentative date for a Pre-Construction Meeting with City Staff, Dept. Heads & Consultants and Project Personnel
15. Proposed Project Start Date
16. Proposed Project Completion Date
17. Project Professional Architect, name and contact information
18. Project Professional Engineer, name and contact information
19. Please provide a brief description of the project owner/applicant's development experience
20. Does the Property Owner owe:
 - A. Taxes (Local, State, Federal)
 - B. Mortgage
 - C. Contractors
 - D. Other fees
21. Any additional information which the project owner/applicant feels is important to mention or disclose

Application Fee: \$ _____

Summary Details - CRA and CFT

COMMERCIAL REHABILITATION ACT (P.A. 210 of 2005) - CRA				
Commercial Rehabilitation District	Application/Term	Value/Taxes - IMPROVEMENTS	Value/Taxes - LAND	Additional Considerations
<p>- City Council may by RESOLUTION establish one (1) or more districts of one (1) or more parcels OR a portion of a parcel if the property is a "Qualified Facility" (i.e. Building or group of contiguous buildings previously used for commercial or industrial purposes and/or vacant property which within the preceding fifteen (15) years was commercial property) at the time of approval.</p> <p>- District established upon initiative of the City Council OR upon request of the owner(s) of at least 50% of the Taxable Value within.</p> <p>- Public Hearing required before approval.</p> <p>- County may reject the establishment of a district after City Council approval of.</p>	<p>- Owner of a "Qualified Facility" may file an abatement application with the City Clerk if a district has been established.</p> <p>- Public Hearing, separate from hearing on district, required before approval.</p> <p>- City Council approval or disapproval by RESOLUTION within sixty (60) days of receipt.</p> <p>- State Tax Commission (STC) approval or disapproval within sixty (60) days of receipt of City Council approving Resolution.</p> <p>- Certificate issued by STC for term of one (1) to ten (10) years OR not to exceed ten (10) years after completion of rehabilitation. Effective 12/31 immediately following.</p> <p>- Act currently with a Sunset clause. Any new exemption must be granted on or before 12/31/2020 although those in effect continue until expiration.</p>	<p>Frozen Component</p> <p>- Prior Year Value of Building and Land Improvements</p> <p>- Current Ad Valorem Millages</p> <p>Rehab Component</p> <p>- Increase in Value POST Rehab</p> <p>- State Education Tax (SET) and Local School District Operating Millages</p> <p>Benefit = Limited tax obligation on value attributable to increase</p>	<p>- Current Value</p> <p>- Current Ad Valorem Millages, inclusive of Special Assessment Millages</p> <p>- Any Service Fees related to site</p>	<p>- Construction cannot have occurred more than six (6) months prior to application.</p> <p>- Construction term authorized by City Council (must be detailed in approving Resolution).</p> <p>- City Council may by RESOLUTION revoke a certificate if completion of this project has not occurred within the allocated time OR the certificate holder requests revocation.</p> <p>- City Council may approve transfer of a certificate after application by the new owner.</p>

Summary Details - CRA and CFT

COMMERCIAL REDEVELOPMENT ACT (P.A. 255 of 1978) - CFT				
Commercial Redevelopment District	Application/Term	Value/Taxes - IMPROVEMENTS	Value/Taxes - LAND	Additional Considerations
<ul style="list-style-type: none"> - City Council may by RESOLUTION establish a district of one (1) or more parcels OR a portion of a parcel if, at the time of approval, the property is obsolete commercial property, land cleared as the result of a major fire or blight within the boundaries of a DDA Redevelopment Plan. - District established upon initiative of the City Council OR upon request of the owner(s) of at least 75% of the State Equalized Value of Commercial Property within. - Public Hearing required before approval. 	<ul style="list-style-type: none"> - Owner or Lessee of a facility may file an abatement application with the City Clerk if a district has been established. - Public Hearing, separate from hearing on district, required before approval. - City Council approval or disapproval by RESOLUTION within sixty (60) days of receipt. - Certificate issued by City Clerk for a term of one (1) to twelve (12) years OR not to exceed twelve (12) years after completion of the facility. Effective 12/31 immediately following. - City Clerk files copy of certificate with the State Tax Commission (STC) where copies of all certificates issued are maintained. - Act currently with a Sunset clause. Any new exemption must be granted on or before 12/31/2020 although those in effect continue until expiration. 	<p>Restored Facility**</p> <ul style="list-style-type: none"> - Prior Year Value of Building and Land Improvements - Current Ad Valorem Millages - Benefit = Taxes based upon value prior to restoration only; no taxes on value attributable to restoration for term of certificate. <p>OR</p> <p>New/Replacement Facility**</p> <ul style="list-style-type: none"> - Current Value of Facility - Half Millage Rates of all applicable authorities except the State Education Tax (SET) which is either at six (6) or may be reduced to three (3) by State Treasurer for six (6) of twelve (12) years. - Benefit = Half Millage Rates for all except SET for term of certificate. 	<ul style="list-style-type: none"> - Current Value - Current Ad Valorem Millages, inclusive of Special Assessment Millages - Any Service Fees related to site 	<ul style="list-style-type: none"> - Construction cannot have occurred before the establishment of the Commercial Redevelopment District. Application must be submitted within forty-five (45) days of commencement. - Construction term two (2) years unless greater term authorized by City Council (greater term must be detailed in approving Resolution). - City Council may by RESOLUTION revoke a certificate if completion of the project has not occurred within the allocated time. - City Council may approve transfer of a certificate after application by the New Owner or Lessee following all procedures related to original application. - New/Replacement Facilities are located on property zoned to allow mixed use that includes high-density residential use and located within a qualified downtown revitalization district (i.e. Within a Downtown Development Authority or a Principal Shopping District). - New/Replacement Facilities require a city establish and implement an expedited local permitting and inspection process and provide for walkable nonmotorized interconnections, including sidewalks and streetscapes throughout the commercial redevelopment district.

Benefit of Abatement

- * - A Restored Facility will have had major renovation to restore the property to an economically efficient condition (i.e. Floor load improvements, improved roof structure and cover, improved structural support including foundations, improved exterior and interior appearance of buildings, heating and ventilation, lighting, reduced multistory facilities to one (1) or two (2) stories etc.)

** - A New Facility is a new commercial facility other than a replacement facility.

** - A Replacement Facility will have been completely or partially reconstructed to a facility of similar utility to an obsolete commercial property that had been completely or partially demolished on the same site.

COMMERICAL REHABILITATION APPLICATION PROCESS

1. A written request is made from the applicant to the city regarding the creation of a Commercial Rehabilitation District.
2. Creation of Commercial Rehabilitation District by the City
 - Notice is given by certified mail to property owners within the proposed district
 - A public hearing is held regarding the proposed district
 - A resolution to create the Commercial Rehabilitation District is adopted by City Council
3. After the hearing is held, a copy of the resolution creating the district is sent to Oakland County for approval. The County may reject the establishment of a district within 28 days of City Council's approval. This may be done by a County Executive or a Board of Commissioners.
4. Once a District is established, the application for certificate of exemption may be filed by the property owner. Applications are available from the Michigan Department of Treasury. The application and all supporting materials are submitted to the South Lyon City Clerk's Office. The applicant must demonstrate through application materials that the project would not be able to occur without receiving the Commercial Rehabilitation Tax Abatement.
5. The Clerk's office notifies the Assessor and all taxing bodies.
6. City Council has 60 days to take action on the application. If disapproved, a copy of the decision is sent to the applicant and the City Assessor via certified mail. If approved, the application and the materials are sent to the State Tax Commission, where they are acted upon within 60 days (either approved or disapproved).

Industrial Facilities Exemption Application Checklist

Applicant Name: _____

GENERAL INFORMATION NEEDED FOR ALL APPLICATIONS:

- ☐ Completed Department of Treasury application Form 1012
- ☐ SIC/NAICS Code – eligible business _____
- ☐ Certified copy of the resolution approving the District. IDD _____ PRD _____
 - ☐ Was the request for the District done prior to construction? (Y/N)
- ☐ Certified copy of the resolution approving the application (must include the following statements):
 - ☐ ...SEV of real and personal property WILL/WILL NOT exceed 5% of
 - ☐ ...shall not have the effect of substantially impeding.....or impairing the financial soundness...
 - ☐ Term of the exemption approved by the local governmental unit
- ☐ Letter of Agreement signed by the local unit and the applicant per MCL 207.572.
- ☐ Affidavit of Fees signed by the local unit and the applicant.
- ☐ Proof of Real Property Construction Begin Date (Building Permit, Footings Inspection, Signed Affidavit from Contractor, etc).
- ☐ List of Machinery and Equipment with installation dates.

REHAB ONLY:

- ☐ If machinery and equipment is being rehabilitated, a list of machinery, equipment and furniture and fixtures, including cost and installation dates.
- ☐ Signed Obsolescence Statement from assessor.

SPECULATIVE ONLY:

- ☐ Certified copy of the resolution to establish a speculative building.
- ☐ Statement of non-occupancy from the owner and the assessor.
- ☐ Was the speculative building constructed before a specific user was identified? MCL 207.553(8)(b). (Y/N)

TRANSFERS ONLY:

- ☐ Certified copy of the resolution approving the transfer.
- ☐ Notice was given to the holder, LGU, assessor and other local authorities for hearing.
- ☐ Name Change Only? If so, did we get proof of same ownership? (Y/N)

REVOCATIONS ONLY: ☐ Real Property ☐ Personal Property ☐ Both

Statutory Reason for Revocation: _____

- ☐ Certified copy of the resolution approving the revocation.

AMENDMENTS ONLY: ☐ Extension: ____ to ____ ☐ Increase: _____ to _____ ☐ Both/Other

- ☐ Certified copy of the resolution approving the amendment.
- ☐ Is the amendment to increase personal or real property? (Y/N) If so, obtain the following:
 - ☐ Amended application
 - ☐ Updated Machinery and Equipment List.

COMMENTS:

Commercial Rehabilitation Exemption Application Checklist

Applicant Name: _____

GENERAL INFORMATION NEEDED FOR ALL APPLICATIONS:

- ☐ Completed Department of Treasury application Form 4507.
- ☐ Certified copy of the resolution approving the application (must include the following statements):
 - ☐ The district was legally established after a hearing, inclusive of hearing date.
 - ☐ SEV of real and personal property WILL/WILL NOT exceed 5% of
 - ☐ If exceeds 5% ...shall not have the effect of substantially impeding or impairing the ...
 - ☐ Application was approved at a public hearing, inclusive of hearing date.
 - ☐ Statement that the applicant is not delinquent in any taxes.
 - ☐ The application is for commercial property as defined in 2(a).
 - ☐ Time period authorized by LGU for construction.
 - ☐ Answers to questions in instructions were provided.
 - ☐ If the application is approved for less than 10 years, the criteria required for extension or not.
 - ☐ Commencement of the rehabilitation of the facility did not occur earlier than 6 months...
 - ☐ Application relates to a rehabilitation program that when completed...
 - ☐ Completion of the qualified facility is calculated to...
 - ☐ Includes improvements aggregating 10% or more of TCV at commencement.
- ☐ Separate attachment (must include the answers to the following questions):
 - ☐ General description of the qualified facility (year built, original use, recent use, sq. ft. & stories).
 - ☐ Proposed use of the qualified facility.
 - ☐ Detailed description of the rehabilitation to be undertaken, preferably itemized lists.
 - ☐ Descriptive list of fixed building equipment that is part of the qualified facility.
 - ☐ Time schedule for rehabilitation.
 - ☐ Expected economic advantages from exemption.
- ☐ Legal description of the real property.

QUALIFIED RETAIL FOOD ESTABLISHMENTS ONLY:

- ☐ Completed Department of Treasury Form 4753.
- ☐ Description of the "underserved area."

TRANSFERS ONLY:

- ☐ Certified copy of the resolution approving the transfer.

REVOCATIONS ONLY

Statutory Reason for Revocation: _____

- ☐ Certified copy of the resolution approving the revocation.

STATE USE ONLY		
Application Number	Date Received	LUCI Code

Application for Commercial Rehabilitation Exemption Certificate

Issued under authority of Public Act 210 of 2005, as amended.

Read the instructions page before completing the form. **This application should be filed after the commercial rehabilitation district is established.** The applicant must complete Parts 1, 2 and 3 and file one original application form (with required attachments) and one additional copy with the clerk of the local governmental unit (LGU). Attach the legal description of property on a separate sheet. This project will not receive tax benefits until approved by the State Tax Commission (STC). Applications received after October 31 may not be acted upon in the current year. This application is subject to audit by the STC.

PART 1: OWNER / APPLICANT INFORMATION (applicant must complete all fields)			
Applicant (Company) Name (applicant must be the owner of the facility)		NAICS or SIC Code	
Facility's Street Address	City	State	ZIP Code
Name of City, Township or Village (taxing authority)	County	School District Where Facility is Located	
<input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village			
Date of Rehabilitation Commencement (mm/dd/yyyy)	Planned Date of Rehabilitation Completion (mm/dd/yyyy)		
Estimated Cost of Rehabilitation	Number of Years Exemption Requested (1-10)		
Expected Project Outcomes (check all that apply)			
<input type="checkbox"/> Increase Commercial Activity <input type="checkbox"/> Retain Employment <input type="checkbox"/> Revitalize Urban Areas			
<input type="checkbox"/> Create Employment <input type="checkbox"/> Prevent Loss of Employment <input type="checkbox"/> Increase Number of Residents in Facility's Community			
No. of jobs to be created due to facility's rehabilitation	No. of jobs to be retained due to facility's rehabilitation	No. of construction jobs to be created during rehabilitation	
PART 2: APPLICATION DOCUMENTS			
Prepare and attach the following items:			
<input type="checkbox"/> General description of the facility (year built, original use, most recent use, number of stories, square footage)		<input type="checkbox"/> Statement of the economic advantages expected from the exemption	
<input type="checkbox"/> Description of the qualified facility's proposed use		<input type="checkbox"/> Legal description	
<input type="checkbox"/> Description of the general nature and extent of the rehabilitation to be undertaken		<input type="checkbox"/> Description of the "underserved area" (Qualified Retail Food Establishments only)	
<input type="checkbox"/> Descriptive list of the fixed building equipment that will be a part of the qualified facility		<input type="checkbox"/> Commercial Rehabilitation Exemption Certificate for Qualified Retail Food Establishments (Form 4753) (Qualified Retail Food Establishments only)	
<input type="checkbox"/> Time schedule for undertaking and completing the facility's rehabilitation			
PART 3: APPLICANT CERTIFICATION			
Name of Authorized Company Officer (no authorized agents)		Telephone Number	
Fax Number		E-mail Address	
Street Address	City	State	ZIP Code
<i>I certify that, to the best of my knowledge, the information contained herein and in the attachments is truly descriptive of the property for which this application is being submitted. Further, I am familiar with the provisions of Public Act 210 of 2005, as amended, and to the best of my knowledge the company 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 governmental unit and the issuance of a Commercial Rehabilitation Exemption Certificate by the State Tax Commission.</i>			
<i>I further certify that this rehabilitation program, when completed, will constitute a rehabilitated facility, as defined by Public Act 210 of 2005, as amended, and that the rehabilitation of this facility would not have been undertaken without my receipt of the exemption certificate.</i>			
Signature of Authorized Company Officer (no authorized agents)		Title	Date

PART 4: ASSESSOR RECOMMENDATIONS (assessor of LGU must complete Part 4)

Provide the Taxable Value and State Equalized Value of Commercial Property, as provided in Public Act 210 of 2005, as amended, for the tax year immediately preceding the effective date of the certificate (December 31 of the year approved by the STC).

	Taxable Value	State Equalized Value (SEV)
Land		
Building(s)		

The property to be covered by this exemption may not be included on any other specific tax roll while receiving the Commercial Rehabilitation Exemption. For example, property on the Eligible Tax Reverted Property (Land Bank) specific tax roll cannot be granted a Commercial Rehabilitation Exemption that would also put the same property on the Commercial Rehabilitation specific tax roll.

☐

By checking this box I certify that, if approved, the property to be covered by this exemption will be on the Commercial Rehabilitation Exemption specific tax roll and not on any other specific tax roll.

Name of Local Government Body

Name of Assessor (first and last name)

Telephone Number

Fax Number

E-mail Address

I certify that, to the best of my knowledge, the information contained in Part 4 of this application is complete and accurate.

Assessor's Signature

Date

PART 5: LOCAL GOVERNMENT ACTION (clerk of LGU must complete Part 5)

Action Taken By LGU (attach a certified copy of the resolution):

☐

Exemption approved for _____ years, ending December 30, _____ (not to exceed 10 years)

☐

Exemption Denied

Date District Established (attach resolution for district)

Local Unit Classification Identification (LUCI) Code

School Code

PART 6: LOCAL GOVERNMENT CLERK CERTIFICATION (clerk of LGU must complete Part 6)

Clerk's Name (first and last)

Telephone Number

Fax Number

E-mail Address

Mailing Address

City

State

ZIP Code

LGU Contact Person for Additional Information

LGU Contact Person Telephone Number

Fax Number

I certify that, to the best of my knowledge, the information contained in this application and attachments is complete and accurate and hereby request the State Tax Commission issue a Commercial Rehabilitation Exemption Certificate, as provided by Public Act 210 of 2005, as amended.

Clerk's Signature

Date

The clerk must retain the original application at the local unit and mail one copy of the completed application with attachments to:

State Tax Commission
P.O. Box 30471
Lansing, MI 48909

Instructions for Completing Form 4507

Application for Commercial Rehabilitation Exemption Certificate

The Commercial Rehabilitation Exemption Certificate was created by Public Act 210 of 2005, as amended. The application is initially filed, reviewed, and approved by the LGU and then reviewed and approved by the State Tax Commission. According to Section 3 of Public Act 210 of 2005, as amended, the LGU must establish a Commercial Rehabilitation District. **Rehabilitation may commence after establishment of the Commercial Rehabilitation District.**

Owner / Applicant Instructions

1. Complete Parts 1, 2 and 3 of application
 2. Prepare and attach all documents required under Part 2 of the application:
 - a. General description of the facility (year built, original use, most recent use, number of stories, square footage)
 - b. Description of the qualified facility's proposed use
 - c. Description of the general nature and extent of the rehabilitation to be undertaken
 - d. Descriptive list of the fixed building equipment that will be a part of the qualified facility
 - e. Time schedule for undertaking and completing the facility's rehabilitation
 - f. Statement of the economic advantages expected from the exemption
 - g. Legal description of the facility
 - h. Description of the "underserved area" (Qualified Retail Food Establishments only)
 3. Qualified Retail Food Establishments:
 - a. Complete Part 1 of the *Commercial Rehabilitation Exemption Certification for Qualified Retail Food Establishments* (Form 4753). Submit to LGU clerk along with application.
 - b. Describe the "underserved area" and provide supporting documentation to show how the project area meets one or more of the following requirements:
 - i. An area that contains a low to moderate income census tract(s) which, based on per capita income, are tracts below the 66.67 percentile (\$23,643 in 1999 dollars) and a below average supermarket density
 - ii. An area that has a supermarket customer base with more than 50% living in a low income census tract(s) which based on the per capita income, are tracts below the 66.67 percentile (\$23,643 in 1999 dollars)
 - iii. An area that has demonstrated significant access limitations due to travel distance and has no Qualified Retail Food Establishments within two miles of the geo-center for an urban area or has no Qualified Retail Food Establishments within nine miles of the geo-center for a rural area.
- For assistance in determining the project area's eligibility, visit www.michigan.gov/propertytaxexemptions and click on Commercial Rehabilitation Act.
4. Submit the application and all attachments to the clerk of the LGU where the property is located.

