



Legislation Text

File #: 11-0494, **Version:** 1

Resolution to Approve Industrial Facilities Exemption Certificate between the City of Ann Arbor and Sakti3 Corporation

Attached for your review and approval is a resolution and proposed abatement agreement (Industrial Facilities Exemption Certificate) for Sakti3 Corporation. The purpose of this abatement is to attract and retain corporate investment in the City of Ann Arbor.

Sakti3 Corporation is a company that is in the business of developing batteries for electric vehicles. The company is requesting an abatement of \$2,400,000.00 of real property improvements and equipment (see addendum to the attached proposed agreement).

City administration recommends approval of this abatement request for the following reasons:

- The alternative energy business is continually changing with new and faster technology and Sakti3 needs to expand and acquire new equipment for the development of batteries for electric vehicles, with anticipation of five new employees resulting from the expansion of this facility.
- The attraction and retention of these operations is consistent with the City and SPARK's economic growth objectives.

Prepared by: David Petrak, City Assessor

Reviewed by: Mary Joan Fales, Senior Assistant Attorney

Approved by: Tom Crawford, Interim City Administrator

Whereas, Pursuant to P.A. 198 of 1974, as amended, after a duly noticed public hearing held April 4, 2011, the City of Ann Arbor City Council established Ann Arbor Industrial Development District No. 2011-010, as requested by Eisenhower Commerce Center Associates;

Whereas, Pursuant to Section 5 of Act 198, Sakti3 Corp. has filed an application for Industrial Facilities Exemption Certificate with respect to real property improvements and new personal property to be acquired and installed within Ann Arbor Industrial Development District No. 2011-010;

Whereas, Before acting on said application, the City Council held a public hearing on June 6, 2011 at the City of Ann Arbor City Hall, at 7:00 p.m., for which hearing the applicant, the City Assessor, a representative of each of the affected taxing units and the public were each given proper notice and were afforded an opportunity to be heard on said application;

Whereas, Construction of improvements of the facility and installation of new machinery and equipment had not begun earlier than six (6) months before April 5, 2011, the date of the acceptance by the City Clerk of the Application for the Industrial Facilities Exemption Certificate filed by Sakti3 Corp.;

Whereas, At this time of granting the requested Industrial Facilities Exemption Certificate to Sakti3 Corp., the City Assessor has determined that state equalized value (SEV) of the property proposed to be exempt pursuant to the Application, considered together with the aggregate SEV of property

exempt under certificates previously granted and currently in force, will not exceed 5% of an amount equal to the sum of the SEV of the City of Ann Arbor;

Whereas, At this time of granting the requested Industrial Facilities Exemption Certificate to Sakti3 Corp, the Chief Financial Officer of the City of Ann Arbor has determined that the granting of the requested Industrial Facilities Exemption Certificate to Sakti3 Corp. will not have the effect of substantially impeding the operation of the City of Ann Arbor;

Whereas, At this time of granting the requested Industrial Facilities Exemption Certificate to Sakti3 Corp., no objection have been filed or raised during the public hearing by any of the affected taxing units which levy ad valorem property taxes in the City of Ann Arbor that the granting of such a certificate would impair the financial soundness of their respective taxing unit;

Whereas, The Applicant has agreed to pay the City a nonrefundable application fee 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 \$1000.00; and

Whereas, The Applicant acknowledges that issuance of the industrial facilities exemption certificate is determined by the Michigan State Tax Commission on receipt of an approved application by the City Council and has agreed to hold the City of Ann Arbor harmless in the event the Commission denies its Application for an Industrial Facilities Exemption Certificate and the City Council is relying on that commitment in acting on the Application;

RESOLVED, That the City Council finds and determines that the granting of this Industrial Facilities Exemption Certificate considered with the aggregate amount of Industrial Facilities Exemption Certificates previously granted and currently in force under Act 198, shall not have the effect of substantially impeding the operation of the City of Ann Arbor, or impairing the financial soundness of taxing units which levy ad valorem property taxes in the City of Ann Arbor;

RESOLVED, That the City Council finds and determines that the completion of real property improvements and the new personal property to be acquired and installed is calculated to, and will at the time of issuance of the Certificate have the reasonable likelihood to create employment;

RESOLVED, That pursuant to Act 198, the City Council approve the Application of Sakti3 for an Industrial Facilities Exemption Certificate with respect to real property improvements and new personal property to be acquired and installed within Ann Arbor Industrial Development District No. 2011-010;

RESOLVED, That the Industrial Facilities Exemption Certificate when issued pursuant to Section 7 of Act 198 shall be and remain in force and effect for a period of five (5) years subject to the terms and conditions of the Abatement Agreement on file in the City Clerk's office;

RESOLVED, That City Council approve the Abatement Agreement on file in the City Clerk's Office, and incorporated in this Resolution as if fully set forth herein;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute the Abatement Agreement, substantially in the form on file in the City Clerk's Office and subject to the approval as to

form by the City Attorney;

RESOLVED, That the City Administrator be authorized to determine the amount of the nonrefundable application fee based on actual costs in processing the Application, in the amount not to exceed 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 \$1000.00, whichever is less; and

RESOLVED, That the City Clerk be authorized and directed to forward the Application to the State Tax Commission for a finding pursuant to Act 198, and if determined compliant with the Act, issuance of a Industrial Facilities Exemption Certificate to Sakti3 Corp.