


CITY COMMISSION POLICY

GRAND RAPIDS  MICHIGAN	NUMBER: 900-09	HISTORY	
	DATE: June 29, 1982	FILE #	DATE
	FILE NUMBER: 40532	53880	11/06/90
	DEPARTMENT: Economic Development	57472	03/23/93
		64905	07/21/98
		68311	02/13/01
		76000	03/13/07
		79692	09/14/10

SUBJECT: APPLICATIONS FOR INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE UNDER ACT 198 OF THE PUBLIC ACTS OF 1974, AS AMENDED

PURPOSE: To encourage the renovation and expansion of manufacturing facilities and the construction of new industrial plants and the acquisition of equipment. The projects will have a reasonable likelihood of creating or retaining employment that is available to all citizens of the City of Grand Rapids.

POLICY:

INTRODUCTION

It is the policy of the City of Grand Rapids to encourage the renovation and expansion of manufacturing facilities and the construction of new industrial plants and the purchase of equipment and to encourage the creation and retention of employment for the citizens of Grand Rapids by assisting plant rehabilitation or industrial development projects through the use of tax abatement incentives under Act 198 of the Public Acts of 1974, as amended, for those employers who evidence strong commitment to equal opportunity employment practices.

1. Applicability
Manufacturers and High-Technology businesses as defined in Michigan Economic Growth Authority Act – Act 24, 1995, are eligible.
 - a. Applicants must be current with all real and personal property taxes.
 - b. Applicants must be in substantial compliance with the zoning ordinance (or make corrections as part of the project).

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- c. Applicants must enter into a Memorandum of Understanding with the City of Grand Rapids.
- d. Applicants must have a satisfactory environmental record for that which we regulate.
- e. If applicant's project exceeds \$600,000 or total employment upon completion of project is likely to equal or exceed fifteen (15) persons, then they must receive certification of equal opportunity practices from the Office of Diversity and Inclusion according to the following guidelines. If the project is below \$600,000 and employment is not likely to exceed 15, then the company is not required to be certified.

2. Certification with Equal Opportunity and Non-Discrimination in City Contracting Policy

Applicants seeking the Industrial Facilities Exemption Certificate shall demonstrate their commitment to and compliance with City Commission Policy 600-10 – Equal Opportunity and Non-Discrimination in City Contracting. Such commitment shall be demonstrated by completion and submission of all required data to the Office of Diversity and Inclusion. The Office of Diversity and Inclusion shall receive and evaluate this data and issue an approval/denial letter.

Any application for an Industrial Facilities Exemption Certificate shall be accompanied by the appropriate approval letter from the Office of Diversity and Inclusion.

Unless this Policy is waived as provided for hereunder, the City Commission shall not act upon the application until the Office of Diversity and Inclusion has certified that such applicant is either exempt from or in compliance with this Policy.

3. Term

The City may approve an Industrial Facilities Exemption Certificate for a term of up to 12 years from the completion date. An applicant can take up to 2 years to complete the project.

4. Extension of Time to Complete the Project

An applicant can request an extension of the time to complete the project for good cause, but the expiration date of the certificate will remain the same as originally approved.

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5. Relocation During Term of Certificate

The Company must agree to repay an amount up to and including the total amount of taxes abated by the Industrial Facilities Exemption Certificate if they choose to leave the City without permission of the City Commission during the term of the abatement.

The City Commission will consider request to waive payment if the request is made prior to the relocation and includes the following information; status on the original project including job creation and existing employment, a demonstration of a good faith effort to find a suitable facility in the City, and a proposed reuse of the existing facility.

6. State Tax Commission

All applications are reviewed at the State level by the State Tax Commission and the Department of Commerce in accordance with Act 198 of the Public Acts of 1974.

The Industrial Facilities Exemption Certificate is not effective until issued by the State Tax Commission.

7. Application Fees

a. A fee for administering the program and for processing any application for an Industrial Facilities Exemption Certificate pursuant to Act 198 of the Public Acts of 1974, as amended, shall be collected from each applicant prior to any approval of an exemption certificate by the City Commission.

b. The applicant shall pay a fee equal to 2% of the total property taxes abated under Act 198 of the Public Acts of 1974 for the term that the industrial facilities exemption certificate is in effect. This fee shall use the present value of future tax savings.

8. Administration and Compliance

a. The Economic Development Office and the Office of Diversity and Inclusion of the City shall administer this Policy. The Departments shall assist applicants by providing the necessary components for attaining contract compliance under this Policy.

b. Publication--information regarding the project, including location, dollar amount of project, and employment impact will be published as part of the public hearing notice.

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9. Reporting Requirements

a. Company

- 1) By November 1st following the year after the issuance date of the IFT, the Company shall submit to the Municipality a status report on the construction, reconstruction, rehabilitation, installment of equipment (if any), and the number of current employees of the Company at the time of the status report.
- 2) By November 1st immediately following the second year after the issuance date of the IFT, the Company shall submit a letter to the Municipality stating:
 - a) The number of new jobs promised in the IFT within a two-year period and the actual number of new jobs created.
 - b) In the case of job retention, the number of employees at the time of the application and the current number of employees.
 - c) If the projection for creation or retention of jobs was not reached, an explanation must be given.
 - d) The estimated project cost given in the application and the actual project cost.
 - e) If actual project cost differs substantially from estimated project cost, an explanation must be given.
- 3) The Company further agrees to submit a report regarding the status of employment, as provided in Paragraph 2 above, within 15 days of a request by the City of Grand Rapids to file such report. The City shall have the right to make a request to the Company for a report at any time during the effective period of the tax abatement.

b. Staff shall provide the City Commission with a yearly report on the P.A. 198 program, which will include the following:

- 1) List of companies approved over the past three years.
- 2) Projected and actual jobs and investment.
- 3) Total SEV abated and percentage of SEV abated.

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10. Policy Waiver

The City Commission may waive this Policy, or any portion of it, when the Commission deems it in the best interest of the City.