LGU Assessor Instructions

Complete and sign Part 4 of the application.

LGU Clerk Instructions

1. After LGU action, complete Part 5 of the application.
2. After reviewing the application for complete and accurate information, complete Part 6 and sign the application to certify the application meets the requirements as outlined by Public Act 210 of 2005, as amended.
3. Assemble the following for a complete application:
 - a. Completed *Application for Commercial Rehabilitation Exemption Certificate* (Form 4507)
 - b. All required attachments listed under Part 2
 - c. A copy of the resolution by the LGU establishing the district
 - d. A certified copy of the resolution by the LGU approving the application
 - e. Complete Form 4753 (Qualified Retail Food Establishments only)
4. Submit the completed application to: State Tax Commission, P.O. Box 30471, Lansing, MI 48909

Application Deadline

The State Tax Commission must receive complete applications on or before October 31 to ensure processing and certificate issuance for the following tax year. Applications received after October 31 may not be processed in time for certificate issuance for the following tax year.

For guaranteed receipt by the State Tax Commission, send applications and attachments via certified mail.

If you have questions or need additional information or sample documents, visit www.michigan.gov/propertytaxexemptions or call (517) 373-2408.

**PUBLIC ACT 210
(2005): COMMERCIAL
REHABILITATION TAX
ABATEMENT**

Public Act 210 (2005), known as the Commercial Rehabilitation Tax Abatement extended the property tax benefit granted under OPRA to properties outside of qualified districts and eliminated any blight or obsolescence requirement. Instead this incentive applies more generally to property throughout the state in order to encourage rehabilitation projects on property dedicated to commercial usage.

Criteria for Incentive. Eligible properties for the Commercial Rehabilitation tax Abatement must be designated as commercial property, including businesses, multifamily housing, and businesses previously used for industrial purposes. The properties must, however, be both 15 years or older (or recipients of New Market Tax Credits) and be undergoing a rehabilitation, after which they will be used primarily as a commercial property.¹ Further, the applicant property must be located in a commercial rehabilitation district in order to be eligible for the abatement. These districts are established by the local unit of government and may be created in any township, village or city.

Targeted Industries. Like the OPRA, the Commercial Rehabilitation Tax Abatement does not target any particular industry, though it does disproportionately benefit those industries (such as manufacturing) that tend to have a large property tax liability.

Size and Duration of the Incentive. The size and duration of Commercial Rehabilitation Tax Abatements are determined on a project by project basis by the local unit of government, though no tax abatement can be certified for more than 10 years (without a formal extension).² Additionally, though the nominal size of the incentive differs from project to project, the abatement generally freezes property taxes at the pre-rehabilitated value, thereby eliminating any increased property tax liability that the taxpayer would owe after increasing the property's value. There is currently no publicly available data on the *total* amount of property abated under PA 210 of 2005.

Accountability Mechanisms. If the legislative body that granted the tax abatement under Public Act 210 finds that the rehabilitation has not been completed or the exemption certificate holder has not continued "in good faith" with the operation of the qualified facility, the statute authorizes the relevant legislative body to revoke the certificate.³

Stakeholder Concerns. Like the Brownfield and OPRA tax incentives, the Commercial Rehabilitation Tax Abatement requires a public hearing prior to the

1. MCL: 207.841 et seq.

2. Ibid.

3. MCL 208.852

Analysis of Selected Incentive Programs

establishment of a commercial rehabilitation district. In addition, before acting on any applications received, the local unit of government considering them must hold a public hearing on a per project basis, about which the applicant, assessor, a representative from the affected taxing unit, and the general public must all be notified.

Evidence of Impact on Employment and Economic Activity. Like the OPRA tax exemption, the Commercial Rehabilitation Tax Abatement requires applicants to list the economic advantages expected from the extension of a tax credit to their project; these economic advantages include the number of jobs that are expected to be created or retained as a result of the project's completion.

The Effectiveness of Tax Abatements

By Katie Maurer

st Modified: April 20, 2005

Introduction

Tax abatements can be defined as either the forgiving of taxes by government or their deferral to a later predetermined date. The amount of abatement is typically determined as a percentage of tax payable or as a dollar amount of the tax attributable to the particular parcel receiving the abatement. The length of abatements can vary, though most state laws set a limit of 10 or 12 years as the maximum time taxes can be forgiven or deferred. Abatements can be given to businesses for a variety of purposes, including economic development (the increasing of jobs or the area tax base), and the resulting benefits from businesses that come to an area as a result of such tax incentives can include construction of public facilities and infrastructure (such as streets and roads), and the redevelopment of blighted areas.¹

Tax abatements have become a common, almost standard tool for cities to attract businesses to their area. When one city chooses to use tax abatements as a method to lure business, however, it puts increasing pressure on neighboring cities to do the same or else risk losing valued business and jobs as firms flock to where they can procure the most benefits. Thus the decision of where businesses will locate can become a game not of where a business would best operate and function but of where a business can receive the most free handouts.

Tax Abatements in Michigan

There are two main tax abatement laws in Michigan. P.A. 198 (1974) allows for local municipalities to issue abatements for industrial property taxes. Up to 50% of property taxes (taxes on buildings, machinery, and equipment) can be reduced for the new construction of facilities, while the renovation of obsolete facilities are eligible for reduction of up to 100% of property taxes on the value of improvements made to a facility. Industrial Property tax abatements have a maximum life span of 12 years.

P.A. 328 (1998) allows for the provision of tax abatements for personal property, though these abatements are only available in certain designated areas of eligible distressed communities. All new personal property taxes may be abated in these areas, and examples of such projects include manufacturing, mining, research and development, and wholesale trade.²

Tax abatements are for the most part given out by local municipalities, though the Michigan Economic Growth Authority (MEGA), an agency established in 1995 with the purpose of both retaining companies within Michigan as well as attracting new business to the state, also has the power to issue tax credits and abatements to companies that relocate to or expand within Michigan.

Factors that influence whether or not a company receives tax abatements from MEGA include: ³

- The number of new jobs created
- The average wage of new jobs being created
- Total capital investment of the business
- The cost disparity to the business between expanding or locating in Michigan and a site outside of Michigan
- The impact of the project on Michigan's economy
- Assistance provided by local communities

MEGA is made up of an eight-member board that includes the CEO of the Jobs Commission, State Treasurer, Director of Management and Budget, Director of Transportation, and four additional private sector members that are appointed by the Governor.

Criticisms

A common criticism of the use of tax abatements is that they are handed out indiscriminately. The **but for** principle, in which tax incentives would only be given to those business that would not have settled in a particular area **but for** the given tax incentives, has been criticized for how easily it can be manipulated. Now that tax incentives have become such a widespread tool used to lure businesses to an area, business can play cities off against one another in order to receive the most benefits. It is often very hard (if not impossible) for a city to know the extent to which a firm is seriously looking at another city to move its business to, or if the firm is just trying to realize the most gain that it can. For cities it is often a zero sum game, where on the micro scale cities, in their competition with one another, drive deals so far down that the only real beneficiaries are the companies. Meanwhile, on the macro level few effects (positive or negative) can be seen.

MEGA is often criticized for giving abatements to large Michigan-based corporations (such as Dow Chemical and Delphi Automotive) when it remained questionable to many whether or not these large multinational companies would really leave. It is also often the large corporations that receive the most lucrative tax incentives, a situation that has led to what some critics term **corporate welfare**.

Another criticism of tax abatements is their ineffectiveness. It is hard to gauge the success of such tax incentives given the inability to know the counterfactual **what** the alternative situation would have been had the incentives not been given. Meanwhile, billions of dollars of tax awards have been given out that could've potentially been used for state infrastructure, health, and education improvements. By handing out tax breaks to already wealthy corporations, the tax burden in a locality is then made heavier and shifted to local residents and area businesses. It is also often said that the provision of tax abatements creates an unfair playing field for other businesses, as these government subsidies favor some businesses (often corporate) over others (often smaller and local). Instead of providing tax incentives to a very small portion of businesses, many critics instead advocate for broad-based tax reductions for all businesses.

The provision of government subsidies also goes against normal market forces; instead of firms deciding on locations based on where they could realize maximum productivity, they instead might be enticed to a location where the financial benefits (in the form of various government subsidies such as tax abatements) are high enough to offset the functional deficiencies of the site. These cases become especially risky for cities when they expect such businesses to set up and stay within their locale past the expiration of the given abatements, while the companies plan only to remain for the length of their subsidy. Thus truly little is given back to the community in the form of important public services such as infrastructure and education.

Accountability is also a problem. In Michigan, one of MEGA's provisions is that companies that receive abatements must be financially sound. Yet a significant number of abatements have been given to companies that have gone out of business or that weren't able to produce the minimum number of jobs stipulated in their agreement. Thus for some, millions of dollars in abatements have been wasted on these unproductive firms. One solution to this problem is the use of clawbacks and rescissions, whereby if a company doesn't meet the stipulated requirements, the State is allowed to rescind and reclaim its benefits. In this way companies can be held accountable.

Justifications

There have been many theories put forth as to why the use of tax abatements seems to be growing, not shrinking, despite the perceived ineffectiveness of these programs by many researchers. One reason is path dependency. State and city officials have grown so used to using tax incentives as a method for economic development that they have become an established tool. Also, since the use of tax incentives has become so widespread, if a city chooses to refrain from using such incentives they risk losing valuable jobs and tax dollars. A lack of viable alternatives also plagues many state and city officials, as they feel they must do something but are limited in the range of options available. Thus they choose action over inaction, even though that action may ultimately be unproductive.

Though city officials may acknowledge the ineffectiveness of tax abatements, they often cite the use of such incentives as a means to promote the city. It shows a favorable business climate, as potential businesses can see that the city is willing to work with new businesses and keeps their interests in mind. Providing tax abatements in an effort to attract or retain area businesses is also a tangible action that city officials can point to and use as evidence to their electorate that they tried to help the community.

Conclusion

Tax abatements are a well-established tool for area economic development. Though they may ultimately be ineffective, they show that a city is pro-business and at least actively trying to spur economic development. The chances of their fading are slim and not likely to occur until a viable alternative emerges in their place. As long as one city offers them, others will follow suit in an attempt to remain competitive.

Additional Links

Flint and Genesee County Commerce Center
<http://www.growthalliance.com/>

Michigan Economic Development Council
<http://www.medc.michigan.org/>

Michigan Economic Development Corporation
<http://blaw7.tripod.com/>

Additional Sources:

Birch, Del. ♦ Let's Make a Deal ♦♦ Business Facilities . Available online:
http://www.facilitycity.com/busfac/bf_02_02_cover.asp .

Hornbeck, Mark. ♦ Tax Breaks Shortchange State. ♦ Detroit News . Available online:
<http://www.detnews.com/2003/business/0309/02/a01-260595.htm> .

LaFaive, Michael D. ♦ Michigan 's Business Succeeds Without State Aid. ♦ Mackinac Center for Public Policy ♦ Economic Development. April 5, 2002. Available online:
<http://www.mackinac.org/depts/ecodevo/article.asp?ID=4133> .

Middleton, Luke. ♦ Literature Review: Tax Abatements and Economic Development Initiatives. ♦ The University of Kansas Center for Economic and Business Analysis Policy Research Institute Technical Report Series. January 2001, Report No. 49. Available online: <http://www.ku.edu/pri/resrep/pdf/r49.pdf> .

White, Sammis B., Richard D. Bingham, and Edward W. Hill. Financing Economic Development in the 21 st Century . Armonk , NY : M.E. Sharpe, 2003.

-
1. Michael, Joel and Karen Baker. ♦ Property Tax Abatements for Economic Development. ♦ House Research. October 2002.
 2. Michigan.org. ♦ Tax Abatements. ♦ Michigan Economic Development Council.
Available online: <http://medc.michigan.org/services/sitedevelopment/combo.asp?ContentId=94E06760-B793-4687-BCDE-9639CBAE6BDC&QueueId=1&ContentTypeId=10002> .
 3. ♦ Michigan Economic Growth Authority (MEGA). ♦ Flint and Genesee County Growth Alliance . Available online: <http://www.growthalliance.com/incmega.html> .
-

Charter Township of Lyon P.A. 198 Industrial Facilities Tax Exemption Tax Abatement Guidelines

A company that is in the planning phase of a major business attraction or expansion project that will include a capital investment in real and/or personal property may be eligible for P.A. 198 Industrial Facilities Tax Exemption (IFT abatement). The IFT provides a tax incentive to manufacturers in order to enable renovation and expansion of aging facilities, building of new facilities, and to promote establishment of high tech facilities. An IFT certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a period of 1 to 12 years.

Established by the State of Michigan, P.A. 198 tax exemptions allow companies to receive approximately a 50% reduction in their anticipated new real or personal property tax liability. A certificate holder will pay a specific tax known as the Industrial Facility Tax. Applications are filed, reviewed and approved locally with the local unit of government determining the number of years granted, but are also subject to review at the state level by the Property Services Division and the Michigan Economic Development Corporation. The State Tax Commission is ultimately responsible for final approval and issuance of certificates. Exemptions are not effective until approved by the Commission.

Property tax incentives are an important tool that can be utilized to promote economic activity, increase and retain employment and provide incentives for investment in real and personal property that increase the tax base of the Charter Township of Lyon. The purpose of this policy is to inform the business community, and provide procedures and criteria for the Board of Trustees, the Tax Incentive Review Committee and administrative staff in reviewing and determining the merits of applications for property tax abatements, exemptions, or incentives submitted to the township. *The procedures and criteria provided in the policy are established as guidelines, and the township Board of Trustees reserves the right to consider exceptions to these guidelines based on the merits and circumstances of each application and request, subject to the legal requirements established under the statutes of the State of Michigan.*

The Charter Township of Lyon Board of Trustees has adopted the following criteria to establish eligible applications for consideration of a real and/or personal property tax abatement.

Policy Eligibility Criteria

1. An Industrial Facilities Exemption Certificate (IFEC) tax abatement shall not be granted until there is compliance with MCL 207.559 of P.A. 198 of 1974; and
2. Any real and/or personal property tax abatement at a minimum must be revenue neutral to the Charter Township of Lyon.
3. Leasehold property shall not qualify for an IFEC tax abatement unless the application is responsible or payment of the property taxes, and can demonstrate timely payment of property taxes upon the Township'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 meets the criteria listed below:

- Will create more than 10 jobs
- Has a real and/or personal property investment of at least \$750,000.00
- Owns the underlying real property or has a lease for the underlying property for a minimum term of 5 years

Eligible Facilities

Industrial plants eligible for tax abatement are those that primarily manufactures or process goods or materials by physical or chemical change. Related facilities of Michigan manufacturers such as offices, engineering, research and development, warehousing or parts distribution are also eligible for exemption. Research and development laboratories, high-tech facilities and large communications centers can also qualify.

Type of Use	Eligible Business	Type of Investment Min \$ Investment	Tax Incentive Available	Facility Type	District Required
Industrial – High Technology	New or Existing	New Building, Land Improvements \$500,000	PA 198 Up to 50%	New	Industrial Development District
Industrial – High Technology	New or Existing	New Personal Property \$250,000 or \$100,000 with new	PA 198 Up to 50%	New	Industrial Development District
Industrial – High Technology	New or Existing	Building Expansion, Land Improvements \$250,000 or 15% of floor area	PA 198 Up to 50%	New	Industrial Development District
Industrial – High Technology	New or Existing	Rehabilitated Obsolete Real Property 25% of existing building value	PA 198 Up to 50%	Replace or Rehabilitate	Industrial Development District

Tax Abatement Goals

- To attract economic development projects to the Charter Township of Lyon in order to provide a greater tax base, without creating a high demand for township services and township-funded infrastructure improvements
- To promote the rehabilitation of obsolete facilities and/or expanding of existing facilities that provides significant benefits to the community, without creating a high demand for township services.
- To encourage and promote significant capital investments that will service as a catalyst of other significant investments within the community
- to create or retain a significant number of employment opportunities within the community that offer competitive wages with the specific industry
- to focus on Oakland County's Economic Development growth sectors in an effort to attract and retain high-tech business in the following sectors:
 - Advanced Electronics & Controls
 - Alternative Energy & Power Generation
 - Biotechnology
 - Micro/Nanotechnology
 - Advanced Materials & Chemicals
 - Automotive Research & Development
 - Communications and Information Technology
 - Medical Devices & Instrumentation
 - Robotics & Automation
 - Homeland Security

Application Criteria

The following criteria will be used to evaluate requests for tax abatement and determination of the number of years of the abatement. The Charter Township of Lyon reserves the right to modify the tax abatement criteria to reflect changing objectives, priorities or conditions of the community. All of the following items would need to be initially addressed by the applicant before consideration can move forward:

- A project must not have started more than 6 month before an application for abatement was received by the Township, and be located in a plant rehabilitation district or industrial development district established prior to the commencement of the project.
- There must be no outstanding taxes owed by the applicant or entity on the project

- If the facility is leased, the number of years awarded will not exceed the length of the lease
- There is no pending or current litigation, including but not limited to property tax appeals, against the Township by the applicant or its agents.
- Tax incentives will only be offered for the current phase of a project
- The project must be fiscally benefit to the Lyon Township from a tax revenue standpoint and must have the potential to increase employment opportunities for citizens of the community
- The company must demonstrate it would not locate or expand in Lyon Township if tax abatement was not available
- The cost disparity between expanding or locating in Lyon Township and alternative locations outside community must be demonstrated by the applicant.
- The long term impact of the project on Lyon Townships economy in real and personal property
- The contributions the business has made to communities where it is currently located)i.e. are they good business neighbor and do they get involved in civic and community activities
- Diversification of the tax base that will have the effect of developing both real and personal property to Lyon Townships tax base
- The development will provide enhanced opportunities for the existing business community
- Evidence of corporate ongoing profitability, viability and vitality must be demonstrated, such as net profit, by percentage, and in real dollars for the last three corporate fiscal years
- Applicants are to provide a fiscal impact analysis that demonstrated the positive impact to the community and where the benefits outweigh the abated amount in taxes for the duration of the abatement
- Any approved tax abatements will undergo a yearly compliant review
- The applicant must be committed to the community for the entire term of the tax abatement and into the future. Evidence of this involvement would need to occur once abatement is awarded to applicant.
- The granting of the industrial facilities exemption certificate, considered together with the aggregate amount of industrial facilities exemption certificated previously granted and currently in force, shall not have the effect of substantially impeding the operations of the Charter Township of Lyon.

