



City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS

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Legislative File No: 2011-0413 V4

TO: Mayor and City Council Members

FROM: Ed Anzek, Director of Planning & Economic Development, ext 2572

DATE: October 13, 2016

SUBJECT: Request to transfer IFT Certificate #2011-496 from Eagle Ottawa, LLC to Lear Corporation.

REQUEST:

On September 27th, the City received a letter from Lear Corporation informing us that it acquired Eagle Ottawa, LLC in 2015. As a result of the acquisition, Lear Corporation became the owner of all real and personal property assets. As such, Lear Corporation has requested that the balance of the IFT Certificate issued to Eagle Ottawa be transferred to the new legal entity.

BACKGROUND:

Eagle Ottawa, LLC is among the oldest automotive leather suppliers in the world dating back to when the company started in 1865. For over 55 years, Eagle Ottawa has operated in Rochester Hills, primarily in the building it owns located at 2930 W. Auburn Road. While the level of production has changed over the years, the company has continued to find value in this Rochester Hills operation.

In 2011, Eagle Ottawa planned to return some of its production operations to the United States from Mexico and expand its Rochester Hills' capabilities as the company's North American Research & Development Center. City Council approved a personal property tax abatement for 8 years for Eagle Ottawa's investment of \$4,760,000 in machinery and equipment and plan to retain 39 jobs and create 5 new jobs.

Since the approval of the tax abatement, Eagle Ottawa has continued to invest in its Rochester Hills operations. In 2014, Eagle Ottawa constructed a 22,000 square foot addition to the building to allow for expanded product development capabilities. The acquisition of Eagle Ottawa by Lear Corporation has allowed for additional investment and growth in the Rochester Hills' operations. Approximately 166 people work at the Rochester Hills facility today – an increase of almost 300%. With Lear's current business plan to maintain the Rochester Hills location and continue to invest in its capabilities and people, Lear requests the balance of the IFT certificate (5 years) be transferred to the new legal entity maintaining ownership of these assets. Company representatives plan to attend the October 24th meeting to provide a brief update on Eagle Ottawa's progress and answer any questions City Council might have.

RECOMMENDATION:

Please approve the transfer of IFT Certificate #2011-496, currently in the name of Eagle Ottawa, LLC to Lear Corporation.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
Deputy Clerk		

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