

CITY COUNCIL POLICY

CITY OF ROCHESTER HILLS, MICHIGAN

TITLE: TAX ABATEMENT POLICY REVISIONS

RELATES TO: Amendments to above Policy

RESOLUTION #:

IS THIS A NEW POLICY? Yes _____ No X

IF NO, SUPERCEDES PREVIOUS POLICY DATED: (Revisions) April 21, 1997

TAX ABATEMENT

On January 22, 1992 City Council adopted a tax abatement policy. As a result of changes to the state legislation in year 2000, the Rochester Hills policy has been amended to comply with these changes.

Attached for your review is a brief summary of Public Act 198 of 1974 as amended, the Plant Rehabilitation and Industrial Development Districts Act.

Important considerations of P.A. 198, as amended:

The City policy on the use of tax abatement has been to selectively use this incentive as a retention tool for existing Rochester Hills businesses that need to expand, or for the renovation and/or rehabilitation of dilapidated or deteriorating facilities.

"Exhibit A" (attached) shows the City of Rochester Hills, under its previous policy, granted tax abatement two times under Act 198, as amended:

1. Eaton Corporation (formerly Lectron Products, Inc.) – expired in 2001;
2. Energy Conversion Devices - expires in 2006;

Prior to 1987, the City utilized the program to approve more than 40 abatements. At that time, the City was achieving average growth of annual assessed value of 20%, which resulted from the development of many of the industrial parks that exist today.

The maximum permissible length of tax abatement is two years during construction and 12 years after project completion. The Rochester Hills policy is based on a matrix, "Exhibit C and D", which equates the length of abatement with (a) the new investment and (b) the number of new employees added and/or retained, to consider each application consistently.

As a result of Proposal A in 1994, the millage rates the City may consider under Act 198 excludes the State Education Tax. It also is important to remember that tax abatement does not relieve the property of all taxes. On plants being replaced or restored, the assessed value of the plant is "frozen" at the level of the obsolete facility prior to improvement, and the company

continues to pay taxes at that rate; but the value of the improvement receives a 100% exemption from the property tax. For a new facility, the tax is treated similarly to the property tax, but only half the millage rate is applied, which results in a 50% reduction in property taxes on the new construction and/or equipment. In each instance, the land is not included in the abatement and, therefore, is taxed at 100%.

The attached "Exhibit B" provides a policy on tax abatement under the revisions to P.A.198, as a result of Proposal A and the amendments in 2000.

EXHIBIT A

CITY OF ROCHESTER HILLS TAX ABATEMENTS since 1996 under Plant Rehabilitation & Industrial Development Districts Act, P.A. 198 of 1974, as amended				
#	Name	Location	Purpose	Period
1.	Energy Conversion Devices	2956 Waterview Dr. (Headquarters)	Personal property	2002-2006 (5 years)
2.	Lectron Products, Inc.	1400 S. Livernois	Real & Personal Property	1996-2001 (expired)

EXHIBIT B

<p>Plant Rehabilitation and Industrial Development Districts Act, P.A. 198 of 1974, as amended</p>

POLICY CONSIDERATIONS CITY OF ROCHESTER HILLS, MICHIGAN

While a need exists to improve industrial properties in the City of Rochester Hills, a need also exists to maintain an adequate tax base and to minimize, or prevent, the shifting of the "tax burden" from industrial/high-tech properties to the City's residential properties.

As a means of accomplishing both the improvement of industrial/high-tech property and the maintenance of an adequate tax base, an application for an Industrial Exemption Certificate will be reviewed on its merits with respect to the degree to which it will assist in achieving the defined goals of the City of Rochester Hills; that is, to both serve the residents of the City and act as an inducement for these goals. Only in those cases where substantial benefit occurs to the City will an Exemption Certificate be considered. All procedures, rights and obligations concerning such exemptions are subject to the Plant Rehabilitation and Industrial Development Districts Act, P.A. 198 of 1974, as amended.

1. GOALS

Plant Rehabilitation and Industrial Development Districts may be established for the following reasons:

- A. To reduce property taxes as an obstacle to development of problem parcels of industrial real estate;
- B. To reduce property taxes as an inducement for the conversion of warehousing or distribution space to high-technology or office space;
- C. To encourage development that will increase the economic vitality of the industrial and high-technology districts;
- D. To create and retain employment from existing eligible facilities that might, otherwise, leave the City;
- E. To assist in the rehabilitation of older facilities and/or expansions of existing industrial or high-technology facilities;
- F. To enhance the general attractiveness of the community;
- G. To attract companies and facilities engaged in advanced manufacturing; advanced computing or other computer-related industries; life sciences or biotechnology; nano-technology; alternative energy; or any high-technology activity that qualifies under Public Act 144, of 2000.