The Township will not approve an Application filed pursuant to P.A. 198 of 1974 for the extension, renewal or reissuance of an IFT Certificate previously approved by the Township Board.

Application Process

When a company has determined that it meets the minimum criteria for consideration of a tax abatement, then the company may begin the process of formally applying for the IFEC. The process is as follows:

1. A Letter of Intent submitted on Applicant's letterhead to the Township Clerk (purchased made after the Letter of Intent is submitted may then be eligible for Tax Abatement. No purchased made before the submittal are eligible).
2. Complete the Michigan Department of Treasury Form 1012 – Appendix A
Include with the form:
 - a. A detailed list of personal property to be purchased including anticipated dates of purchase and cost
 - b. Cost Sheet for anticipated improvement in real property
 - c. Lease Agreement showing building terms and applicant's tax liability (if applicable)
 - d. The application shall 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 a part of the facility, a time schedule for undertaking and completing the restoration, replacement, or construction of the facility
3. Submit application, attachments and check for fee application to the Township Clerk
4. Upon receipt of an application for an industrial facilities exemption certificate, the Township Clerk shall notify in writing by certified mail the assessor of the assessing unit in which the facility is located or to be located, and the legislative body of each taxing unit that levies ad valorem property taxes in the local governmental unit in which the facility is located or to be located and to the owners of all real property within the proposed plant rehabilitation district or industrial development district and shall hold a public hearing on the establishment of the plant rehabilitation district or industrial development district at which those owners and other residents or taxpayers of the local governmental unit shall have a right to appear and be heard. Before acting upon the application, The Charter Township of Lyon Board of Trustees shall afford the applicant, the assessor, and a representative of the affected taxing units, an opportunity for a hearing.
5. Board of Trustee Public Hearing is scheduled with notification provided to public.
6. Copies of the application and attachments shall be provided to the Economic Development Application Review Committee. The committee will set a date within 30 days of receiving the application and will meet to score the application utilizing the established Score Card – (sample of Score Card found under section title The committee will consist of members of the DDA Economic Restructuring Sub-Committee as well as an appointed Board of Trustee. After completing the review and determining a score for the applicant, the committee will make a recommendation to the Township Board of Trustee.
7. The Charter Township of Lyon Board of Trustees, not more than 60 days after receipt by its clerk of the application, shall by resolution either approve or disapprove the application for an industrial facilities exemption certificate in accordance with section 9 and the other provisions of P.A. 198 of 1974. The Board of Trustees, considering the recommendation of the Review Committee, will discuss and decide on the Resolution to establish an IDD and/or PRD and approval of the IFEC.
 - a. If disapproved by the Board of Trustees, the reasons shall be set forth in writing in the resolution.
 - b. If approved by the Board of Trustees, the clerk shall forward the application and Adopted Resolution to the State Tax Commission for final approval within 60 days of approval or before October 31 of that year, whichever is first or as otherwise provided in section 7 of P.A. 198 of 1974 in order to receive the industrial facilities exemption certificate effective for the following year. If

- disapproved by the State Tax Commission, the clerk shall return the application to the applicant. The applicant may appeal the disapproval to the commission within 10 days after the date of the disapproval.
- c. IF the Tax Commission approves the application by December 31st of the year the certificate is awarded – the project investment must be completed within two (2) years. (See Appendix C for full description on the State Tax Commission process of determination).
8. A written agreement must be entered into between the Charter Township of Lyon and the company the certificate is to be issued to, and filed with the department of treasury.
 - a. A requirement that the industrial facilities exemption certificate is revoked if the eligible business is determined to be in violation of the provisions of the written agreement.
 - b. A requirement that the eligible business may be required to repay all or part of the benefits received under this act if the eligible business is determined to be in violation of the provisions of the written agreement
 9. Applications must be filed by September 1 to receive approval for the following tax year. (See Appendix B for the Industrial Facilities Exemption Application Checklist)

Tax Abatement Application Fee:

The Charter Township of Lyon will charge the applicant an application fee to process an application for an industrial facilities exemption certificate. The application fee shall not exceed the actual cost incurred by the local governmental unit in processing the application or 2% of the total property taxes abated under P.A. 198 of 1974 for the term that the industrial facilities exemption certificate is in effect, whichever is less.

Applicant must submit an application fee in the amount of \$4000.00. This amount will be held in escrow. Costs associated with processing the application will be paid from this escrow account and any unused portion shall be returned to the applicant.

Establishing an Industrial Development District (IDD) or Plant Rehabilitation District (PRD)

1. The Charter Township of Lyon Board of Trustees, by resolution of its legislative body, may establish plant rehabilitation districts and industrial development districts that consist of (1) or more parcels or tracts of land or a portion of a parcel or tract of land.
2. The Charter Township of Lyon Board of Trustees may establish a plant rehabilitation district or an industrial development district on its own initiative or upon a written request filed by the owner or owners of 75% of the state equalized value of the industrial property located within a proposed plant rehabilitation district or industrial development district. This request shall be filed with the clerk of the local governmental unit.
3. A request for the establishment of a proposed plant rehabilitation district or industrial development district shall be filed only in connection with a proposed replacement facility or new facility, the construction, acquisition, alteration, or installation of or for which has not commenced at the time of the filing of the request. The legislative

body of The Charter Township of Lyon Board of Trustees shall not establish a plant rehabilitation district or an industrial development district pursuant to subsection (2) if it finds that the request for the district was filed after the commencement of construction, alteration, or installation of, or of an acquisition related to, the proposed replacement facility or new facility. This subsection shall not apply to a speculative building.

4. The Charter Township of Lyon Board of Trustees, in its resolution establishing a plant rehabilitation district, shall set forth a finding and determination that property comprising not less than 50% of the state equalized valuation of the industrial property within the district is obsolete.
5. A plant rehabilitation district or industrial development district established by a township shall be only within the unincorporated territory of the township and shall not be within a village.
6. Industrial property that is part of an industrial development district or a plant rehabilitation district may also be part of a tax increment district established under the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.
7. The Charter Township of Lyon Board of Trustees, by resolution of its legislative body, may terminate a plant rehabilitation district or an industrial development district, if there are no industrial facilities exemption certificates in effect in the plant rehabilitation district or the industrial development district on the date of the resolution to terminate.
8. Before acting on a proposed resolution terminating a plant rehabilitation district or an industrial development district, the local governmental unit shall give at least 14 days' written notice by certified mail to the owners of all real property within the plant rehabilitation district or industrial development district as determined by the tax records in the office of the assessor or the treasurer of the local tax collecting unit in which the property is located and shall hold a public hearing on the termination of the plant rehabilitation district or industrial development district at which those owners and other residents or taxpayers of the local governmental unit, or others, shall have a right to appear and be heard.

Review By Committee

The Township Clerk shall provide copies of the application to the *Tax Incentive Review Committee*. This committee shall consist of members from the Lyon Township Downtown Development Authority Economic Restructuring Sub-Committee, the Township Treasurer, and a designated representative of the Board of Trustees. The committee will schedule a meeting within 30 days of receipt after receiving copies of the application from the Township Clerk. The committee shall reference guidelines and criteria from this policy and will utilize the following Score Card to identify the length of an IFEC tax abatement, whereas the total score assigned, based on the points given for each economic development criteria, will be used to determine the term of the IFEC abatement.

LYON TOWNSHIP - TAX ABATEMENT SCORE CARD

1. Investment ownership status:						
a. Own land and building	50	Points			Points	
b. Lease building (Min 5 years)	20	Points			Points	
2. Project Value (eligible cost based on policy):						
a. < \$1M	1	Points			Points	
b. \$1M - \$3M	5	Points			Points	
c. \$4M - \$10M	10	Points			Points	
d. \$11M - \$20M	30	Points			Points	
e. \$20M +	50	Points			Points	
3. Number of full-time/permanent jobs located/retained in the Township:						
a. 1-10 jobs	5	Points			Points	
b. 10-25 jobs	10	Points			Points	
c. 26-50 jobs	20	Points			Points	
d. 51-99 jobs	30	Points			Points	
e. 100+ jobs	40	Points			Points	
4. Number of new full-time/permanent jobs to be created in the next 1-3 years:						
a. 1-10 jobs	5	Points			Points	
b. 10-25 jobs	10	Points			Points	
c. 26-50 jobs	20	Points			Points	
d. 51-99 jobs	30	Points			Points	
e. 100+ jobs	40	Points			Points	
5. Quality of new jobs- Annual Salaries:						
a. < \$50,000	1	Points/Employee			Points	
b. \$50k - \$100k	3	Points/Employee			Points	
c. \$100k +	5	Points/Employee			Points	
6. Local negative impact on the community (traffic, roads, odor, esthetics, etc):						
a. Major	-50	Points			Points	
b. Minor	-25	Points			Points	
c. None / Neutral	0	Points			Points	
7. Utility Impact (Investment of Sanitary Sewer Capital Charges):						
a. \$25k - \$49k	10	Points			Points	
b. \$50k - \$99k	20	Points			Points	
c. \$100k - \$199k	30	Points			Points	
d. \$200k +	50	Points			Points	
10. Company Classified in one of the following Emerging Sectors in Oakland County:						
a. Advanced Electronics & Controls	10	Points			Points	
b. Advanced Materials & Chemicals	10	Points			Points	
c. Aerospace	10	Points			Points	
d. Automotive	10	Points			Points	
f. Alternative Energy & Power Generation	10	Points			Points	
g. Communications & Information Technology	10	Points			Points	
h. Film & Digital Media	10	Points			Points	
i. Robotics & Automation	10	Points			Points	
j. Defense & Homeland Security	10	Points			Points	
k. Oakland County's Medical Main Street	10	Points			Points	
TOTAL POINTS =						

SCORING SYSTEM

Total Points	Real Property Abatement %	Real Property Abatement Term
0 - 99	<i>Not Eligible for Abatement - No district will be created</i>	
100 - 199	50%	2-4 Years
200 - 299	50%	4-6 Years
300 - 399	50%	6-8 Years
400 - 499	50%	8-10 Years
500 +	50%	10-12 Years

Appendix A – Michigan Department of Treasury Form 1012

Online link to Michigan Department of Treasury Form found [here](#)

Appendix B – Industrial Facilities Exemption Application Checklist

Industrial Facilities Exemption Application Checklist

Application Name: _____

GENERAL INFORMATION NEEDED FOR ALL APPLICATIONS:

- ☐ Completed Department of Treasury application Form 1012
- ☐ SIC/NAICS Codes – Eligible business _____
- ☐ Certified copy of the resolution approving the District. IDD _____ PRD _____
- ☐ Certified copy of the resolution approving the application (must include the following statements:
 - ☐ ...SEV of real and personal property WILL/WILL NOT exceed 5% of...
 - ☐ ...shall not have the effect of substantially impeding...or impairing the financial soundness...
 - ☐ Term of the exemption approved by the local governmental unit
- ☐ Letter of Agreement signed by the local unit and the applicant per MCL 207.572
- ☐ Affidavit of Fees signed by the local unit and the applicant
- ☐ Proof of Real Property Construction Begin Date (Building Permit, Footings Inspection, Signed Affidavit from Contractor, etc.)
- ☐ List of Machinery and Equipment with installation dates

REHAB ONLY:

- ☐ If machinery and equipment is being rehabilitated, a list of machinery, equipment and furniture and fixtures, including cost and installation dates.
- ☐ Signed Obsolescence Statement from assessor

SPECULATIVE ONLY:

- ☐ Certified copy of the resolution to establish a speculative building.
- ☐ Statement of non-occupancy from the owner and the assessor
- ☐ Was the speculative building constructed before a specific user was identified? MCL. 207.553(8)(b) (Y/N)

TRANSFERS ONLY:

- ☐ Certified copy of the resolution approving the transfer
- ☐ Notice was given to the holder, LGU, assessor and other local authorities for hearing.
- ☐ Name Change Only? If so, did we get proof of same ownership? (Y/N)

REVOCATIONS ONLY:

☐ Real Property ☐ Personal Property ☐ Both

Statutory Reason for Revocation: _____

- ☐ Certified copy of the resolution approving the revocation

AMENDMENTS ONLY:

☐ Extension: ____ to ____ ☐ Increase: ____ to ____ ☐ Both/Other

- ☐ Certified Copy of the resolution approving the amendment
- ☐ Is the amendment to increase personal or real property? (Y/N) If so, obtain the following:
 - ☐ Amended application
 - ☐ Updated Machinery and Equipment List.

COMMENTS:

Appendix C – Determination by Commission Process

207.557 Determination by commission; issuance of industrial facilities exemption certificate; notice of application; concurrence; effective date of certificate; mailing and filing of certificate; notice of refusal to issue certificate; resolutions approving or amending industrial facilities exemption certificate; completed application; error or mistake; failure to forward application, amended or transfer application, or request to revoke certificate; duties of commission.

Sec. 7.

(1) Within 60 days after receipt of an approved application or an appeal of a disapproved application that was submitted to the commission before October 31 of that year, the commission shall determine whether the facility is a speculative building or designed and acquired primarily for the purpose of restoration or replacement of obsolete industrial property or the construction of new industrial property, and whether the facility otherwise complies with section 9 and with the other provisions of this act. If the commission so finds, it shall issue an industrial facilities exemption certificate. Before issuing a certificate the commission shall notify the state treasurer of the application and shall obtain the written concurrence of the department of licensing and regulatory affairs that the application complies with the requirements in section 9. Except as otherwise provided in this section and section 7a, the effective date of the certificate for a replacement facility or new facility is the immediately succeeding December 31 following the date the certificate is issued. For a speculative building or a portion of a speculative building, except as otherwise provided in section 7a, the effective date of the certificate is the immediately succeeding December 31 following the date the speculative building, or the portion of a speculative building, is used as a manufacturing facility.

(2) The commission shall send an industrial facilities exemption certificate, when issued, by mail to the applicant, and a certified copy by mail to the assessor of the assessing unit in which the facility is located or to be located, and that copy shall be filed in his or her office. Notice of the commission's refusal to issue a certificate shall be sent by mail to the same persons.

(3) Notwithstanding any other provision of this act, if on December 29, 1986 a local governmental unit passed a resolution approving an exemption certificate for 10 years for real and personal property but the commission did not receive the application until 1992 and the application was not made complete until 1995, then the commission shall issue, for that property, an industrial facilities exemption certificate that begins December 30, 1987 and ends December 30, 1997.

(4) Notwithstanding any other provision of this act, if pursuant to section 16a a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility on October 14, 2003 for a certificate that expired in December 2002, the commission shall issue for that property an industrial facilities exemption certificate that begins on December 30, 2002 and ends December 30, 2009.

(5) Notwithstanding any other provision of this act, if on or before February 10, 2007 a local governmental unit passed a resolution approving an amendment of an industrial facilities exemption certificate for a replacement facility and that certificate was revoked by the

commission effective December 30, 2005 with the order of revocation issued by the commission on April 10, 2006, notwithstanding the revocation, the commission shall retroactively amend the certificate and give full effect to the amended certificate, which shall include the additional personal property expenditures described in the resolution amending the certificate, for the period of time beginning when the certificate was originally approved until the certificate was revoked.

(6) Notwithstanding any other provision of this act, if on July 23, 2012, a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility, but the application was not made complete until 2013, the commission shall issue for that property an industrial facilities exemption certificate that begins on December 31, 2012 and ends December 31, 2024.

(7) Notwithstanding any other provision of this act, if on February 21, 2012, a local governmental unit passed a resolution approving an industrial facilities exemption certificate for a new facility, but the application was not made complete until 2013, the commission shall issue for that property an industrial facilities exemption certificate that begins on December 31, 2012.

(8) If the commission receives an application under this act for an industrial facilities exemption certificate for a new facility or a replacement facility and the application is made complete before October 31 following the year in which the application is received by the commission, the commission may issue for that property an industrial facilities exemption certificate that has an effective date of December 31 of the year in which the application was received by the commission.

(9) If an error or mistake in an application for an industrial facilities exemption certificate is discovered after the local governmental unit has passed a resolution approving the application or after the commission has issued a certificate for the application, an applicant may submit an amended application in the same manner as an original application under this act that corrects the error or mistake. The Charter Township of Lyon Board of Trustees and the commission may approve or deny the amended application. If the commission previously issued a certificate for the original application and approves an amended application under this subsection, the commission shall issue an amended certificate for the amended application with the same effective date as the original certificate.

(10) If the clerk of the qualified local governmental unit failed to forward an application, an amended or transfer application, or a request to revoke a certificate that was approved by the legislative body of the qualified local governmental unit before October 31 of that year to the commission before October 31 but filed the application, the amended or transfer application, or the request to revoke a certificate before October 31 of the immediately succeeding year and the commission approves the application, the amended or transfer application, or the request to revoke a certificate, notwithstanding any other provision of this act, the certificate shall be considered to be issued, transferred, amended, or revoked on December 31 of the year in which the local governmental unit approved the application, the amended or transfer application, or the request to revoke the certificate.

(11) Beginning October 1, 2013, the commission shall do all of the following for each industrial facilities exemption certificate approved or disapproved by the commission under subsection (8), (9), or (10):

(a) Notify the office of the member of the house of representatives of this state and the office of the senator of this state, who represent the geographic area in which the property covered by the application for a certificate is located, that an application for a certificate has been approved or disapproved under subsection (8), (9), or (10).

(b) Publish on its website a copy of the certificate if approved, or a copy of the denial notice if disapproved, under subsection (8), (9), or (10) and whatever additional information the commission considers appropriate regarding the application.

LETTER OF AGREEMENT
BETWEEN
THE CHARTER TOWNSHIP OF LYON
AND
COMPANY NAME

RE: Industrial Facilities Exemption Certificate Agreement
COMPANY NAME

THIS AGREEMENT is executed between the CHARTER TOWNSHIP OF LYON (the "Township") and COMPANY NAME (hereinafter the "Company") including its successors, assigns, or any entity subsequently organized by the owners/incorporators of Company for the purpose of carrying out the business described herein, pursuant to the authority granted by and in satisfaction of the requirements of Section 22 of Michigan Public Act 198 of 1974, as amended ("Act 198"). COMPANY NAME has submitted an Application dated [date] (the "Application"), to the Township requesting approval of an Industrial Facilities Exemption Certificate (the "IFEC"), pursuant to Act 198 for industrial property (the "Exempt Property") to be located at Company's proposed facility at;

TAX PARCEL ID # _____ - Property Description:

Example: T1N, R7E, SEC 12 PART OF N 1/2 OF SEC BEG AT PT DIST N 2144.87 FT & N 71-02-20 W 2919.78 FT FROM SE SEC COR, TH N 71-02-20 W 741.21 FT, TH N 00-38-51 E 1367.19 FT, TH S 66-59-48 E 760.85 FT, TH S 00-38- 51 W 1310.69 FT TO BEG 21.63 A 7-23-98 FR 008 & 251-001

TAX PARCEL ID # _____ - Property Description:

Example: T1N, R7E, SEC 12 PART OF N 1/2 BEG AT PT DIST N 00-00-00 E 2144.87 FT & N 71-02-20 W 2576.24 FT FROM SE SEC COR, TH N 71-02-20 W 343.54 FT, TH N 00-38-51 E 1310.69 FT, TH S 66-59-48 E 760.63 FT, TH S 00-40- 06 W 259.26 FT, TH N 89-19-54 W 324.83 FT, TH S 35-12-39 E 67.40 FT, TH S 00-40-06 W 104.75 FT, TH ALG CURVE TO RIGHT, RAD 228 FT, CHORD BEARS S 13-26-44 W 100.85 FT, DIST OF 101.69 FT, TH ALG CURVE TO LEFT, RAD 232 FT, CHORD BEARS S 13-26-38 W 102.64 FT, DIST OF 103.49 FT, TH S 00-40-06 W 323.80 FT, TH ALG CURVE TO RIGHT, RAD 300 FT, CHORD BEARS S 09-52-12 W 95.94 FT, DIST OF 96.36 FT, TH S 19-04-18 W 98.95 FT TO BEG 13.73 A 3-27-15 FR 013

These parcels are located in Industrial Development District Number X, established by Resolution of the Charter of Lyon Township Board of Trustees at their Regular Meeting held on [Date]. The Application shall be deemed filed with the Township Clerk for purposes of Section 5(1) and 6 of Act 198 upon the establishment, pursuant to the provisions of Section 4 of Act 198, by the Township Board of an Industrial Development District within which Exempt Property will be located.

