



**City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS**

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Legislative File No: 2007-0493 V3

TO: Mayor and City Council Members

FROM: Ed Anzek, Planning & Development Director, ext. 2572

DATE: September 6, 2007

SUBJECT: Request for an Industrial Facilities Exemption Certificate by Ovonix Technologies, Inc. for Personal Property

REQUEST:

Ovonix Technologies, Inc. is requesting that City Council approve an Industrial Facilities Exemption Certificate (IFT) for personal property only, to be located at 2956 Waterview Dr. for a period of eight (8) years.

BACKGROUND:

Ovonix Technologies, Inc. has applied for an IFT under terms of the City Council's Policy. It is proposing to acquire a \$3,853,500 in new personal property and complete \$190,000 in building improvements for a total investment of \$4,043,500. Nearly all of the personal property investment is for specialized analytical equipment for its test laboratory. In addition, this investment will result in the retention of 22 employees in the community and creation of 10 new positions within two years of project completion. In its application, it is requesting an abatement of personal property only over an eight-year period.

Ovonix, Inc. was formed in 1999 with a charter to commercialize the proprietary phase-change semiconductor memory technology originally developed by Energy Conversion Devices, Inc. (ECD). ECD exclusively licensed all of its intellectual property in the area of phase-change electrical memories, including patents, to Ovonix when the company was formed. Today, ECD is a 39% owner of Ovonix, Inc. Ovonix Technologies, Inc. is the subsidiary established to develop and commercialize the technology. Essentially, the memory technology would replace existing batteries in mobile communication devices, such as the cell phone.

The City's Tax Abatement Review Committee evaluated the application and has concluded that it is consistent with the goals and objectives in the Policy and generally meets the criteria established by City Council.

Specifically, Ovonix Technologies, Inc's project meets the following Policy goals:

1. **It encourages development that will increase the economic vitality of the industrial and high technology districts** – The project generates new revenue for the LDFA.
2. **To create and retain employment from existing eligible facilities that might, otherwise, leave the City** – The project retains 22 employees and creates 10 new positions, all technical, engineering and scientific in nature.

3. **To assist in the rehabilitation of older facilities and/or expansions of existing industrial or high technology facilities** – This project will bring \$3.8-million in research and development testing equipment into the City and LDFA District.

Ovonyx Technologies, Inc.'s project also meets the following Policy guidelines:

1. The project is in compliance with the Rochester Hills Zoning Ordinance and Master Plan
2. No outstanding taxes are owed by the applicant
3. Permanent jobs will be created or retained as a result of the project
4. The project has not started prior to the City's receipt of the application and it is located in a qualifying Industrial Development District – this assumes that Council agrees to create the District
5. There is a demonstrated need for financial assistance – Ovonyx would not make all of this investment but for the abatement
6. The applicant is an equal opportunity employer
7. The prospects for long-term growth are present – even after this investment, the company will still have room at its facility for more employees and equipment, and Ovonyx is poised for tremendous growth
8. There is no current pending litigation against the City by the applicant or its agent

Ovonyx Technologies, Inc. made a presentation at City Council's Workshop Meeting of September 5, 2007, which was followed by a Public Hearing.

RECOMMENDATION:

Approve the request by Ovonyx Technologies, Inc., for an Industrial Facilities Exemption Certificate for **personal property only** for a period of eight (8) years based on the following reasons:

1. The IFT will generate new taxes to the taxing authorities, including Rochester Hills
2. The IFT will retain jobs and create new employment in Rochester Hills
3. The IFT, considered together with the aggregate amount of industrial facilities exemption certificates previously granted and currently in force, does not have the effect of substantially impeding the operation of the City of Rochester Hills or impairing the financial soundness of a taxing unit that levies an ad valorem property tax in the City
4. The facility is located in an Industrial Development District, which was established on September 12, 2007
5. The commencement of the project has not occurred prior to the City's receipt of a request to establish the Industrial Development District
6. The project is consistent with the goals and objectives of the City Council's Tax Abatement Policy and generally meets the criteria in the Policy

RESOLUTION

NEXT AGENDA ITEM

RETURN TO AGENDA

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Mayor		
City Council Liaison		

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