2. ELIGIBLE FACILITIES

Industrial plants eligible for tax benefits under Act 198 are those that primarily manufacture, or process, goods or materials by physical change. Related facilities of Michigan manufacturers such as, offices; engineering; research and development; warehousing; or parts distribution also are eligible for exemption. Additionally, facilities associated with high-technology activity are eligible. High-technology activity is defined

in Public Act 144, as approved by the Legislature for the State of Michigan in year 2000, and includes advanced computing, advanced materials, biotechnology, electronic device technology, engineering or laboratory testing, medical device technology, product research and development, advanced vehicle technology or technology that assists in the assessment and prevention of threats or damage to human health or the environment, such as environmental cleanup technology, pollution prevention technology or development of alternative energy sources.

The exemption applies to buildings; building improvements; machinery; equipment; furniture; and fixtures. Real property and personal property are eligible, whether owned or leased (provided the lessee is liable for payment of taxes on the property).

The exemption covers only the specific project, which is the subject of the application for an Industrial Facilities Exemption certificate. Existing buildings or equipment existing prior to construction of a "new facility," are not exempt. If the property is a "rehabilitation," the value of any preexisting, obsolete property is exempt from ad valorem taxes, but will be used as the base for the Industrial Facility Tax. Similarly, any structures or equipment added subsequent to the completion of the project, are fully taxable.

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

3. INDUSTRIAL FACILITY TAX

Obsolete Facility

For an obsolete plant that is being replaced or restored, the Industrial Facilities Tax is determined similar to an ad valorem property tax, except the assessed value of the plant is "frozen" at the level of the obsolete facility prior to the improvement. This results in a 100% exemption from the property tax on the value of the improvement.

New Facility

For a new plant, the Industrial Facilities Exemption Tax also is determined similar to the property tax, but only one-half the millage rate (with the exception of the State Education Tax) is applied. This amounts to a 50% reduction in property taxes on new construction, facility renovations or expansions that do not qualify as "Obsolete Facility" improvements and/or new machinery and equipment.

Within 60 days of the City granting an Industrial Facilities Exemption Certificate, the State Treasurer may exclude one-half, or all, of the number of mills levied under the State Education Tax Act, from the specific tax calculation on the facility, if it is determined that reducing the number of mills used to calculate the specific tax is necessary to reduce unemployment, promote economic growth and increase capital investment in the state.

Millage Rates

The millage rate for the various taxing jurisdictions will vary from year to year but, for illustrative purposes, the following jurisdictions and their millage rates are identified:

<u>Rochester Community School District</u>	<u>Millage Rate – Summer 2004</u>
City of Rochester Hills	9.3681 Mills
Rochester Community Schools	5.1800
Combined Oakland County	8.0265
Oakland Community College	1.5889
State Education Tax	<u>6.0000</u>
	30.1635 Total Mills

<u>Avondale School District</u>	<u>Millage Rate – Summer 2004</u>
City of Rochester Hills	9.3681 Mills
Avondale School District	9.0092
Combined Oakland County	8.0265
Oakland Community College	1.5889
State Education Tax	<u>6.0000</u>
	33.9927 Total Mills

An Industrial Facilities Exemption Certificate shall become effective on December 31 following the issuance of the Certificate. The maximum period that a Certificate may be in effect is 12 years after the completion of the facility for the real property and personal property components of the facility. The date of issuance of a certificate of occupancy shall be the date of completion of the facility. The future replacement of new equipment, fixtures, furnishings or additional leasehold improvements after the completion of the initial facility cannot be abated.

In the case of companies leasing facilities and not responsible for property taxes, exemptions only of personal property can be approved, but the length of the abatement shall not exceed the length of the lease term; and the abatement must be the City's local contribution to a Michigan Economic Growth Authority grant, as approved by the MEGA Board, although the City retains the authority to waive this requirement.

Rochester Hills City Council may revoke the Certificate if it is determined that completion of the facility has not occurred within two years after the effective date of the Certificate; or a greater time as authorized by the City Council for good cause; or if the holder of the Certificate has not proceeded in good faith in a manner consistent with the purposes of the Plant Rehabilitation and Industrial Development Districts Act in the absence of circumstances beyond the control of the holder.