To encourage approval of the IFEC and in recognition of the investments the Township will make toward the economic growth of Company, which in turn will benefit the Township, the Company agrees as follows:

1. General

a. The Company will invest approximately \$xxx,xxx... to construct and occupy the subject Facility, located at [address], and consisting of approximately x, sq. ft. (the "Project"). In accordance with the provisions of the Act, the Township shall take any reasonable steps needed for the State Tax Commission to approve or issue the IFEC the Company has requested, including but not limited to sending the State Tax Commission, within fifteen days of the Township Board's approval of the IFEC, all documents necessary for the State Tax Commission to issue the IFEC.

b. As a result of approval of the IFEC, the Company intends to create at least X new full-time jobs at the Facility within 2 years of completion.

For purposes of this Agreement, a "full-time job" means a job performed by an individual for consideration for 35 hours or more each week and for which the employer withholds income and social security taxes, and across all full-time jobs paying an Average Weekly Wage of at least \$961.53. Also, the Company shall provide health care benefits for each employee and pay a portion of the premium. For purposes of the Agreement, "Average Weekly Wage" shall have the same meaning as in the Michigan Economic Growth Authority Act ("MEGA Act"). To the extent permitted under Michigan law, including but not limited to Act 198, and to the extent it is consistent with the Company business needs, the Company will use its best efforts to: 1) use Township residents as its vendors for the project; 2) hire Township residents for new jobs created by the project; and 3) advertise for the new jobs at the project in a newspaper that is sold in the Township.

c. The IFEC will pertain solely to, and will include all the property as set forth in the application (and any amendments or supplements) consisting of new industrial real and personal property, as set forth in Section 1a.

2. Term of IFEC

Unless earlier revoked as provided in Act 198, the IFEC shall remain in force and effect for a period commencing with its initial effective date (which is the immediately succeeding December 31) following the date of the IFEC is issued by the Michigan State Tax commission (the "Tax Commission") and ending X years thereafter, based on each year of investment.

3. Status Report

a. Initial Status Report: The Company shall submit a schedule to the Township Economic Development Coordinator, not later than the January 31st first following the dated the IFEC is issued by the Tax Commission, in a form acceptable to the Township, which shall indicate as of the immediately preceding December 31 the number of full-time jobs created to date, the number full-time jobs projected to be created and retained within the time period identified in paragraph 1, and an identification and explanation of any variations from the facts and representations set forth in the application.

b. Annual State Reports: The Company shall submit an Annual Status Report to the Township Economic Development Coordinator not later than the first anniversary of the filing of the Initial State Report and annually thereafter until the expiration of the IFEC. The Annual Status Report shall be prepared in a form acceptable to the Township, which shall indicate the number of full-time jobs created and retained as of December 31st of the year preceding the date of the report. The Annual Status Report shall also include an explanation if full-time job creation and retention has not equaled or exceeded the numbers set forth in Section 1 hereof.

4. Shortfall of Jobs: Payment to Township

If the number of new full-time jobs created at the Facility as a result of the Project as of the December 31 preceding the date of the Initial or annual Status Report is less than the number of new full-time jobs to be created as indicated in paragraph 1 above, the Company shall pay to the township an amount equal to (i) one-half of the Township's portion of the Company general property taxes which would have been due absent the issuance of the IFEC for the year in which the Initial or Annual Status Report is filed, multiplied by(ii) a fraction, the numerator of which is the shortfall in the number of full-time jobs indicated in the Initial or Annual Status Report, and the denominator of which is the total number of created full-time jobs indicated in Section 1 above. The shortfall of full-time jobs shall not be a basis for termination or revocation of the IFEC.

5. Location of Facility

In order for the Company to continue to receive the benefits of the IFEC, the Company must operate within the Township. If the Company moves the operation of the Facility outside of the Township, the Company shall repay to the Township that percentage of the amount equal to one-half of the amount of the Township's portion of the general property tax that would have been due if the IFEC had not been issued for each year the IFEC was in effect, reduced by the amount of any payments made by the Company pursuant to paragraph 4 of this Agreement, according to the following schedule:

<u>Years Following IFEC Effective Date</u>	<u>Portion of Township Abated Taxes Repaid</u>
0-2	100%
3	80%
4	70%
5	60%
6	50%
7	40
8	30%
9	20%
10 and thereafter	None

6. Representation

Except as set forth in Section 1, the Company does not agree to maintain any specific level of employment for any period of time. The Company's sole obligation in the event of an employment shortfall is as defined in paragraph 4 of this Agreement. A proven breach of the representations and warranties made by the Company herein shall be sufficient grounds for the Township Board of the Township to adopt a resolution requesting the Tax Commission to revoke the IFEC in accordance with Section 15(2) of Act 198. The Company shall have all remedies available at law and in equity to prove no such breach occurred including the right to have a judicial determination.

7. Assessed Value

The Township Assessor shall establish an initial taxable value (the "Base Year") for the Exempt Property as and when completed and/or installed in accordance with Section 10 of Act 198. The Base Value and thereafter the assessed value and taxable value of the Exempt Property shall be established by the Township Assessor in the reasonable exercise of the Assessor's professional judgment in accordance with prevailing Tax Commission guidelines and methodologies for valuing real and personal property. The Company agrees that it shall use good faith reasonable efforts to resolve any dispute over the assessment of the Exempt Property with the local taxing authorities prior to exercising its right to appeal such assessment to the Michigan Tax Tribunal.

8. Unforeseen Events

By execution of this Agreement, it is understood that the Company's investment in the Project and the Township's investment in granting of the IFEC is to encourage economic growth and job creation within the Township. The Township acknowledges that in some instances, economic conditions make it difficult for the Company to fully comply with this Agreement and the terms of the Application. The Township will give the Company an opportunity to explain the reasons for any variations from the representations and warranties contained in the Application and supporting documents will evaluate the Company's situation prior to taking any action respecting revocation for the IFEC.

9. Expenses and Fees

The actual fees and expenses including legal and professional consulting fee, incurred by the Township in connection with the consideration and approval of the Application for the IFEC, of forwarding the Application, if approved, to the Tax Commission, of forwarding this Agreement to the Michigan Department of Treasury, and of any other actions of the Township in support of the Company's efforts to obtain the IFEC shall be payable by the Company to the extent permitted by Act 198, provided that such fees and expenses shall not exceed 2% of the total amount of taxes abated over the life of the certificate.

10. Future Investment

If additional full-time jobs in addition to the targets set forth in paragraph 1 hereof involving activities related to the applicant's primary business are anticipated to be created by the Company, its successor or assigns, or a third-party entity under contract with the Company, or if any suppliers to the Company, an entity functionally related to the Company, or its or their successors or assigns, are considering expanding or locating in the Township by approving an

IFEC to the extent then permitted by Act 198, the Company shall use good faith reasonable efforts to consider placing any such additional full-time jobs, any facility or plant employing such full-time jobs, or any such supplier within the Township. Reasonable efforts shall not require the Company to be located in the Township if, by doing so, it would in its judgment incur higher operating costs, provided that such higher operating costs are not insignificant in the reasonable judgment of management of the Company. The parties acknowledge that while the Company's actions in this paragraph are dependent upon the Township's actions, this paragraph does not impose any obligation on the Township to grant tax abatement to any enterprise or entity.

11. Local School Involvement

The Company will institute a high school co-op program for qualified juniors and seniors in the South Lyon Community School District, if request by the South Lyon Community School District. In addition, the Company will work with the South Lyon Community School District, and, at the Company's sole discretion, sponsor science fairs or other school-related activities.

12. Effective Date of Agreement; Binding Nature

This Agreement shall become effective upon issuance of the Tax Commission of the IFEC covering the Project and shall be null and void and of no force or effect whatsoever unless the Tax Commission issues the IFEC to the Company covering the Project and shall be null and void after the expiration of the IFEC; provided, however, that the Company's payment obligations to the Township shall be binding against the Company, its successors, assigns, or any entity subsequently organized by the owners/incorporators of the Company for the purpose of carrying out the business described herein, notwithstanding any failure of defect in the creation of the legal entity intended to enjoy the benefit of the IFEC. The acceptance of the IFEC by any such legal entity shall be conclusive evidence of the binding nature of this Agreement against such entity.

13. Severability Clause

This Agreement contains the entire agreement between the parties with respect to this matter and supersedes: (i) any prior agreements relating to the parties' contractual obligations to each other, and (ii) any remedies the 198 Act provides including those set forth in Act section 21(2), MCL 207.571(2). In the event a Court of competent jurisdiction should find part of this agreement invalid, such holding shall not invalidate the other provisions of this Agreement. The Agreement may be amended only by written agreement signed by the parties.

14. Filing

This Agreement shall be filed with the Michigan Department of Treasury as required by Section 22 of Act 198.

15. Governing Law

This Agreement is governed by the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the _____ day of _____, 2019.

COMPANY NAME

By:
Its: President/CEO
Date:_____

(STATE OF MICHIGAN)
(COUNTY OF _____)

The foregoing Agreement was acknowledged before me by _____ as President and CEO of CARL ZEISS METROLOGY, LLC on the _____ day of _____ 2019.

Notary Public
_____ County, Michigan
My commission expires: _____
Acting in _____ County

CHARTER TOWNSHIP OF LYON

By: John Dolan

Its: Supervisor

Date:_____

By: Michele Cash

Its: Clerk

Date:_____

(STATE OF MICHIGAN)

(COUNTY OF _____)

The foregoing Agreement was acknowledged before me by John Dolan, Supervisor and Michele Cash, Clerk for the Charter Township of Lyon on the _____ day of _____, 2019.

Notary Public

_____ County, Michigan

My commission expires: _____

Acting in _____ County

CHARTER TOWNSHIP OF LYON

P.A. 198 – Industrial Facilities Tax Exemption

ANNUAL STATUS REPORT

DUE: On or before January 31, 2019

COMPANY NAME: Click here to enter text.

ADDRESS: Click here to enter text.

ANNUAL STATUS REPORT	YEAR	# FULL-TIME JOBS CREATED AT THE FACILITY	EXPLANATION IF FULL-TIME JOB CREATION AND RETENTION HAS NOT EQUALED OR EXCEEDED THE NUMBERS SET FORTH IN SECT 1 OF THE LETTER OF AGREEMENT
Year 1	2017		
Year 2	2018		
Year 3	2019		
Year 4	2020		
Year 5	2021		
Year 6	2022		
Year 7	2023		
Year 8	2024		
Year 9	2025		
Year 10	2026		
Year 11	2027		
Year 12	2028		

Paragraphs 3 and 4 of the Letter of Agreement states:

Status Report

a. *Initial Status Report: The Company shall submit a schedule to the Township Economic Development Coordinator, not later than the January 31st first following the dated the IFEC is issued by the Tax Commission, in a form acceptable to the Township, which shall indicate as of the immediately preceding December 31 the number of full-time jobs created to date, the number full-time jobs projected to be created and retained within the time period identified in paragraph 1, and an identification and explanation of any variations from the facts and representations set forth in the application.*

b. *Annual State Reports: The Company shall submit an Annual Status Report to the Township Economic Development Coordinator not later than the first anniversary of the filing of the Initial State Report and annually thereafter until the expiration of the IFEC. The Annual Status Report shall be prepared in a form acceptable to the Township, which shall indicate the number of full-time jobs created and retained as of December 31st of the year preceding the date of the report. The Annual Status Report shall also include an explanation if full-time job creation and retention has not equaled or exceeded the numbers set forth in Section 1 hereof.*

Shortfall of Jobs: Payment to Township

If the number of new full-time jobs created at the Facility as a result of the Project as of the December 31 preceding the date of the Initial or annual Status Report is less than the number of new full-time jobs to be created as indicated in paragraph 1 above, the Company shall pay to the township an amount equal to (i) one-half of the Township's portion of the Company general property taxes which would have been due absent the issuance of the IFEC for the year in which the Initial or Annual Status Report is filed, multiplied by(ii) a fraction, the numerator of which is the shortfall in the number of full-time jobs indicated in the Initial or Annual Status Report, and the denominator of which is the total number of created full-time jobs indicated in Section 1 above. The shortfall of full-time jobs shall not be a basis for termination or revocation of the IFEC.

LYON TOWNSHIP - TAX ABATEMENT SCORE CARD

Applicant: Light Source, Inc

1	<u>Investment ownership status:</u>					
	a. Own land and building	50	Points	X	50	Points
	b. Lease building (Min Lease of 10 years)	20	Points			Points
2	<u>New Investment Value:</u>					
	a. < \$1M	1	Points			Points
	b. \$1M - \$3M	5	Points	X	5	Points
	c. \$4M - \$10M	10	Points			Points
	d. \$11M - \$20M	30	Points			Points
	e. \$20M +	50	Points			Points
3	<u>Number of full-time/permanent jobs located/retained in the Township:</u>					
	a. 1-10 jobs	5	Points			Points
	b. 10-25 jobs	10	Points	19	10	Points
	c. 26-50 jobs	20	Points			Points
	d. 51-99 jobs	30	Points			Points
	e. 100+ jobs	40	Points			Points
4	<u>Number of new full-time/permanent jobs to be created in the next 1-3 years:</u>					
	a. 1-10 jobs	5	Points			Points
	b. 10-25 jobs	10	Points	12	10	Points
	c. 26-50 jobs	20	Points			Points
	d. 51-99 jobs	30	Points			Points
	e. 100+ jobs	40	Points			Points
5	<u>Quality of new jobs- Annual Salaries:</u>					
	a. < \$50,000 4 Employees	1	Points/Employee		4	Points
	b. \$50k - \$100k 8 Employees	3	Points/Employee		24	Points
	c. \$100k + 0 Employees	5	Points/Employee			Points
6	<u>Local negative impact on the community (traffic, roads, odor, esthetics, etc.):</u>					
	a. Major	-50	Points			Points
	b. Minor	-25	Points			Points
	c. None / Neutral	0	Points	X	0	Points
7	<u>Utility Impact (Water, Sewer, Electrical, Gas):</u>					
	a. \$25k - \$49k	10	Points	X	10	Points
	b. \$50k - \$99k	20	Points			Points
	c. \$100k - \$199k	30	Points			Points
	d. \$200k +	50	Points			Points
8	<u>Company Classified in one of the following Emerging Sectors in Oakland County:</u>					
	a. Advanced Electronics & Controls	10	Points	X	10	Points
	b. Advanced Materials & Chemicals	10	Points			Points
	c. Aerospace	10	Points			Points
	d. Automotive	10	Points			Points
	f. Alternative Energy & Power Generation	10	Points			Points
	g. Communications & Information Technology	10	Points			Points
	h. Film & Digital Media	10	Points			Points
	i. Robotics & Automation	10	Points	X	10	Points
	j. Defense & Homeland Security	10	Points			Points
	k. Oakland County's Medical Main Street	10	Points			Points

TOTAL POINTS = 133

SCORING SYSTEM SCALE TO DETERMINE TERM OF ABATEMENT

Total Points	Real Property Abatement %	Real Property Abatement Term	Score Placement
0 - 99	<i>Not Eligible for Abatement - No district will be created</i>		
100 - 199	50%	2 - 4 years	133
200 - 299	50%	4 - 6 years	
300 - 399	50%	6 - 8 years	
400 - 499	50%	8 - 10 years	
500 +	50%	10 - 12 years	



City of Novi Property Tax Abatements September, 2008

Contact: Victor Cardenas, Assistant City Manager
vcardenas@cityofnovi.org (248) 347-0450

There are several types of property tax abatements available. One such abatement, available pursuant to PA 198 of 1974, is an incentive provided primarily to build new plants in Michigan or renovate and expand assembly and manufacturing, and research plants. The incentive comes in the form of abated property taxes. The value of the project added will produce 50% of the property taxes for a set period of time and then resume to the full tax value at the end of the abatement period.

In order to continue the high quality that is expected by Novi residents and the business community, abatements that do not meet the criteria set forth in the City's Tax Abatement Policy cannot be recommended unless there are unique or strategic additional reasons. Property taxes and state shared revenue monies are the City's two primary revenue sources to provide service that help make us attractive. ***Novi already has one of the lowest city property tax rates (10.2 mills) of comparable communities while providing the exceptional services and prime location that are foremost in business investment design.***

PA 198 is just one way that local communities can access state incentives. Historically, the City of Novi has utilized this tool on a few occasions. It is the policy of the City of Novi to consider property tax abatements for large, high quality investors with considerable long range and ancillary benefit. For more information on other state incentives available to qualifying businesses, please contact Victor Cardenas at (248) 347-0450 to set up a joint meeting with an MEDC representative to discuss in detail.

Criteria

Novi has developed a policy for the possible consideration of tax abatements with goals focused on:

- **Exceptional projects**
- **Rehabilitation**
- **Significant capital investment**
- **High-end salary employment**
- **Architectural excellence**

Oakland County's "Emerging Sectors Strategy" identifies the top ten growth sectors and targets the top companies within each sector, prioritized by companies most likely to consider expanding their business into Oakland County. Those sectors include: Advanced Electronics & Controls, Advanced Materials & Chemicals Alternative Energy & Power Generation, Automotive R & D, Biotechnology, Communications & Information Technology, Homeland Security, Medical Devices & Instrumentation, Micro/Nanotechnology, and Robotics/Automation. Novi shares the County's vision of attracting and developing these types of high-tech businesses along with the workforce.

Brownfield Redevelopment

Brownfields are typically abandoned or under-used industrial land where expansion or redevelopment is complicated by real or perceived environmental contaminations. Brownfields are a way to utilize funds for encouraging redevelopment. Brownfield projects for the purpose of non-residential, commercial development that create a high quality, non-residential development with immediate use are encouraged and would be reviewed on an individual basis. The City of Novi is open to discussion of establishment of a Brownfield Redevelopment Authority in appropriate circumstances on appropriate, qualifying sites.

Michigan Business Development Program

The Michigan Business Development Program is an incentive program available to eligible businesses that create qualified new jobs and/or make qualified new investment in Michigan. The Michigan Business Development Program is a new incentive program available from the Michigan Strategic Fund (MSF), in cooperation with the Michigan Economic Development Corporation (MEDC). The program is designed to provide grants, loans or other economic assistance to businesses for highly competitive projects in Michigan that create jobs and/or provide investment.



Tax Abatement Submittal Form

The City of Novi asks that all firms requesting more information about tax abatements for their new or existing business fill out this form.

Please return completed form by mail to:
Victor Cardenas
45175 W. Ten Mile Road
Novi, MI 48375

or by email to: vcardenas@cityofnovi.org

Name of firm requesting abatement: _____

Contact Person: _____

Address: _____

Phone: _____ Email: _____

Please answer the following questions as completely as possible.

1. How many acres does the project include? _____

2. How many new jobs would be brought to the City of Novi? _____

a. Average salary range of new hires? _____

Is this an expansion project of an existing business in Novi? Yes ___ No ___

Is this project coming from within the State of Michigan? Yes ___ No ___

If you answered No, please indicate the origin state? _____

Is the headquarters on the site of the facility for which you are requesting abatement?

Yes ___ No ___

City of Novi Tax Abatement Policy

Tax Abatement Statement of Purpose

The City of Novi established this policy in order to permit the possible consideration of tax abatement incentives for certain exceptional projects that propose to locate/relocate in the City of Novi. Possible consideration of any tax abatement or any form of local participation with the Michigan Economic Growth Authority will be on a limited basis.

To qualify for the possible consideration of tax abatement under the Plant Rehabilitation and Industrial Development Districts Act, PA 198 of 1974, an applicant must first meet the eligibility requirements. If an application meets such requirements, the application may be reviewed on its own individual merits with respect to the degree to which the project achieves the economic development goals and satisfies the criteria outlined in this policy. Applicants must bear the quantitative burden of proof to demonstrate that exceptional economic benefits will accrue to the City of Novi as a result of a tax abatement approval. Such proposals must specifically relate to the City Council's Tax Abatement Goals and Guidelines. Applicants must substantially satisfy conditions of the policy at initial application in order to be considered for abatement.

Historically, the City of Novi has utilized this tool on a few occasions. It is the policy of the City of Novi to consider property tax abatements for large, high quality investors with considerable long range and ancillary benefit.

In order to continue the high quality that is expected by Novi residents and the business community, abatements that do not meet the criteria set forth in the City's Tax Abatement Policy cannot be recommended unless there are unique or strategic additional reasons. Property taxes and state shared revenue monies are the City's two primary revenue sources to provide service that help make us attractive.

Review of applications shall be as required by statute. When the Novi City Council reviews a tax abatement application, it may approve, deny, or approve the proposal with conditions within the time specified by statute.

Following such review, the City Council may consider necessary actions for a tax abatement or participation with other government incentives. All procedures, rights and obligations concerning such exemptions are subject to the Plant Rehabilitation and Industrial Development Districts Act, PA 198 of 1974, as amended.

The maximum number of years abatement may be granted is twelve (12), which is the statutory maximum as of the date of this policy.

Tax Abatement Goals

The City of Novi may establish a Plant Rehabilitation and industrial Development District or participate with any other governmental incentive for any of the following reasons:

- A. To attract exceptional projects to the City of Novi in order to provide a greater tax base, without creating a high demand for city services and city-funded infrastructure improvements.
- B. To promote the preservation of natural resources that exceeds the requirements of the City of Novi's environmental regulations, and achieves a higher level of preservation of natural environmental features as identified in Novi's 2020 Master Plan for Land Use and Wildlife Habitat Plan.
- C. To promote the rehabilitation of obsolete facilities and/or expanding of existing facilities that provides significant benefits to the community, without creating a high demand for city services and city-funded infrastructure improvements.
- D. To encourage and promote significant capital investments that will serve as a catalyst for other significant investments within the community.
- E. To create or retain a significant number of employment opportunities within the community that offer competitive wages within the industry.

F. To promote architectural excellence that demonstrates state of the art design, placement, sense of place, form, scale and identity that exceed City standards.

Application Criteria

The following criteria will be used to evaluate requests for tax abatement and determination of the number of years of the abatement. The City Council reserves the right to modify the tax abatement criteria to reflect changing objectives, priorities or conditions of the community. All of the following items would need to be initially addressed by the applicant before consideration can move forward.

- A. A project must not have started more than 6 months before an application for abatement was received by the City, and be located in a plant rehabilitation district or industrial development district established prior to the commencement of the project.
- B. There must be no outstanding taxes owed by the applicant or entity on the project.
- C. If the facility is leased, the number of years awarded will not exceed the length of the lease.
- D. There is no pending or current litigation, including but not limited to property tax appeals, against the City by the applicant or its agents.
- E. Tax incentives will only be offered for the current phase of a project.
- F. The project must be fiscally beneficial to Novi from a tax revenue standpoint and must have the potential to increase employment opportunities for citizens of the community.
- G. The company must demonstrate it would not locate or expand in the City if tax abatement was not available.
- H. The cost disparity between expanding or locating in Novi and alternative locations outside the community must be demonstrated by the applicant.
- I. The long term impact of the project on Novi's economy, particularly in both real and personal property.
- J. The contributions the business has made to communities where it is currently located (i.e., are they a good neighbor, do they get involved in civic activities).
- K. Diversification of the tax base that will have the effect of developing both real and personal property to Novi's tax base.
- L. The development will provide enhanced opportunities for the existing business community.
- M. Evidence of corporate ongoing profitability, viability and vitality must be demonstrated, such as net profit, by percentage, and in real dollars for the last three corporate fiscal years.
- N. Applicants are to provide a fiscal impact analysis that demonstrates the positive impacts to the community and where the benefits outweigh the abated amount in taxes for the duration of the abatement.
- O. Any approved tax abatements will undergo a yearly compliance review.
- P. The applicant must be committed to the community for the entire term of the tax abatement and into the future. Evidence of this involvement would need to occur once abatement is awarded to applicant.
- Q. The granting of the industrial facilities exemption certificate, considered together with the aggregate amount of industrial facilities exemption certificates previously granted and currently in force, shall not have the effect of substantially impeding the operation of the City.



CITY OF NOVI PA 198 (TAX ABATEMENT) CHART

Number of new or retained full time jobs resulting from construction or long-term lease

Value of Investment	0-24	25-75	76-100	101-175	176-225	226-275	276-300	301-350	351+
\$5,000,000 - \$9,999,999	0	0	0	3	4	5	6	8	12
\$10,000,000 - \$19,999,999	0	0	3	4	5	6	8	12	
\$20,000,000 - \$29,999,999	2	3	4	5	6	8	12		
\$30,000,000 - \$39,999,999	3	4	5	6	8	12			
\$40,000,000 - \$49,999,999	4	5	6	8	12				
\$50,000,000 +	12								

Procedures Title:

Tax Abatement Policy Guidelines & Criteria

(Under the Plant Rehabilitation and Industrial Development Districts Act 198 of 1974)

1. Policy Statement

The City of Ann Arbor is committed to the ongoing improvement in its financial state and the quality of life for its citizens. This can be achieved through the promotion of high quality development in all parts of the City, enhancing the competitiveness and expansion of Ann Arbor's economy. As these objectives are generally served by the enhancement and expansion of the local economy, the City of Ann Arbor will, on a case-by-case basis, give consideration to providing tax abatement as stimulation for economic development. It is the policy of the City of Ann Arbor that said consideration will be provided in accordance with the procedures and criteria outlined in this document. Nothing herein shall imply or suggest that the City of Ann Arbor is under any obligation to provide tax abatement to any applicant.

2. Introduction

Property tax abatements - full or partial relief from tax liability for certain land parcels - are the most commonly sought after form of financial assistance for an economic development project that cities use to attract and retain businesses in their area. Tax abatements are awarded after a public review process that is often both bureaucratic and political. They typically are targeted for improvements but not land, and thus enable policy makers to use them for enhancing the attractiveness of locations for investment, rehabilitation, and other economic development. Currently, 35 out of the fifty states offer property tax abatements.

The subject of tax abatement or exemption is sure to engender lively discussion in any public meeting, most of which is not likely to be very supportive. Part of the problem is that the term "abatement" suggests that the property tax is being reduced and the term "exemption" connotes that the property tax does not have to be paid at all. Describing the tool as a property tax "incentive" is a more accurate way to describe the role it plays in the economic development process.

Many feel that there are numerous benefits to offering tax abatements. Doing so shows that a city is probusiness and at least actively trying to encourage economic development. The preservation of the local tax base and providing for future tax revenue increases are important considerations for communities when deciding whether to authorize a tax abatement. The city still gains revenue with abatement while it may risk losing the local industry if it fails to show support for the expansion. Abatements can also be seen as a method to say "thank you" to a company that has been a good corporate citizen, and that has made a strong and long-term commitment to the community. Tax abatements can and should be considered strong business incentives for attracting industries to the local community.

Long-term tax incentives are actually an exemption of the value of the improvements (redevelopment) of a property for a period of time negotiated in a tax agreement between the

redeveloper and the municipality. The property taxes on the land remain, and are paid to the municipality that cannot be less than the total taxes paid on the property prior to the construction of the improvements. **The municipality will never receive less on the property than it did prior to the redevelopment project.** It will receive less total revenue than it would if it taxed the new improvements at full value, but the belief is that one-half of something is better than all of nothing.

While there are solid reasons for granting tax abatements, municipalities should also be aware of some of the factors why abatements might not be considered desirable. New development may be associated with greater demand for city services and infrastructure improvements, which result in revenue losses to the local unit. Also, there is the public perception that tax abatements are a form of "corporate welfare", particularly since residential property owners are not able to secure such tax relief. However, it should be noted that industry pays a higher tax rate even with abatements than homestead properties. And as mentioned above, the abatement is only for new improvements and thus the petitioning company must still pay the tax levels for pre-existing property. The offering of tax abatements can sometimes hurt current businesses, especially if the petitioning company is a direct competitor.

There are two main tax abatement laws in Michigan. Public Act (PA) 198 (enacted 1974 and as amended subsequently) allows for local municipalities to issue abatements for industrial property taxes. Up to 50% of property taxes (taxes on buildings, machinery, and equipment) can be reduced for the new construction of facilities, while the renovation of obsolete facilities are eligible for reduction of up to 100% of property taxes on the value of improvements made to a facility. Industrial Facilities Exemption Certificates are in effect for up to 12 years. P A 140 of 1999 created an accelerated liability provision in the Act for a business that leaves (and establish operations outside of the state) the tax-abated district before certification expiration. That is, tax-abated or exempted businesses that leave a district prematurely could be made liable for the remaining years on the exemption certificate. Liability under this provision is limited to the future value of the certificate until expiration. Exercise of this provision is at the discretion of the effected local government.

Public Act 328 (enacted 1998) allows for the provision of tax abatements of personal property, though these abatements are only available in certain designated areas of eligible distressed communities. A property tax exemption of 100% is available for all new personal property placed in a locally established district.

The Michigan Economic Growth Authority (MEGA), an agency established in 1995 with the purpose of both retaining and recruiting companies within the state, also has the power to issue tax credits and abatements to companies that relocate or expand within Michigan. The petitioning company must create a minimum number of jobs before the local community can authorize tax abatement, and it is only then the petitioner becomes eligible to receive MEGA tax incentives. In many cases the amount of tax savings realized at the local level is much smaller in comparison to the considerably larger tax incentives received from MEGA.

It should be noted that the City of Ann Arbor established a policy of sorts in October 1993 regarding tax abatements and the granting of Industrial Facilities Exemption Certificates by other governmental jurisdictions to Ann Arbor companies. The adopted resolution (R-476-10-93) was an attempt to stem the departures of companies from Ann Arbor and the associated net loss of jobs and municipal tax revenue. With this policy Ann Arbor put other taxing jurisdictions on notice that the City would object to the grant of tax abatements unless a newly created firm,

a relocated company, or expansion of an existing facility replaced a vacancy created by a petitioner's departure from Ann Arbor.

The decision to grant tax abatements is extremely subjective even when the parameters for consideration and approval are well defined. One thing is certain, the Mayor and City Council must find that the expected benefits to the City of Ann Arbor of the proposed abatement agreement equal at a minimum the costs to the City of the proposed agreement. They must also insure that the abatement is in the public interest because it will facilitate at the very least those objectives described below. The fact remains that to be a player in the economic development "ballgame", local municipalities can't afford to ignore the utility of tax abatements to retain and attract businesses. If this is the tool that permits that overarching goal then it must be used judiciously whether or not there is community agreement on the benefits of tax abatements.

3. Objectives

Applications for tax abatement under the provisions of Act 198 of 1974 as amended will be evaluated in terms of potential benefit to the City of Ann Arbor by consideration of the following objectives.

3.1. Increase the tax base;

3.2. Promote diversification of the industrial base;

3.3. Provide employment opportunities in the City of Ann Arbor; **3.4.** Promote community sustainable development

3.5. Projects that do not create a high demand for city services or have an adverse impact on city infrastructure;

3.6. Attract companies and facilities engaged in advanced manufacturing, advanced information technology or other computer-related industries, life sciences or biotechnology, nanotechnology, alternative energy, and small technologies like advanced devices, materials and sensors, or any high-technology activity that qualifies under P A 144, of 2000;

3.7. Provide economic stimulus to other business activities in the City;

4. Eligible Property or Industries

The following types of enterprises or industry sectors are eligible to apply for Tax Abatement pursuant to PA 198 as amended:

4.1. manufacturing

4.2. mining

4.3. high-technology (as defined by PA 144 of 2000) **4.4.** research and Development

4.5. wholesale and trade

4.6. office operations

4.7. agricultural processing facilities

4.8. convention and trade centers over 250,000 sf (as defined by PA 140 of 1999)

4.9. operation of a hydro-electric dam by a private company other than a public utility

4.10. property acquired, constructed, altered, or installed due to the passage of proposal A in 1976

4.11. buildings, building improvements, machinery, equipment, furniture and fixtures

4.12. real property and personal property are eligible, whether owned or leased (provided the lessee is liable for payment of taxes on the property)

5. Ineligible Property or Industries

The following types of enterprises or industry sectors are not eligible to apply for Tax Abatement pursuant to P A 198 as amended:

5.1. land is specifically excluded from the benefits of the Act and is fully taxable

5.2. speculative buildings as defined by Section 207.553 Section 3(8) of PA 198 of 1974, as amended

5.3. property of a public utility other than an electric generating plant that is not owned by a local unit of government for which an application was approved by the legislative body of a local government unit between June 30, 1999 and June 30, 2002

5.4. existing buildings or equipment prior to construction of a "new facility" **5.5.** inventory

6. Criteria for Eligibility Consideration

6.1. Generally, the project meets sustainable community development principles such as equity (pay and living standards), ecology (reliance on renewable resources to conduct business), and economy (% profits or % revenues that are represented locally);

6.2. The value of land and existing facilities or personal property, if any;

6.3. The type and value of the proposed improvements;

6.4. The expected economic life of the proposed improvements;

6.5. The number of existing, permanent jobs to be retained by the proposed improvements;

6.6. The number of new permanent and full-time jobs to be created by the proposed improvements, paying at least living wages and with the provision of health and other benefits;

6.7. The amount of local payroll to be created or enhanced;

6.8. The pay ratio and scale of new jobs created;

6.9. That the new jobs to be created will be filled in whole or in part by Ann Arbor residents or those projected to reside within the City, a commitment to hire minorities and economically disadvantaged individuals, and a commitment to contract work to local, minority and women-owned businesses;

6.10. Applicant's commitment to demonstrating sound environmental and design practices when constructing, operating and maintaining the facility, including but not limited to, minimizing impervious surfaces, utilization of clean and renewable energies, implementation of water conservation and storm water management practices, and flood protection measures (if appropriate), provision of incentives for mass and alternative transportation options, and the sponsorship of other innovative practices that serve to minimize the project's environmental impact and to protect water, land and energy resources for the economic and quality of life benefit of the community;

6.11. The costs to be incurred by the City to provide facilities or services directly resulting from the new improvements;

6.12. The amount of ad valorem taxes to be paid the City during the Abatement period - considering (a) the existing values, (b) the percentage of new value abated, (c) the Abatement period, and (d) the value after expiration of the Abatement period;

6.13. The types and values of public improvements, if any, to be made by applicant seeking Abatement;

6.14. The proposed improvements compete with existing businesses to the detriment of the local economy;

6.15. The potential community impact such as the estimated fiscal and services burden on the local school district and county, or the projected demand on the city's housing market;

6.16. The extent to which the proposed use of tax abatement is consistent with the City's goals, development priorities, Master Plan and zoning codes.

6.17. The approval of an abatement makes the local firm eligible for a State incentive which requires a local contribution.

The aforementioned criteria are not intended to be absolute. The Mayor and City Council reserves the right to consider such additional goals and criteria which are intended or set forth under the goals and policies of ACT 198 and which are consistent with the general health, safety and welfare of the City of Ann Arbor.

7. Application

Application for an Industrial Facilities Exemption Certificate involves the City of Ann Arbor and

the State of Michigan. Only the Mayor and City Council have the authority to establish an Industrial Development District and approve an Industrial Facilities Exemption Certificate once the following procedures have been fulfilled.

7.1. "Petition for Establishment of Industrial Development or Plant Rehabilitation District." The owners of an industrial property located within the proposed district may petition for the establishment of an Industrial Development District or a Plant Rehabilitation District as a first step towards an application for an Industrial Facilities Exemption Certificate. Such a petition for establishment of a District must be filed with the City Clerk's office.

7.2. "Notice of Public Hearing to Approve Establishment of Industrial Development District." Pursuant to P A. 198 of 1974, as amended, the City's representative shall give notice of a public hearing. Written notice to the applicant, City Assessor, a representative of each of the affecting local taxing units (defined to be the City of Ann Arbor, Washtenaw County, Ann Arbor Public Schools, Ann Arbor District Library, Washtenaw Intermediate School District and Washtenaw Community College) must be provided no later than the seventh day before the designated public hearing. The general public must be notified by publication in a newspaper of general circulation within such taxing jurisdiction no later than the seventh day before the designated public hearing. All notified individuals and representatives will thereby be afforded an opportunity to be heard on the petition for establishment of an Industrial Development District.

7.3. "Approval or Denial of an Industrial Development District." The Mayor and City Council will approve or deny the request for establishment of an Industrial Development District following the public hearing and full consideration of the request. Once the district is established the City of Ann Arbor cannot stop an application within the established district from being submitted, acted upon and given the full right to the appeal process. The Mayor and City Council can refuse to establish a district and the petitioner can appeal no further.