4. AGREEMENT

An Industrial Facilities Exemption Certificate shall not be approved and issued unless a written agreement is entered into between the City of Rochester Hills and the owner of the industrial facility and filed with the Michigan State Department of Treasury. A

sample copy of an agreement is attached to this policy statement.

5. APPLICATION PROCESS

Granting Industrial Facilities Exemption Certificates involves the City of Rochester Hills and the State of Michigan. The City prefers receiving requests for the establishment of a district simultaneously and in conjunction with an application for tax abatement, and reserves the right to approve both requests simultaneously or individually.

A. Establish Industrial Development District or Plant Rehabilitation District

Either the City Council or owners of 75% of the taxable value of the industrial property located within the proposed district may initiate action to establish an Industrial Development District or a Plant Rehabilitation District. A request for establishment of such a District must be filed with the City Clerk prior to commencement of the construction, alteration, or installation of equipment.

Written notice, by certified mail, of the proposed District must be provided to the owner of all real property within the proposed District prior to a public hearing.

B. Request for Industrial Facilities Exemption Certificate

Upon receipt of an application for a certificate made to the City Clerk on forms provided by the State Tax Commission (copy attached), notices will be given to each taxing jurisdiction that levies ad valorem property taxes and shall afford the various taxing units an opportunity for a hearing.

Applications for exemption 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 application.

C. Submittal to State

If the application for a Certificate is approved, the City Clerk shall forward the application to 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 exemption certificate.

D. Application Fee

A non-refundable fee of \$500 must accompany the request to create a Plant Rehabilitation District or an Industrial Development District.

A non-refundable filing fee of \$500 must accompany the application for an Exemption Certificate.

6. ANNUAL ASSESSMENT PROCESS

All recipients of an Industrial Facilities Exemption Certificate must abide by the following requirements:

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

7. GENERAL GUIDELINES FOR TAX ABATEMENT

The City Council reserves the right to exercise its discretion in review of the tax abatement guidelines in any individual case. The City Council reserves the right to modify the tax abatement guidelines to reflect changing objectives, priorities or conditions.

Criteria used in reviewing applications include, but are not limited to:

- A. Compliance with the Rochester Hills Zoning Ordinance and Master Plan;
- B. There must be no outstanding taxes owed by the applicant or on the project;
- C. Submission of site plans and elevations for the project;
- D. The project is a redevelopment, rehabilitation project or a new development vital to the future of the City;
- E. Permanent jobs will be created or retained as a result of the project;
- F. The project was not started before application for abatement was received by the City of Rochester Hills unless it is located in a qualifying Industrial Development District, in which case the project must not have started more than six months prior to date of application;
- G. There is a demonstrated need for financial assistance;
- H. The applicant has an Affirmative Action Program;
- I. The new investment will promote community health, safety and welfare;
- J. The prospects for long-term growth are present;
- K. There is no pending or current litigation against the City by the applicant or its agent.

The City Council makes a distinction between projects that result in significant real property investment versus those that are primarily investments in personal property. The City utilizes a Tax Exemption Chart – Real Property (Exhibit C) to evaluate applications for real property investment. Projects that don't qualify under these guidelines may be eligible for the Smart Investment Tax Abatement program. The Smart Investment Tax Exemption Chart (Exhibit D) provides guidelines for consideration of personal property investment.

To determine the number of years for which a project may be eligible under either chart, the City Council will utilize a matrix of new jobs created and dollar value of new investment.

8. GUIDELINES FOR REAL PROPERTY TAX ABATEMENTS

This program primarily supports new development and redevelopment of existing facilities. Further, it promotes the attraction of new employment to the City, as well as increased tax base.

For applications in which 80% or more of the projected investment is expected to occur in real property improvements, the City will utilize the Tax Exemption Chart as a guideline in determining the length of abatement for real and personal property.

If an application meets the minimum requirement for real property investment, but real property improvements are less than 80% of the total projected investment, the City Council will utilize the Tax Exemption Chart as a guideline in determining the length of an abatement for real property, and use the Smart Investment Tax Exemption Chart as a guideline in determining the length of an abatement for personal property.

If real property improvements do not meet the minimum requirements as determined by the Tax Exemption Chart, they are ineligible for abatement; however, personal property investment may still be eligible under the High-Technology Abatement Program.