7.4. "Filing of Application." Petitioner can submit an application for an Industrial Facilities Exemption Certificate only after the Mayor and City Council approves the establishment of an Industrial Development District following a duly noticed public hearing. The application for a certificate shall be made to the City Clerk on forms provided by the Michigan State Tax Commission. Application for tax abatement of real or personal property in an existing Industrial Development District are ineligible if the improvements occurred and/ or property was installed or otherwise fully operational within the facility more than six months prior to the City's receipt of the application.

7.5. "Application Fee." A non-refundable fee must accompany the application for an Industrial Facilities Exemption Certificate. The amount of the non-refundable application fee will be equal to the lesser of the City's actual costs to process the Application, two percent (2%) of the total property taxes abated for the term that the Industrial Facilities Exemption Certificate is in effect, or **\$1,000.**

7.6. "Public Hearing on Application for an Industrial Facilities Exemption Certificate."

The local governing body, prior to the review and consideration of an application, must schedule a public hearing for an Industrial Facilities Exemption Certificate, pursuant to P A. 198 of 1974, as amended. Written notice to the applicant, City Assessor, a representative of each of the

affecting local taxing units (defined to be the City of Ann Arbor, Washtenaw County, Ann Arbor Public Schools, Ann Arbor District Library, Washtenaw Intermediate School District and Washtenaw Community College) must be provided no later than the seventh day before the designated public hearing. The general public must be notified by publication in a newspaper of general circulation within such taxing jurisdiction no later than the seventh day before the designated public hearing. All notified individuals and representatives will thereby be afforded an opportunity to be heard on the petition for establishment of an Industrial Development District.

7.7. "Review of Application." All Tax Abatement applications shall be individually reviewed by representatives of the City and other appropriate taxing jurisdictions as necessary, including but not limited to, the City Administrator, Chief Financial Officer, City Attorney, and City Assessor. The Mayor and City Council will approve or deny an agreement based on the recommendations of the City Administrator and Chief Financial Officer, and the merits and due diligence of the application, and the guidelines and criteria set forth herein. In addition, in its discretion, the Mayor and City Council may appoint a Tax Abatement Review committee or board, or assign such role or responsibilities to an existing governance body, which will assess the application and make suggested recommendations to the Mayor and City Council regarding each application.

7.8. "Existing Enterprise Considerations." The Mayor and City Council may, at its discretion, give any weight it feels appropriate to the approval or denial of a tax abatement application, based upon their consideration of whether or not the petitioner's company or facility would compete with an already similar existing business. In general, the City Council takes the position it is unfair for an existing local tax paying business - operating in the same or a similar manner as far as type of product or services, scope of production and/or services, and the size of investment made - to have compete with a new business whose taxes would be abated.

7.9. "Denial of Abatement." No Abatement Agreement shall be authorized if it is determined that: **7.9.1.** There would be substantial adverse effect on the tax base or costs associated with the provision of government services;

7.9.2. The applicant has insufficient financial capacity, which reasonably could be expected to jeopardize the success of the undertaking;

7.9.3. The planned or potential use of the property would constitute a hazard to public safety, health, or welfare;

7.9.4. Granting an Abatement might lead to the violation of other codes or laws; **7.9.5.** For any other reason deemed appropriate by the City.

7.10. "Application to State." If the Mayor and City Council approve the application for a Certificate, the City Clerk shall forward the application to the Michigan State Tax Commission and the Michigan Economic Development Corporation for their review and approval. The State Tax Commission grants the final approval and issues the Industrial Facilities Exemption Certificate.

7.11. "Indemnification of City of Ann Arbor In Event of State Denial." The petitioner acknowledges and agrees to hold the City of Ann Arbor harmless in the event the Michigan State Tax Commission denies its application for an Industrial Facilities Exemption Certificate.

8. Taxability

From the execution of the Abatement, to the end of the Agreement period, property taxes shall be payable as follows:

8.1. The value of ineligible property, such as land, as provided in **Section 5.1**, shall be fully taxable using 100% market value as determined by the City Assessor;

8.2. The base-year value of existing eligible property, as determined each year, shall be fully taxable as provided in **Section 9.2.2** and **9.2.5**.

8.3. The additional value of new eligible property, real or personal, shall be fully taxable at the end of the Abatement period.

9. Agreement

9.1. "Notice to Jurisdictions." The City's representative shall notify the governing body of each of the other taxing units in which the property is located not later than the 7th day before the date on which the City enters into the Abatement Agreement with a written notice that the City intends to enter into the Agreement.

9.2. "Agreement Contents." The City shall formally execute an Agreement with the owner of the facility, and lessee as required, which shall include:

9.2.1. The commencement date and the termination date of Abatement;

9.2.2. The estimated value to be abated and the base-year value;

9.2.3. The percent of value to be abated each year;

9.2.4. The minimum or Base-Year real and personal property tax liability during the life of the abatement;

9.2.5. The proposed use of the facility; nature of construction or improvements, time schedule, map, and legal description of the property;

9.2.6. A list of existing machinery, equipment, furniture and fixtures, which will be replaced or renovated. A list of existing machinery, equipment, furniture and fixtures, which will continue to be used in the facility. The list should include description, type, identification, year of acquisition, and original cost. (Not applicable to a new facility or speculative building);

9.2.7. The size of investment in real or personal property, and/or the increase in number of employees for each of the following categories - at prior year-end, new hires, attrition, and employees at present year-end;

9.2.8. Contractual obligations regarding Base-Year taxes or in the event of default, violation of terms and conditions, delinquent taxes, recapture, administration and assignment as provided under **Sections 7.3, 8, 9, and 10**;

9.3. " Guarantee of Base-Year Taxes." The applicant guarantees to the City that, except for the State Education Taxes, during the years of the tax abatement, the facility's taxes, for real or personal property, for all local taxing units, shall never be less than the amount of taxes for the year the application is filed and as defined in the Agreement. This Base-Year Amount shall be adjusted each year by the same rate of inflation as set forth in the Consumer Price Index, provided that for purposes of the Agreement the rate of inflation and the Consumer Price Index shall not exceed five percent (5%) per year. For personal property abatements, the taxes will also be adjusted downward for depreciation based on the State Tax Commission multipliers.

9.3.1. If at any time during the abatement period the amount of investment for any reason, except those set forth in the Agreement, results in the amount of taxes the Company owe to the City to be less than the City's share of the Base-Year Amount as adjusted by the Consumer Price Index, the Company agrees and shall pay upon written request in a prompt and timely manner to the City the difference between what the Company is levied by the City in taxes, and the City's share of the Base-Year Amount, as adjusted by the Consumer Price Index (as defined herein not to exceed 5% per year).

9.3.2. This provision shall not apply to the extent that the taxes levied on the Company by the City are less than the City's share of the Base-Year Amount, as adjusted herein, because of an act of nature, fire, criminal act, energy shortage, act of terrorism or war, or other catastrophic event, or depreciation of the Company's property, and subject to the City of Ann Arbor taxation in the Base-Year.

9.3.3. For any year in which the City receives a payment under this Section, the Company also shall cause the City to receive a comparable amount based on each of their respective millage rates for that year, for all other governmental units for whom the City levies property taxes under the General Property Tax Act, P A 206 of 1893. The City shall disburse such amounts for the other governmental units to them. In no event shall the Company's payments for a calendar year under this Section exceed the amount of the Company's abated taxes for that year.

10. Recapture of Taxes in Event of Non-Compliance

10.1. "Termination." In the event that the company or individual (1) allows its ad valorem taxes owed the City to become delinquent and fails to timely and properly follow the legal procedures for their protest and/ contest; or (2) violates any of the terms and conditions of the Abatement Agreement and fails to cure during the Cure Period, the Agreement than may be terminated and all taxes previously abated by virtue of the Agreement will be recaptured and paid within thirty (30) days of the termination.

10.2. "Cure Period." Should the City determine that the company or individual is in default according to the terms and conditions of its Agreement, the City shall notify the company or individual of such default in writing at the address stated in the Agreement, and if such is not cured within thirty (30) days from the date of such notice ("Cure Period"), then the Agreement may be terminated.

11. Administration

11.1. "Assessment Determination." The City Assessor of the City of Ann Arbor shall annually determine an assessment of the real and personal property covered under the Abatement. Each year, the company or individual receiving abatement shall furnish the City

Assessor with such information as may be necessary for the Abatement. Once value has been established, the City Assessor shall notify the City of the amount of the assessment.

11.2. "Access Guaranteed." The Abatement Agreement shall stipulate that employees and/or designated representatives of the City of Ann Arbor will have access to the abated property during the term of the Abatement to inspect the facility and determine if the terms and conditions of the Agreement are being met (covered under 7.2.6). All inspections will be made only after proper notification, and will be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with all safety standards. The City Assessor has direct authority to act on behalf of the City with all inspections.

11.3. "Annual Assessment Reports." All recipients of an Industrial Facilities Exemption Certificate must abide by the following requirements:

11.3.1. The taxpayer must file a timely annual Personal Property Statement on a form approved by the Michigan State Tax Commission;

11.3.2. Assessment based upon the recognized professional/scientific methodology for the appraisal of real and personal property for tax purposes, and is recommended and supported by the Michigan State Tax Commission manual.

12. Assignment

An Abatement Agreement may not be transferred nor assigned by the holder to a new owner or lessee of the same facility without prior approval by resolution of the Mayor and City Council of the City of Ann Arbor. Any assignment shall provide that all conditions, terms and obligations in the original Abatement Agreement are guaranteed by execution of an additional contractual Agreement with the City as an addendum to the Abatement Agreement. No assignment or transfer shall be approved if the parties to the existing Agreement (the new owner or lessee) are liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably withheld.

13. Public Disclosure of Application, Agreement and Reports

Information that is provided to the City of Ann Arbor in connection with an Application or request for Tax Abatement and that describes privileged financial and corporate data, the specific processes or business activities to be conducted, or the equipment or other property to be located as part of the facility for which the Tax Abatement is sought, is strictly confidential and not subject to public disclosure until the Tax Abatement Agreement is executed. That information in the custody of a taxing unit after the Agreement is executed is Public Record, and no longer confidential or privileged.

14. Sunset Provision

These Guidelines and Criteria are effective upon the date of their adoption, and will remain in force for five (5) years, unless amended by three-quarters vote of the Mayor and City Council of the City of Ann Arbor, at which time all Industrial Development Districts and Tax Abatement Agreements created pursuant to these provisions will be reviewed to determine whether the

goals have been achieved. Based on that review, the Guidelines and Criteria may be modified, renewed or eliminated.

15. Legal Disclaimer to Potential Applicants

The adoption of these guidelines and criteria by the Mayor and City Council do not:

15.1. Consequentially award a tax abatement if the petitioner meets all the listed criteria;

15.2. Limit the discretion of the Mayor and City Council to decide whether to enter into a specific tax abatement agreement;

15.3. Limit the discretion of the City Council to delegate to its employees the authority to determine whether or not the City Council should consider a particular Application or request for Tax Abatement;

15.4. Create any property, contract, or other legal right in any person to have the City of Ann Arbor consider or grant a specific application or request for tax abatement.

15.5. Exclude the right of the Mayor and City Council to modify the tax abatement policy to reflect changing objectives, priorities and/or conditions.



Commercial Rehabilitation Tax Abatement (PA 210)

Application Guidelines

October 21, 2008

Table of Contents

Section A – Commercial Rehabilitation Tax Abatement (PA 210) Application Guidelines

Section B – Criteria for Granting Commercial Rehabilitation Tax Abatements

Section C – Commercial Rehabilitation Application Process

Section D – Commercial Rehabilitation Tax Exemption Applicant Checklist of Documents and Attachments

Section A – Commercial Rehabilitation Tax Abatement (PA 210) Application Guidelines

Introduction

The intent of this document is to outline the policies and procedures adopted by the City of Ypsilanti regarding the abatement of taxes for property owners that rehabilitate certain commercial facilities within designated districts. The City of Ypsilanti's urban environment, heritage and culture present the community with a unique opportunity to encourage and support sustainable economic development. The City is committed to working closely with entrepreneurs, business owners and developers to provide a business-friendly climate while meeting the needs of the Ypsilanti community.

Commercial Rehabilitation Facts

Similar to the OPRA tax exemption, the City of Ypsilanti can provide property tax abatement for a period of 1 to 10 years for owners of certain rehabilitated commercial facilities in designated districts. The key distinctions between the Commercial Rehabilitation Tax Credit and the OPRA include OPRA's need for an obsolete or blighted designation, size and/or area requirements of the Commercial Rehabilitation District and the potential for the Obsolete Property Exemption Certificate to qualify for exemption for one-half of the school millage.

A Commercial Rehabilitation Tax Exemption Certificate freezes the property at its pre-rehabilitated value, effectively allowing the rehabilitation to be property tax free, with the exception of school operating taxes. The property owner will receive a yearly commercial rehabilitation tax rather than the normal property tax. The cost of rehabilitation must be equal to 10 percent or more of the true cash value of the property at the beginning of the project.

Land and most personal property are not eligible for a tax reduction.

The City of Ypsilanti, in an ongoing spirit of cooperation and collaboration, expects all applicants to be current in their property tax payments, hold no liens against their property, have no outstanding fines, and be in compliance with all city codes.

The period of time for Commercial Rehabilitation Certificates is determined by City Council. The length of the exemption may be extended by the local government unit so long as the original certificate states the conditions upon which an extension is valid, those conditions are met, and the certificate expires within 10 years of project completion.

Ypsilanti City Council retains discretionary power for final determination and is not bound to using the information included in this packet when acting on a request for a Commercial Rehab Tax Abatement.

Eligible facilities

The district has to be greater than three acres in size, unless located inside a city designated downtown or business district. Counties may choose whether or not to participate in the tax exemption.

Qualifying buildings must be a multifamily or commercial building that is at least 15 years old. This description includes a building or group of contiguous buildings of commercial property that has been allocated New Market Tax Credits.

"Commercial properties" include commercial business enterprises and related property under the same ownership, multifamily housing consisting of 5 or more units, or a building or group of contiguous buildings previously used for industrial purposes that will be converted for a commercial business enterprise. Public utilities, stadiums and casinos are not eligible.

Revocation

If at any time during the abatement period the terms and conditions are violated, the exemption may be revoked. The abatement holder is required to keep all property taxes current to receive tax abatement. This shall include real and personal property assessed to the abatement holder at all locations within the City of Ypsilanti.

Questions?

Contact the Planning and Development Department at (734) 483-9646 with further questions regarding Commercial Rehabilitation Tax Exemptions.

Section B – Criteria for Granting Commercial Rehabilitation Tax Abatements

Priority will be given to applicants whose proposed projects can meet or exceed the City's criteria for granting tax abatements. Supporting evidence for any application must demonstrate that:

- 1) no outstanding back taxes, fines, or liens are owed to the city
 - 2) upon completion of the project, a certificate of occupancy has been obtained
 - 3) the applicant will offer employees a living wage (currently \$10/ hour without health benefits and \$8.50/hour with health benefits) who work on the improvement or expansion of the facility, and to other employees of the applicant working in the workplace or location receiving the abatement
 - 4) the applicant, contactors, sub-contractors and tenants will make a concerted effort to employ primarily residents of the City of Ypsilanti
 - 5) the project will use context sensitive design in building development with special attention to storm water management and energy efficient design
 - 6) preferably, new projects represent new economy businesses, green technologies, and/or innovative business models.
 - 7) the implementation of a project has not begun prior to tax abatement approval
 - 8) the applicant is an equal opportunity employer
 - 9) the project is in compliance with Historic District Commission guidelines, if applicable
-
- 10) evidence that the tax abatement is required for the success of the project in the form of a written statement addressed to City Council as well as a pro forma submitted with application materials

Applications will further be considered in light of the following general economic development/redevelopment goals of the City of Ypsilanti:

1. Promoting the growth and expansion of existing businesses and the growth and development of local entrepreneurs.
2. Encouraging the adaptive reuse of historic and underutilized buildings including properties that are currently tax exempt, and supporting Brownfield cleanup and redevelopment.

3. Attracting businesses that diversify the city's commercial and industrial base and contribute to the economic and social well-being of the community.
4. Supporting and attracting businesses that further develop the local workforce by increasing the personal income of residents, diversifying the job base, and creating new jobs.
5. Promoting energy efficiency in building renovations and rebuilds.
6. Continuously improving the quality of life in Ypsilanti.

Any portion of this policy or the procedures outlined may be waived by the City Council if it is in the best interest of the City and in accordance with State law. The City of Ypsilanti also reserves the right to consider additional goals and criteria that are consistent with the interests of the City.

Section C – Commercial Rehabilitation Application Process

- 1) A written request is made from the applicant to the city regarding the creation of a Commercial Rehabilitation District
 - 2) Creation of Commercial Rehabilitation District by the City
 - Notice is given by certified mail to property owners within the proposed district
 - A public hearing is held regarding the proposed district
 - A resolution to create the Commercial Rehabilitation District is adopted by City Council
 - 3) After the hearing is held, a copy of the resolution creating the district is sent to Washtenaw County for approval. The County may reject the establishment of a district within 28 days of City Council's approval. This may be done by a County Executive or a Board of Commissioners.
 - 4) Once a District is established, the application for certificate of exemption may be filed by the property owner. Applications are available from the Michigan Department of Treasury. The application and all supporting materials are submitted to the Ypsilanti City Clerk's Office. The applicant must demonstrate through application materials that the project would not be able to occur without receiving the Commercial Rehabilitation Tax Abatement.
 - 5) The Clerk's office notifies the Assessor and all taxing bodies.
 - 6) City Council has 60 days to take action on the application. If disapproved, a copy of the decision is sent to the applicant and the City Assessor via certified mail. If approved, the application and the materials are sent to the State Tax Commission, where they are acted upon within 60 days (either approved or disapproved).
-

Section D – Commercial Rehabilitation Tax Exemption Applicant Checklist of Documents and

Four copies of each of the following materials should be submitted to the City:

- ☐ a statement of interest regarding the creation of a Commercial Rehabilitation District. Please include a description of the proposed district
- ☐ complete Commercial Rehabilitation application submitted to City Clerk's Office with all supporting materials
- ☐ application fee paid
- ☐ a detailed statement regarding the need for receiving Commercial Rehabilitation certificates to complete the proposed project. The statement should include a detailed description of the proposed project and should address the project in relation to the City criteria for granting Commercial Rehabilitation Tax Abatements and economic development goals (found in this packet)
- ☐ a pro forma
- ☐ a complete list of renovation costs

It is the burden of the applicant to provide sufficient materials to support an application. The City of Ypsilanti holds no responsibility in the submission of an application or supporting materials. Incomplete applications will not be considered.

Date Stamp

City Clerk sign when complete



Property Tax Incentive Policy

Effective - October 24, 2016

I. Purpose and Intent

Property tax incentives are an important tool that can be utilized to promote economic activity, increase and retain employment, and provide incentives for investment in property that increase the tax base of the City of Auburn Hills.

The purpose of this policy is to inform the business community, and provide procedures and criteria for City Council and administrative staff in reviewing and determining the merits of applications for real property tax abatements, exemptions, or incentives submitted to the City.