9. GUIDELINES FOR SMART INVESTMENT ABATEMENTS

City Council recognizes that a company's ability to remain competitive is dependent upon its efforts to streamline operations, cut costs through technology improvements and utilize innovative technologies in developing new products or processes.

The Smart Investment Abatement program is intended to spur investment and re-investment in equipment and software of a technical nature. Further, City Council supports the retention of Rochester Hills companies and employment, and the growth of the Automation Alley technology cluster.

The Smart Investment Abatement program focuses on investment and job retention or creation.

Insert Exhibits C and D

**LEGAL NOTICE
NOTICE OF PUBLIC HEARING**

RESOLUTION SCHEDULING HEARING ON ESTABLISHMENT OF INDUSTRIAL DEVELOPMENT DISTRICT UNDER ACT 198 OF 1974, AS AMENDED
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Whereas, the _____, as owner of certain industrial property in the City of Rochester Hills, Oakland County, Michigan, has filed a request with the Rochester Hills City Council for the establishment of an Industrial Development District under the "Plant Rehabilitation and Industrial Development Districts Act of 1974," as amended; and

Whereas, the proposed Industrial Development District is that property, generally known as, _____, which is more particularly described as:

LEGAL DESCRIPTION

Now, Therefore, Be It Resolved, pursuant to Section 4 (3) of said Act, a hearing shall be held at 7:30 p.m. on (date) in the Council Chambers, at 1000 Rochester Hills Dr., Rochester Hills, Michigan, during which any property owner within the proposed district and any resident or taxpayer of the City of Rochester Hills may appear and be heard in relation to the establishment of the aforementioned Industrial Development District; and

Be It Further Resolved, that the City Clerk shall mail a copy of this resolution by certified mail to the owners of all real property within the proposed Industrial Development District; and

Be It Further Resolved, that the City Clerk shall cause this resolution to be published in the Rochester Hills Eccentric newspaper not less than five (5) nor more than thirty (30) days before the date of said hearing, as public notice of said hearing.

CITY OF ROCHESTER HILLS
RESOLUTION ESTABLISHING AN INDUSTRIAL DEVELOPMENT DISTRICT
UNDER ACT 198 OF 1974, AS AMENDED

Whereas, _____ as owner of certain industrial property in the City of Rochester Hills, Oakland County, Michigan, has filed a request with the City of Rochester Hills City Council for the establishment of an Industrial Development District under the "Plant Rehabilitation and Industrial Development Districts Act of 1974," as amended; and

Whereas, the proposed development district is that property located at _____, Rochester Hills, Michigan, more particularly described as :

LEGAL DESCRIPTION

Whereas, the Rochester Hills City Council held a public hearing regarding this request at the _____ regular meeting of (date) at 7:30 p.m. in the Council Chambers, at 1000 Rochester Hills Dr., Rochester Hills, Michigan, during which the owner of the property and all interested parties were given the opportunity to be heard; and

Whereas, the establishment of an Industrial Development District is consistent with the objectives of the City for industrial development and the creation of new employment opportunities.

Now, Therefore, Be It Resolved, that the Rochester Hills City Council determines that the levies of ad valorem taxes are at a rate, when taken together with the rates of ad valorem taxes levied by any other taxing authority which levies taxes within the City of Rochester Hills, equals or exceeds \$30.00 for each \$1,000.00 of taxable value, and therefore is eligible for designation as an Industrial Development District pursuant to said Act; and

Be It Further Resolved, that the above listed legal description is hereby designated an Industrial Development District.

**CITY OF ROCHESTER HILLS
RESOLUTION SCHEDULING HEARING ON ISSUANCE OF
INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
UNDER ACT 198 OF 1974, AS AMENDED**

Whereas, _____, as owner of certain industrial property in the City of Rochester Hills, Oakland County, Michigan, has filed a request with the Rochester Hills City Council for the establishment of an Industrial Development District under the "Plant Rehabilitation and Industrial Development District Act of 1974,"; and

Whereas, the City Council established an Industrial Development District on the property generally known as _____, which is more particularly described as:

LEGAL DESCRIPTION

Whereas, _____ has made application to the Rochester Hills City Council for an Industrial Facilities Exemption Certificate under the above noted enabling legislation for property located within the established district.

Now, Therefore, Be It Resolved, pursuant to Section 4 (3) of said Act, a hearing shall be held at 7:30 p.m. on (date) in the Council Chambers, 1000 Rochester Hills Dr., Rochester Hills, Michigan, during which any property owner within the District and any resident or taxpayer of the City of Rochester Hills may appear and be heard on the granting of the aforementioned Industrial Facilities Exemption Certificate; and

Be It Further Resolved, that the City Clerk shall mail a copy of this resolution by certified mail to the owners of all real property within the Industrial Development District and to each taxing unit which levies ad valorem property taxes in the District; and

Be It Further Resolved, that the City Clerk shall cause this resolution to be published in the Rochester Hills Eccentric newspaper not less than five (5) nor more than thirty (30) days before the date of said hearing, as public notice of said hearing.

**CITY OF ROCHESTER HILLS
RESOLUTION APPROVING
ISSUANCE OF INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
UNDER ACT 198 OF 1974, AS AMENDED**

Whereas, _____, as owners of certain industrial property in the City of Rochester Hills, Oakland County, Michigan, are located within an Industrial Development District under the "Plant Rehabilitation and Industrial Development Districts Act of 1974," as amended; and

Whereas, the Industrial Development District is that property located at _____, Rochester Hills, Michigan, more particularly described as follows:

LEGAL DESCRIPTION

Whereas, _____ has made application to the Rochester Hills City Council for an Industrial Facilities Exemption Certificate under the above noted legislation; and

Whereas, the Rochester Hills City Council has reviewed the application and made the following findings:

- a. 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, 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 which levies an ad valorem property tax in the City of Rochester Hills in which the facility is located.
- b. The commencement of the construction has not occurred earlier than six months before the filing of the application for the Exemption Certificate.
- c. Completion of the facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to create employment.
- d. Completion of the facility does not constitute merely the addition of machinery and equipment for the purpose of increasing productive capacity, but rather is primarily for the purpose and will primarily have the effect of restoration and updating the technology of obsolete industrial property by providing a new facility on industrial property.
- e. The construction of the industrial facility meets the objectives of job creation within the established industrial corridor of the City of Rochester Hills.

Now, Therefore, Be It Resolved, that pursuant to Section 9, (1) and (2) of Act 198 of Public Acts of 1974, as amended, the City Council of the City of Rochester Hills hereby approves the request of _____ for a period of _____; and

Be It Further Resolved, that the accompanying agreement between _____ and the City of Rochester Hills is hereby approved and is to be sent to the Department of Treasury and the State Tax Commission along with this resolution.

**INDUSTRIAL FACILITIES EXEMPTION APPLICATION
AFFIDAVIT OF FEES**

This affidavit is submitted in accordance with State Tax Commission Bulletin No. 3, dated January 16, 1998, which requires that the unit of local government and the applicant for Industrial Facilities Exemption Certificate affirm that no payment of any kind, whether they be referred to as "fees," "payments in lieu of taxes," "donations," or by other like terms, has been made or promised in exchange for favorable consideration of an exemption certificate application; as 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 which approves the certificate.

We hereby 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

WITNESSES:

NAME OF COMPANY

By: _____

Its: _____

Date:

WITNESSES:

CITY OF ROCHESTER HILLS

By: _____

Its: _____ City Clerk

Date:

TAXING JURISDICTION CONTACT PERSONS AND ADDRESSES
Avondale Public Schools
Treasurer Avondale School District 260 S. Squirrel Auburn Hills, MI. 48326
Rochester Community Schools
Treasurer Rochester Community Schools 501 West University Rochester, MI. 48307
Oakland County
County Executive Oakland County 1200 North Telegraph Road Pontiac, MI 48341
County Treasurer Oakland County 1200 North Telegraph Pontiac, MI 48341
Oakland Community College
Chancellor Oakland County Community College 2480 Opdyke Road P.O. Box 812 Bloomfield Hills, MI 48304-0812
Controller Oakland County Community College 2480 Opdyke Road P.O. Box 812 Bloomfield Hills, MI 48304-0812
Oakland Intermediate School District
Superintendent Oakland Intermediate School District 2100 Pontiac Lake Road Waterford, MI 48328
Treasurer/Controller Oakland Intermediate School District 2100 Pontiac Lake Road Waterford, MI. 48328

**CITY OF ROCHESTER HILLS
INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
AGREEMENT RESOLUTION**

Whereas, the City of Rochester Hills is a Home Rule Michigan Municipal Corporation and a local governmental unit within the meaning of Act 198 of the Public Acts of 1974, as amended; and

Whereas, Act 198, as amended, provides for the consideration by a local governmental unit of an application for an Industrial Facilities Exemption Certificate; and

Whereas, effective April 1, 1994 Act 198 was amended to require a written agreement between the local governmental unit and the owner of an industrial facility which is to be filed with the Department of Treasury; and

Whereas, _____ is an industrial facility, or wishes to become an industrial facility, within an established Plant Rehabilitation District or Industrial Development District within the City of Rochester Hills; and

Whereas, all conditions precedent as required by Act 198, as amended, have been met; and

Whereas, _____ has filed an application for an Industrial Facilities Exemption Certificate with the City Clerk within an established District.