The definitions, procedures, and criteria provided in the policy are established as guidelines. The City Council reserves the right to consider exceptions to these guidelines, subject to the legal requirements established under the statutes of the State of Michigan, based on the merits and circumstances of each application and request.

II. Definitions

- A. Eligible Businesses - an eligible business is an industrial or commercial use or entity, whether sole ownership, partnership or corporation that meets the criteria established in State law for eligibility for tax incentives
- B. Existing Business - a single proprietorship, partnership or corporation that has a facility operating within the corporate limits of the City of Auburn Hills for which a certificate of occupancy has been issued, in which operations and/or business of the facility is taking place in substantially all of the facility and in which the corporation has been operating under a certificate of occupancy for at least one (1) year.
- C. Facility - an industrial property that qualifies as a replacement facility, a new facility, or, if applicable by its usage, a speculative building as defined by PA 198, 1974 as amended. Incentives approved as industrial property under PA 198 are issued an Industrial Facility Exemption Certificate (IFEC).
- D. Qualified Facility - a qualified retail food establishment or a building or groups of contiguous buildings of commercial property that is 15 years old or older or as further defined by PA 210, 2005, as amended. Incentives approved as a Qualified Facility under PA 210 are issued a Commercial Rehabilitation Exemption Certificate (CREC).
- E. New Business - a new business is a sole proprietorship, partnership or corporation which does not currently have operations within the corporate limits of the City of Auburn Hills.

- F. New Owner or Lessee – for those incentives that pertain to real property improvements, the term “new owner or lessee” shall be defined as follows:
 - a. A new entity that acquires, owns and occupies or leases and occupies the facility after the existing certificate holder has physically moved from or vacated the facility; OR
 - b. An entity that acquires an ownership interest of more than 50% in the existing certificate holder entity that owns and occupies or leases and occupies that facility.
- G. Personal Property - machinery, equipment, furniture, fixtures and similar items as defined in the General Property Tax Act and that are utilized by the business in producing the end product or service of the business and real property assessable as personal property.
- H. Real Property - land, buildings, parking lots, utilities and similar items as defined in the General Property Tax Act and as assessed for property tax purposes.
- I. Speculative Building - as defined in Public Act 198 as amended.

III. **Projects Eligible for Property Tax Incentive Consideration**

- A. New Facility (IFEC) - Industrial real property and land improvements, other than a replacement facility to be built or installed in a plant rehabilitation district or industrial development district by an existing business or a new business, as provided in PA 198, 1974 as amended may be granted a 50% tax incentive for real property applications approved by the City Council based upon the criteria included in Section IV of this policy. The minimum investment in a facility shall have an estimated construction value of \$2,000,000. *For purposes of clarification, no personal property tax incentive requests will be approved by the City Council.*
- B. Replacement or Rehabilitation of Obsolete Industrial Property (IFEC) - Real property which meets the definition of obsolete property as contained in the Plant Rehabilitation and Industrial Development Districts Act 198 of 1974 and is included within a plant rehabilitation district and which is proposed for occupancy by either a new business or an existing business and which will require restoration or replacement as defined in the Plant Rehabilitation and Industrial Development Districts Act 198 of 1974 may be granted a 100% tax incentive based upon the criteria included in Section IV of this policy and with the following considerations:
 - 1) The planned investment must correct functional obsolescence.
 - 2) The minimum investment in a facility shall have an estimated construction value of \$2,000,000.
- C. Rehabilitation of Obsolete Commercial Property (CREC) - Real property, including land improvements, which meets the definition of a Qualified Facility and is included within a qualified commercial rehabilitation district and which is proposed for occupancy by either a new business or an existing business and which will require rehabilitation as defined in the Commercial Rehabilitation Act PA 210 of 2005, may be granted a 100% tax incentive based upon the criteria included in Section IV of this policy and with the following considerations:
 - 1) The planned investment must correct functional obsolescence.
 - 2) The minimum investment in a facility shall have an estimated construction value of \$2,000,000.

D. Transfers - A transfer of an existing IFEC or CREC may be granted if a new business or existing business purchases or leases property which has an existing certificate in effect pursuant to the provisions of PA 198,1974 or PA 210, 2005, as amended.

E. Extension of Existing Certificates - No IFEC or CREC extensions will be authorized.

IV. Property Tax Incentive Criteria

A. Length of Property Tax Incentive – The length of the IFEC and CREC for real property incentives authorized by the City Council are subject to the following investment levels:

Incentive Time Period	Minimum Investment	Maximum Investment	Business Residency
Up to four (4) years	\$2,000,0000	\$9,999,999	See Item C below
Up to six (6) years	\$10,000,000	\$24,999,999	
Up to eight (8) years ¹	\$25,000,000	N/A	

¹ Rehabilitation 100% tax incentive certificates shall not exceed six (6) years

B. Type of Investment - Investment in real property should include buildings and ancillary facilities associated with the buildings but not include investments made by developers and/or the corporations with items such as water, sewer, streets and other off site development costs.

C. Business Residency Requirement - As a condition of receiving an IFEC or CREC pursuant to this policy, a business agrees to operate the facility for which the certificate is granted for the term of the certificate plus an additional term after the date of expiration of the certificate equal to one year of business residency per abated year. For example, a six (6) year abatement will require a twelve (12) year business residency. *Special Exception: a business eligible for an eight (8) year abatement will only be required to satisfy a twelve (12) year business residency period, in lieu of a sixteen (16) year business residency period.*

- 1) Length of Lease Term - A business requesting tax incentives for a facility under a lease must provide a lease that includes an initial length of lease equal to the business residency as outlined in this Section. Options to extend a lease will not be counted as part of the initial term of the lease.
- 2) Repayment of Tax Incentive - If a business vacates or fails to operate the facility for which the certificate is granted for the period of time as outlined in this Section, then it shall be liable for repayment of any property tax savings benefiting the business due to the existence of the certificate, beginning with the initial effective year of the certificate.
- 3) Waiver of Repayment of Tax Incentive - The repayment back taxes required by the business residency requirement may be fully or partially waived by the City Council at the request of a business. The City Council may consider, at its sole discretion, the following criteria when considering a waiver request:
 - a. The business is ceasing to operate as a result of circumstances beyond its control, such as natural disasters, unforeseen industry trends, and/or loss of a major supplier or customer.
 - b. The business sells the facility and/or operations to another business.
 - c. The business has made a substantial investment in another project or projects in the City.

- d. Property taxes and jobs have increased at another location owned by the business in the City.
- e. The business has made an effort to be a part of the City with employee volunteer assistance and charitable endeavors.

V. Property Tax Incentive Approval Process and Agreement Compliance

- A. Staff Review and City Council Approval - The business shall prepare and file on forms supplied by the City an application for a project eligible for tax incentives which shall include such information as the City Assessor may deem as required to have sufficient information to review and make a recommendation on the final application. The information required shall in all cases include as a minimum all information that is required by statute and by rules of the State Tax Commission.

In addition, the business shall include an executed copy of a Tax Incentive Agreement in a form prepared by the City and approved by the City Attorney. The application, the Tax Incentive Agreement and all auxiliary information shall be reviewed by the City Assessor, and forwarded to the City Council with any comments from the Assessor and an analysis as to whether or not the application meets the criteria established.

The City Council shall review the application and all supporting information and make a determination as to whether or not the application should be approved in accordance with the adopted policy. If the City Council approves the application and the Tax Incentive Agreement, the City Assessor shall cause the application to be forwarded to the State Tax Commission for final review and action. Applications for transfer of an existing certificate shall be reviewed by the City Assessor, and if deemed to be in accordance with the adopted policy shall be submitted for approval to City Council.

- B. Tax Incentive Agreement Compliance - The business shall be bound by and shall comply with all terms of the Tax Incentive Agreement approved by the City Council. If the City Council at any time determines that the business is in violation of the terms of the agreement or of any other criteria contained in this policy or in State Law, the City Council may notify the business of its intent to hold a public hearing on a possible recommendation to the State Tax Commission that the incentive, abatement, or exemption certificate be revoked.
- 1) The repayment terms outlined in Section IV and stipulated in the Tax Incentive Agreement may be enforced, should a holder of a certificate not fulfill the terms of this policy or the terms of the Agreement.
 - 2) Should the City become aware that the terms of the Agreement have been violated; the City of Auburn Hills Finance Director may immediately send an invoice for taxes owed, per the Agreement, to the owner or lessee of the facility for which tax incentive has been granted.
 - 3) If necessary, the City Attorney may initiate court proceedings to enforce collection of taxes owed under the terms of the Agreement.
- C. Transfer of Ownership - Whenever there is a new owner or lessee, as defined in Section 2.F, of any real property for which an IFEC or CREC has been granted, the new owner or lessee shall make application for a transfer of the certificate to the new owner or lessee immediately, but no longer than six (6) months after a change in ownership occurs. The City Council may grant requests to transfer existing certificates provided requests are consistent with this policy or any amendments made to this policy in effect at the time a request for a transfer is made. An updated Tax Incentive

Agreement shall accompany any request for a transfer of an IFEC or CREC to a new owner or lessee.

VI. Operational and Reporting Requirements

The following operational and reporting requirements shall apply to all businesses receiving tax incentives for real property and shall be enforceable on any and all business, including their successors whether or not included in the Tax Incentive Agreement executed between the City and the business.

The intent of the operational and reporting requirements is to assure that the business fulfills the obligations contained in the Tax Incentive Agreement and the application and auxiliary information supplied to the City by the business. The operational and reporting requirements also include requirements for reporting to the City any changes in investment levels and to require advance notice to the City of any intent to relocate any current business operations located within the corporate limits of the City of Auburn Hills.

The business shall report to the City as required in the Tax Incentive Agreement between the City and the business.

VII. Additional Requirements

A business receiving a tax incentive from the City further agrees:

- A. To pay the abated real property taxes timely and without penalty. In addition, the business agrees to inform the City Assessor and the City Treasurer of any plans to relocate the business from any location within the City no later than 90 days prior to the relocation.
- B. To notify the City Assessor and City Treasurer of any change in the ownership of the business's real property assets or a majority share of the business's stocks.
- C. To abide by all other city ordinances, building and zoning codes during the operation of the facility.
- D. The certificate will begin as of the date issued by the State of Michigan.



ORION Township

Oakland County, MI ...est. March 1835

(/)

2525 Joslyn Road, Lake Orion, Michigan 48360 * (248) 391-0304

Hours: Monday - Friday, 8:30 am to 4:30 pm



(/Default.aspx?tabid=6055)



Login (<https://www.oriontownship.org/login.aspx?ReturnUrl=%2fBusiness%2fTaxAbatementInformation.aspx>) |

You are here : Business (<https://www.oriontownship.org/Business.aspx>) > Tax Abatement Information
(<https://www.oriontownship.org/Business/TaxAbatementInformation.aspx>)

Tax Abatements – Industrial Facilities Exemption Certificates (IFEC)

Industrial property tax abatements provide incentives for eligible businesses to make new investment in Michigan. These abatements encourage Michigan manufacturers to build new plants, expand existing plants, renovate aging plants, or add new machinery and equipment.

Click here <http://www.michiganbusiness.org/#home-intro> (<http://www.michiganbusiness.org/#home-intro>) to view Michigan Economic Development Corporations summary of IFEC's.

Also see the list of Frequently Asked Questions:

http://www.michigan.gov/documents/taxes/IFE_FAQ_276636_7.pdf
(http://www.michigan.gov/documents/taxes/IFE_FAQ_276636_7.pdf)

about IFEC's on the State's website.

APPLICATION MUST BE SUBMITTED BEFORE ANY CONSTRUCTION BEGINS AND/OR PERSONAL PROPERTY IS PURCHASED.

- Orion Township Tax Abatement Policy (Includes policy, application, and affidavit of Fees)
(/Portals/33/docs/Att%201Tax%20Abatement%20Policy%20adopted%206-21-10.pdf)
- State of Michigan IFEC 198 Abatement Application:
http://www.michigan.gov/documents/1012f_2637_7.pdf (http://www.michigan.gov/documents/1012f_2637_7.pdf)
(Both the above documents must be filed with the Clerk's office - instructions for completions are included with the application)
- Resolutions establishing existing Industrial Development Districts:
Resolution establishing Industrial Development District No. 2009-1 (/Portals/33/docs/att%202a%20IDD%202009-1.pdf)
Resolution Establishing Industrial Development District No. 2010-1 (/Portals/33/docs/att%202b%20IDD%202010-1.pdf)
- Map of existing Industrial Development Districts: Orion Township, Michigan - Industrial Development District
(/Portals/33/pics/att 3 idd map 2.jpg) (/Portals/33/docs/Att%201Tax%20Abatement%20Policy%20adopted%206-21-10.pdf)

For more information, please contact the Clerk's office at (248) 391-0304, ext. 4002.



Charter Township of Orion

Oakland County, Michigan

Tax Abatement Policy

Whereas, the Charter Township of Orion is desirous of providing a stable tax base as a means of providing for the needs of its residents; and

Whereas, an industrial tax base often generates more revenue than it consumes in services; and

Whereas, the State of Michigan has adopted laws that encourage industrial development by allowing for the granting of property tax relief by the municipality; and

Whereas, the Charter Township Orion desires to make use of said laws,

Therefore be it resolved, that the Charter Township of Orion does hereby adopt the following industrial tax abatement policy:

Purpose

This policy, and its attached exhibits, sets forth the scope, procedures and process for consideration of requests for the granting of tax abatement in the form of Industrial Facility Exemption Certificate(s) (IFECs) consistent with the provisions of Michigan Public Act 198 of 1974, as amended (MCL 207.551 et seq.), and Public Act 206 of 1893, as amended (MCL 211.1 et seq.), with the intent of:

- ❖ Allowing the Township to administer a program which is efficient, effective, business-supportive, and accountable.
- ❖ Encouraging business growth, retention, and attraction.
- ❖ Strengthening the long-term competitiveness of local business and industry.
- ❖ Retaining and creating base manufacturing jobs.
- ❖ Generating new property tax dollars for the Township.
- ❖ Enhancing the skills and employability of the unemployed, underemployed, and employed persons within the region.

Scope

This policy applies to all P.A. 198 of 1974, as amended, applications within the Charter Township of Orion. In addition, this policy also applies to P.A 206 of 1893, as amended by P.A. 328 of 1998, applications which shall be considered on individual merit alone, without regard to any duration or other criteria set forth herein.

Summary of Procedure

Application shall be made on forms provided through the office of the Orion Township Supervisor accompanied by documents required for application for an IFEC as listed on attachment B.

Completed applications, including all required supporting documentation, shall be filed with the Orion Township Clerk along with a non-refundable application fee of \$1,000.00 to cover the cost of processing, advertising and required public hearing(s). Incomplete applications, as reviewed by the Orion Township Clerk shall not be accepted.

Accepted applications will be placed on an available Board agenda to schedule a public hearing. At the public hearing the applicant may present a summary of the application and supporting materials and answer questions from the Board. Upon the close of the public hearing the Board will take action regarding the application, including a determination of approval, number of years included in the certificate, and other permitted conditions.

Policy

1. The following standards will be applied to each request to receive an Industrial Facilities Exemption Certification (IFEC):
 - IFEC applications in approved Industrial Development Districts and/or Plant Rehabilitation Districts may be approved for an initial period of up to six (6) years, subject to allocation of personal and real property taxes in accord with the statute.
 - The Township may require an evaluation after two (2) years. If at the two (2) year evaluation the company has met the commitments agreed to in the Industrial Facilities Tax Exemption Agreement, an additional six (6) years may be granted for a maximum real/personal abatement of twelve (12) years. Provisions of P.A. 198 of 1974, as amended by P.A. 94 of 1996 shall be utilized by the Township when considering such an extension.
 - Tax abatements may be granted by the Township Board, at its sole discretion, for the purpose of strengthening the competitive operation of applicant businesses.
 - Each IFEC holder shall be required to enter into a legally-binding agreement with the Charter Township of Orion, under the provisions of P.A. 198 of 1974 as amended by P.A. 334 of 1993, covering, but not limited to, such matters as;
 - continuation of operations in the Township,
 - payment of taxes,
 - timely reporting for annual personal property statements,
 - annual submission of reports including the company's community support activities, and
 - non-discriminatory hiring practices.
 - Job creation and retention commitments by the company shall be for the duration of the exemption certificate. In the case of job retention, the burden of proof is on the applicant to show how the approval of the tax abatement would avert substantial job loss.

- Certificate holders are encouraged to provide training to upgrade the skills of its employees so as to support their advancement to higher-paying jobs in the company.
 - Certificate holders are required to provide the Township with documentation of good faith efforts to consult with Michigan Works to review job applications of Township residents who have completed or participated in local employment training programs, prior to filling new jobs in its facilities.
 - The Township will not grant tax abatement for office equipment such as furniture and fixtures, either in Plant Rehabilitation or Industrial Development districts. However, computers and computer-related equipment shall be eligible items considered for tax abatement.
 - To be eligible for a tax exemption certificate, the applicant shall not be delinquent in its payment of any local taxes.
 - A certificate holder shall annually file a report in the Township Supervisor's office by August 15th of each year during the life of a IFEC regarding its record of job retention and job creation, the number of Orion Township residents hired during the time period of the report, any community support activities, and other business information that will assist the Township in evaluating the companies activities and helping the Township build economic stability. Annual reports must be posted by the certificate holder on-site for at least thirty (30) days after being submitted to the Township to allow review by company employees. The Township Clerk and Supervisor will file a report to the Township Board on the status of IFEC's in Orion Township not later than October of each year.
 - Under certain conditions the Township may consider an applicant eligible for a combination of P.A. 198 of 1974, as amended, and P.A. 328 of 1998 tax abatement. This is in the sole discretion of the Township.
2. Plant rehabilitation projects qualify for approval only if there is a change in use, a change in ownership, or the value of the project substantially exceeds the statutory minimum requirements (10%), and the project is not attributable to delayed or deferred maintenance.
 3. The Township may require a statement of intent by an applicant seeking to establish a Plant Rehabilitation district regarding the scope and nature of its Plant Rehabilitation project. The Township shall retain the right to dissolve the district if the applicant's subsequent application is not consistent with the statement of intent.
 4. The Township may dissolve all, or a portion of, Plant Rehabilitation districts after an Industrial Facilities Exemption Certificate (IFEC) is issued.

5. The applicant shall agree that should ownership of the business and/or facility for which a IFEC is issued be changed in the future, thereby requiring a hearing before the Charter Township of Orion Board of Trustees under state law, the transferee or new owner shall abide by all the terms and conditions originally granted.
6. A tax exemption certificate may be revoked if a certificate holder:
 - a. fails to meet the terms of its certificate agreement, including payment of taxes and assessments;
 - b. abandons its facilities; or
 - c. fails to complete construction or rehabilitation of a facility within two (2) years as required by statute.