Now, Therefore, Be It Resolved, that it is mutually agreed and understood as follows:

1. The application for an Industrial Facilities Exemption Certificate is approved for a period of _____ years effective on Dec. 31, _____.
2. The approval of the City of Rochester Hills is based upon a legislative finding that the granting of the Industrial Facilities Exemption Certificate considered with the aggregate amount of previously granted Industrial Facilities Exemption Certificates 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 within the City of Rochester Hills.
3. In the event the applicant, _____, ceases doing business or lays off more than 50 percent of its work force for a period of six months or more prior to the expiration of the Industrial Facilities Exemption Certificate, the remaining term of years shall be null and void and all ad valorem taxes abated as a result of the issuance of the Industrial Facilities Exemption Certificate shall immediately become due and payable upon demand by the City. Furthermore, failure by _____ to pay said abated taxes within 30 days shall result in the City placing a lien upon all properties covered by the Industrial Facilities Exemption Certificate on the tax rolls of the City and/or County, which lien may not be discharged until the payment thereof and which lien shall be treated in the same manner as delinquent taxes.

4. The provisions of Paragraph 3 (above) shall be implemented pursuant to Act 198, Sections 13 and 15, since the purposes for the issuance of the certificate are no longer being fulfilled and there is no reasonable likelihood that employment will be created or retained.
5. _____ shall have the duty to notify the City of Rochester Hills in writing within 24 hours of the date which the facility has been closed or more than 50 percent of its employees have been laid off. The failure to do so shall result in the addition of penalties, interest and costs allowed by statute in the case of delinquent taxes to be levied on the abated taxes in addition to the principal amounts.
6. Applicant _____ has indicated that at least _____ jobs will be added to its work force within 12 months. Applicant _____ has indicated an investment of \$_____ in the facility within 12 months of the date of this agreement. This investment shall include the cost of building improvements, machinery and equipment, as well as furniture and fixtures.
7. If, after 24 months from the date of this agreement, and any time subsequent thereto, applicant _____ has not employed the number of persons set forth in Paragraph 6, or has not made the investment specified in Paragraph 6, the City shall be entitled to reduce the number of years of the Certificate in accordance with the Tax Exemption Chart in Exhibit "C".
8. No later than the 10th day of January immediately following the second year after the issuance of the Industrial Facilities Exemption Certificate and annually thereafter, the company shall submit a letter to the City Assessor stating:
 - A. The number of new jobs identified in the IFT application within a two-year period and the actual number of new jobs created.
 - B. If the IFT was granted on the basis of job retention, the number of employees at the time of the application and the current number of employees.
 - C. If projection for creation of jobs was not reached, give explanation.
 - D. The estimated project cost given in the application and the actual project cost.

- E. If actual project costs differ substantially from projected cost, give explanation.
- F. Current number of employees and their city of residence.
- G. If the current number of employees is less than the number projected in the application, an explanation for the reduced number shall be included.
9. The applicant, _____, agrees to remain in the City of Rochester Hills for the period of the Industrial Facilities Exemption Certificate to retain the benefits of the abated taxes, unless permission is granted by the City Council. Failure to obtain permission prior to the end of the term of the Industrial Facilities Exemption Certificate shall result in the right of the City to recapture from applicant all taxes abated plus interest at the rate of 8% per year compounded annually. The taxes and interest shall be a lien placed upon the tax rolls of the City and/or County and collected in the same manner as set forth in Paragraph 3.
10. The covenants herein shall bind the heirs, designees, legatees, assigns and successors of the respective parties. This contract shall be governed by the laws of the State of Michigan. In the event that any provision of this agreement shall be deemed to be unlawful or unenforceable, it shall be construed to be severed here-from and not affect the enforce ability of any provision herein contained.
11. This agreement shall not be effective until approved by the City Council of the City of Rochester Hills and signed by the Mayor and City Clerk of the City and the appropriate company representatives.

Adopted 01/22/92 - Regular City Council Meeting
Amended 04/21/97