Effective Date

June 22, 2010

Attachments

Exhibit A – Definitions

Exhibit B – Checklist of Documents Required for Application for IFEC

Exhibit C – Act 198 Agreement Form

Exhibit D – Information summary and Affidavit of Fees

See Also

Michigan P.A. 198 of 1974; P.A. 334 of 1993; and P.A. 94 of 1996. Any conflict between this policy and state law shall be controlled by state law.

EXHIBIT A

Definitions

Plant Rehabilitation District: A Plant Rehabilitation District is established by a finding and determination that property aggregating not less than 50% of the State Equalized Value (SEV) of the industrial property within the district is “obsolete”.

Obsolete Industrial Property: Means a manufacturing plant which is currently operating at below-efficiency levels and requires a major investment in the way of equipment replacement or structural changes, or both, to eliminate or reduce the cause of inefficiency and enable the company to continue to operate in a more competitive and more economic situation. Under the law, industrial property is considered obsolete if its condition is in substantially less than an economically efficient functional condition. In other words, the desirability and usefulness of this property is impaired due to the need for changes in design, construction, technology or improved production, processes or because of external influencing factors which make the property less desirable and valuable for continued use.

Replacement: Means the complete or partial demolition of obsolete industrial property and the complete or partial reconstruction or installation of new property of similar utility.

Restoration: Indicates changes to obsolete industrial property, other than replacement, which are needed to eliminate that condition of obsolescence. Generally speaking restoration means major renovation of obsolete industrial property. If the planned improvements amount to less than 10% of the true cash value of the industrial property, they will be considered delayed maintenance and will not be eligible for tax exemption.

Replacement Facility: Is an industrial property which is designed to replace existing obsolete industrial property located within a plant rehabilitation district. Most “replacement facility” projects will fall within one of the following categories:

- **Total rehabilitation of an existing plant:** A manufacturing facility can no longer operate efficiently due to obsolescence. The company proposes to restore the plant by improving the buildings and replacing machinery throughout the plant; or the plant may be so obsolete that rather than restore the same, the company finds it more economical to replace the old plant with a new one. This is allowed as long as the replacement plant is built within the same municipality where the old plant is situated.
- **Partial rehabilitation of an existing plant:** If only a portion of an existing plant is obsolete and the company proposes to rehabilitate this portion by improving the building and replacing the obsolete property within the obsolete section of the plant, then this particular section of the plant can be certified for exemption while the remaining portion will continue to be fully taxable.
- **Rehabilitation of buildings only:** If the obsolescence affects only the buildings and the company plans to restore the same or replace them with newly constructed buildings while continuing to use the same machinery and equipment as before, then the exemption will apply to the real property only while the personal property will remain advalorem taxable.

Exhibit A – Definitions, continued...

New Facility: Is industrial property (other than a “replacement facility”) to be built in a plant rehabilitation district or industrial development district. Most “new facility” projects will fall within one of the following categories:

- **A completely new plant:** A new company proposes to construct a new building and equip the same with new machinery and equipment to begin a new manufacturing operation. Or this may be an existing company that is proposing to branch out at another location.
- **An expansion of an existing plant:** A growing company wants to expand its capacity and proposes to build an additional to the existing building and purchase new machinery and equipment to be housed in the new addition.
- **A new plant developed from an existing shell building or other existing building:** A company acquires an existing shell building or other unused building and proposes to utilize the same for manufacturing. The “new facility” will, in this case, encompass the acquisition and installation of any new machinery and equipment and the value of any changes and additions to the existing structure which are needed for the new plant.
- **A new building:** A company proposes to construct a new building but plans no new machinery and equipment acquisitions. This may occur when the company’s existing facilities will no longer be available (expiration of lease) or adequate, and new facilities are needed to continue operating. The “new facility” project will only cover the new building, as the company plans to continue using their existing machinery and equipment. The construction of a warehouse will also fall under this heading when no personal property acquisitions are required as part of the project.
- **New machinery and equipment only:** These are projects involving no new construction. They cover cases in which new plants are developed utilizing existing buildings which require only minor changes. They also cover cases in which new machinery and equipment is acquired (to expand capacity or add a new line) and the same is installed within the existing plant.

EXHIBIT B
Checklist of Documents Required for Application for
Industrial Facilities Tax Exemption (IFT) Certificate

CHARTER TOWNSHIP OF ORION
2525 JOSLYN RD., LAKE ORION, MI 48360; (248) 391-0304

Please include the following required information with a completed application package and submit all materials to the Orion Township Clerk's Office.

- One (1) completed original and three (3) copies of the completed IFT Certificate Application form (Form L4380) as established by the State Tax Commission. The application can be obtained by visiting the State Treasury website at www.michigan.gov/treasury, then scroll down to the "Treasury Forms" box and click on: Property Tax Forms, then Property Tax Abatement/Exemption. This form will ask the application to provide the following:
 - A complete list of new machinery, equipment, furniture and fixtures which will be used in the facility. The list should include description, type, identification, date of (expected) acquisition/installation by month/day/year, and (expected) cost.
 - If construction has already commenced, proof of the date construction started (groundbreaking) such as building permits, footing inspection reports, certified statements or affidavit from the contractor. Start of construction may not occur more than six (6) months before the filing of this application (§207.559(2)(c) of PA 198 of 1974).
 - Verification that the petitioner bears the tax liability for both ad valorem and personal tax for the subject property. You may use the Affidavit of Ownership form.
 - Two (2) copies of Proof of Ownership; Land Contract, Affidavit of Land Contract, Option/Purchase Agreement, Deed, etc.
 - An accurate legal description showing the specific location of the property within which the proposed exempt use will take place.
 - An application fee in the amount of \$1,000.00.

APPLICANTS TAKE NOTICE OF THE FOLLOWING:

1. **Legal Basis.** This application packet was prepared in accordance with Public Act 198 of 1974, as amended. All section references, except where otherwise noted, refer to this Act.
2. **Submitted Deadline.** Submittal of an IFT application **MUST** be received by the Township no later than six (6) months after commencement of the project. The Industrial Development District must be established before an IFT application can be accepted.
3. **Attendance Required at Public Hearing.** The Orion Township Board of Trustees requires the Petitioner or their Representative to be present at the public hearing, otherwise the item will be tabled to another meeting date.

INDUSTRIAL FACILITIES TAX EXEMPTION (IFT) CERTIFICATE REVIEW PROCESS

STEP 1: Applicant submits a completed application form as prescribed by the State Tax Commission. Items required include a general description of the facility and its proposed use, the general nature and extent of the proposed restoration, replacement or construction, a descriptive list of equipment that will be part of the facility and a timeline for the project.

STEP 2: The Clerk's Office will verify that the property in question is located in a previously established IDD. If an IDD has not already been established, the applicant must first request the Township Board establish a district as required by law.

STEP 3: The Clerk's Office will send a copy of the application to the Township Attorney for review and verification. A copy is also sent to the Township Assessor for their files.

STEP 4: If approved by the attorney, the item will be placed on the next available Board of Trustees agenda for consideration of the application. The Board of Trustees will set a public hearing date.

STEP 5: The item is placed on the next available Board of Trustees agenda for a public hearing (see MCL 207.555 (2)). Notice of the hearing shall be sent by regular mail to the Township Assessor and the legislative body of each taxing unit within the district that collects ad valorem taxes (see MCL 207.555 (2)). **The applicant must be present at the public hearing.**

STEP 6: The Clerk's Office drafts a Resolution and Abatement Agreement, according to State requirements, for consideration by the Board to either approve or disapprove the application.

STEP 7: The Board holds the public hearing and takes action on the request. The Board shall, by resolution, state its decision to either approve or disapprove the application. If denied, the reasons shall be set forth in writing in the resolution. If approved, the Board shall set the number of years for which the district will be valid and they will instruct the clerk to sign the resolution (see MCL 207.556).

STEP 8: The Township and the operator of the facility will execute an agreement outlining the conditions and recourses to be upheld during the abatement period.

STEP 9: If necessary, Forms T-1044A and/or T-1044, as created by the State Tax Commission, shall be completed. These are necessary if the abated SEV exceeds 5% of the Township's total SEV.

STEP 10: If the application is approved, the Clerk shall forward the application, resolution and other necessary information to the State Tax Commission (see MCL 207.556).

STEP 11: After review by the State Tax Commission, they will send the Industrial Facilities Exemption Certificate, or notice that the application was denied, to the Township by certified mail (see MCL 207.557(2)).

STEP 12: A copy of the Exemption Certificate shall be kept for the file, and another sent to the Assessor's Office for implementation.

EXHIBIT C
ACT 198 AGREEMENT FORM



CHARTER TOWNSHIP OF ORION
OAKLAND COUNTY, MICHIGAN
ACT 198 AGREEMENT

This agreement is between the Charter Township of Orion, a local governmental unit, whose address is 2525 Joslyn Rd., Lake Orion, Michigan 48360, and

_____, a _____,
hereinafter referred to as the "Applicant", whose address is: _____

WHEREAS, the Charter Township of Orion is willing to approve the granting of an Act 198 Exemption Certificate, pursuant to Michigan Public Act 198 of 1974, as amended;

AND WHEREAS, Michigan Public Act 334 of 1993 requires that an Applicant and a local unit of government enter into an agreement as a condition to the approval of an Exemption Certificate;

AND WHEREAS, the Charter Township of Orion has established certain terms and conditions in order for an Exemption Certificate to be approved;

AND WHEREAS, the Applicant is willing to accept and be bound by such terms and conditions in order to receive an Exemption Certificate which will grant tax relief to the Applicant.

NOW THEREFORE, the Charter Township of Orion and the Applicant agree as follows:

1. Exemption Certificate. The Charter Township of Orion hereby approves of the granting of an Exemption Certificate by the State of Michigan in accordance with its resolution approving the same for an application received on _____, 20____, with an estimated project cost of \$_____.
2. Terms and Conditions. The Applicant hereby agrees that in exchange for receiving such tax benefits as are permitted to holders of an Exemption Certificate that it shall be bound by the following terms and conditions during the time period the Exemption Certificate is in effect:
 - A. That all utility bills to the Charter Township of Orion are paid within thirty (30) days of billing;
 - B. That all property tax bills are paid prior to such due dates after which interest would accrue;
 - C. That all assessments, fees, and/or charges which may be incurred or levied in the development of the property are paid without protest or challenge;
 - D. That the Applicant provide information periodically as requested by the Charter Township of Orion and permit the Charter Township of Orion and its agents to inspect the property and records of the Applicant during the term of the Exemption Certificate so as to verify property values and employment levels;

Exhibit C – Act 198 Agreement Form,, continued...

- E. That the Applicant maintain employment levels in the Charter Township of Orion as proposed in its application; and,
 - F. That the Applicant abide by all ordinances and regulations of the Charter Township of Orion, subject, however, to such exceptions as may be granted by a public body empowered to grant a legal exception to an ordinance or regulation of the Charter Township of Orion;
 - G. The Applicant is at all times in compliance with all federal, state and local laws, regulations and ordinances concerning environmental matters.
3. Revocation Reservation. The fulfillment of the conditions of this Agreement provided for in Paragraph 2 is a purpose for which the Certificate of Exemption was approved by the Charter Township of Orion, in addition to the purposes established by law. Failure to uphold these conditions will be considered to be operating the facility in bad faith in a manner not consistent with the purposes of Act 198 of the Public Acts of Michigan, 1974, as amended, and will be considered to be circumstances within the control of the holder of the Exemption Certificate justifying the revocation of the Exemption Certificate.

The Township Board of the Charter Township of Orion retains the right to revoke any Exemption Certificate for violation of any of the conditions stated in Paragraph 2 above. If the Applicant within three (3) years of commencing the operation after receiving an Industrial Facilities Exemption Certificate moves the operations outside the Charter Township of Orion, then all of the abated tax will be paid to the Charter Township of Orion. If the operations leaves after three (3) years but before six (6) years have expired, then one-half of the abated tax will be returned. After six (6) years no penalty will be applied. Likewise, if an Exemption Certificate is revoked for any of the reasons stated in Paragraph 2, then the same repayment of tax schedule shall be applied as if the Applicant had moved its operations outside of the Charter Township of Orion.

4. Effect. This Agreement shall be binding upon the Charter Township of Orion and the Applicant, and upon their successors and assigns. This Agreement shall be interpreted in accordance with the laws of the State of Michigan. Upon default, the other party shall be liable to the non-defaulting party for the reasonable attorney fees and court costs which may be incurred in enforcing a term or condition of this Agreement. This Agreement represents the entire Agreement of the parties, and replaces any prior oral, written or implied agreement of the parties. This Agreement may only be amended upon the mutual written agreement of the parties.

In witness thereof on the dates hereinafter indicated:

Witness: _____	Township: _____ By: _____ Its: _____ Date: _____
Witness: _____	Applicant: _____ By: _____ Its: _____ Date: _____

EXHIBIT D
INFORMATION SUMMARY & AFFIDAVIT OF FEES

The Charter Township of Orion, Oakland County, Michigan
Act 198 Information Summary

Name of Applicant: _____

Telephone Number: _____ Fax Number: _____

1. SIC Number: _____

2. Type of Product(s): _____

3. Year of Establishment of the Business: _____

4. Number of years the business has been located in the Charter Township of Orion: _____

5. If not in the Charter Township of Orion, number of years in community where
presently located: _____

6. Total employment in the Charter Township of Orion:

	Current	Projected (next 12 months)
Full-Time	_____	_____
Part-Time	_____	_____
Temporaries	_____	_____
TOTAL	_____	_____

7. Estimate of how many projected new jobs will be provided: _____

*Exhibit D – Information Summary & Affidavit of Fees, continued...***Industrial Facilities Tax Exemption Affidavit of Fees**

In accordance with State Tax Commission Bulletin No. 3 dated January 1998, the Local Unit and Applicant for Industrial Facilities Exemption Certificate do hereby swear and affirm that no payment of any kind, whether they be referred to as “fees”, “payments in lieu of taxes”, “donations”, or by other like items, such payments are contrary to the legislative intent of Act 198 that exemption certificates have the effect of abating all ad valorem property taxes levied by taxing units with the unit of local government with which approves the certificate.

We do swear and affirm by our signatures below that “no payment of any kind in excess of the fee allowed, as amended by Public Act 323 of 1996, has been made or promised in exchange for favorable consideration of an exemption certificate application”.

Charter Township of Orion

Signed: _____

Printed Name: _____

Title: _____

Dated: _____

Applicant/Company

Signed: _____

Printed Name: _____

Title: _____

Dated: _____

Tax Breaks for Commercial

Building Improvements

-City of Falls Church-

Commercial Property Rehabilitation Tax Abatement Program

How does the program work?

If you are the owner of a commercial building that is at least 20 years old, located in the City of Falls Church, and you are planning to make improvements to the building that will increase its value by at least 50%, you may qualify for an abatement of property taxes on the value of your investment.

Are there other eligibility requirements?

Improvements to commercial buildings must result in commercial uses of the space. In other words, a commercial building cannot be converted to residential uses and qualify for the program.

The value of a building *prior to improvements* (the “base” value) is established for tax assessment purposes. Then the *difference between that base value and the final improvement value will determine the tax amount abated by the City for up to five years*. The value of land on which a building sits is not eligible for tax abatement nor is increased value of a building due to inflationary factors – only the increased value of improvements to the building, itself.

Eligible improvement projects cannot add more than 100% to the square footage of a building. For example, a 50,000 square foot building could qualify for tax abatement on the assessed value of an additional 49,999 square feet, but no more.

Program eligibility is restricted to single projects. Separate applications are required for improvement projects in separate buildings or separately-timed projects in the same building. Building permits must be issued within a 60-day period from the time of acceptance into the City’s tax abatement program and must be completed within two years from the date of the initial construction permit.

How do I get started?

All real estate taxes on the building and property must be paid and current prior to the City's acceptance of an application. After acceptance, taxes must remain current to continue eligibility and avoid penalties. During the construction phase of the project, the City will assess taxes at 100% of assessed value and until the final value appraisal.

Appropriate building permits must be obtained before an application is filed. There is a \$50 application fee (payable to the City of Falls Church) for the commercial rehabilitation tax abatement program.

The city assessor must inspect the building three different times:

1. Upon receipt of the application;
2. Immediately prior to the commencement of the proposed improvements;
and
3. Upon completion of the project.

A written request must be submitted to the city assessor for final inspection (Step 3). The building owner must submit a detailed list of their actual improvement costs to the city assessor for review.

How long may I get tax relief and will the abatement change during that time?

Tax abatement will be for a period of five years and will start on January 1 of the year following the completion of the project. For example, if an application is received January 15, then the applicant would wait until the following calendar year to receive tax abatement.

The amount of the tax abatement will be fixed and will not *increase* over time. However, the tax abatement amount may be *reduced* if the property improvement value declines during the tax abatement period.

If a qualified property transfers ownership during the eligibility period for a project, the tax abatement will transfer with the property.

Would a new building qualify under the program?

The program does not apply to properties built on vacant land.

Can you provide an example of exactly how the tax abatement is calculated for an eligible property?

If a property has an overall assessed value of \$1 million, comprised of a land value of \$600,000 and a building value of \$400,000, the building value is the pertinent number. The building value must increase at least 50%, or \$200,000 in this example, for improvements completed with a two-year period following application to the program.

Taxes abated on \$200,000 in assessed building improvement value are calculated as follows using the 2010 City real estate tax rate: $\$200,000 \times 0.0124 = \$2,480$. The tax abatement would extend for five years. The abatement amount would be a *maximum* value of \$2,480 per year in this example, using \$200,000 in increased value times the City's current real property tax rate, which can change from year to year.

How do I get additional information?

The City's Real Estate Assessment Office administers the Commercial Property Rehabilitation Tax Program. Contact the assessor's staff at 703-248-5022 or realestate@fallschurchva.gov. The office is located at 300 Park Avenue, Suite 104 West, Falls Church, VA, 22046.

The Commercial Property Tax Abatement Program application is attached.

Application for Commercial Property Rehabilitation
Tax Abatement Program
-- CITY OF FALLS CHURCH --

Please Note: This application must be completed and submitted to the City Assessor with a fee of \$50.00 payable to the *City of Falls Church*. No property shall be eligible for program benefits until building permits have been obtained and verified by the city's Building Official. In addition, the City Assessor shall conduct an inspection and valuation of the structure to establish a base value upon receipt of the application and before rehabilitation work is started.

Property Owner(s) – PLEASE PRINT ALL INFORMATION

Property Address

Date Structure was Built (Must Be at Least 20 Years Old)

Current Use(s) of the Structure

Description of Property Improvements Proposed (ATTACH ADDITIONAL SHEET IF NEEDED)

Contact Name of Applicant (IF OTHER THAN OWNER)

Applicant's Mailing Address

Applicant's Phone

Applicant's Email Address

I certify that the information contained in this application is, to the best of my knowledge, both correct and true.

Applicant's Signature

Date

*****DO NOT WRITE BELOW THIS LINE (OFFICE USE ONLY)*****

Application # _____ RPC # _____ Building Permit # _____

Building Permit Date _____ Base Value \$ _____

Completed Value \$ _____ Approved Amount of Tax Exemption \$ _____

\$50.00 Application Fee Paid _____ Date Received _____