

CITY OF MUSKEGON

CITY COMMISSION MEETING

OCTOBER 22, 2013

CITY COMMISSION CHAMBERS @ 5:30 P.M.

AGENDA

- ❑ CALL TO ORDER:
- ❑ PRAYER:
- ❑ PLEDGE OF ALLEGIANCE:
- ❑ ROLL CALL:
- ❑ HONORS AND AWARDS:
- ❑ INTRODUCTIONS/PRESENTATION:
- ❑ CONSENT AGENDA:
 - A. Approval of Minutes. CITY CLERK
 - B. Consideration of Bids for B-251 Musketawa Trail Connector; Industrial Park to Port City Blvd. ENGINEERING
 - C. Dredging Contract for Cottage Grove and Hartshorn Launch Ramps. PUBLIC WORKS
 - D. Remove Board of Review Member. CITY CLERK
- ❑ PUBLIC HEARINGS:
 - A. Request for an Industrial Facilities Exemption Certificate – AFI Hole Drill. PLANNING & ECONOMIC DEVELOPMENT
 - B. Request for an Industrial Facilities Exemption Certificate – AFI Machining. PLANNING & ECONOMIC DEVELOPMENT
- ❑ COMMUNICATIONS:
- ❑ CITY MANAGER'S REPORT:
- ❑ UNFINISHED BUSINESS:
- ❑ NEW BUSINESS:
- ❑ ANY OTHER BUSINESS:
- ❑ PUBLIC PARTICIPATION:
 - *Reminder: Individuals who would like to address the City Commission shall do the following:*

- Fill out a request to speak form attached to the agenda or located in the back of the room.
- Submit the form to the City Clerk.
- Be recognized by the Chair.
- Step forward to the microphone.
- State name and address.
- Limit of 3 minutes to address the Commission.
- (Speaker representing a group may be allowed 10 minutes if previously registered with City Clerk.)

❑ **CLOSED SESSION:**

❑ **ADJOURNMENT:**

ADA POLICY: THE CITY OF MUSKEGON WILL PROVIDE NECESSARY AUXILIARY AIDS AND SERVICES TO INDIVIDUALS WHO WANT TO ATTEND THE MEETING UPON TWENTY FOUR HOUR NOTICE TO THE CITY OF MUSKEGON. PLEASE CONTACT ANN MARIE CUMMINGS, CITY CLERK, 933 TERRACE STREET, MUSKEGON, MI 49440 OR BY CALLING (231) 724-6705 OR TTY/TDD DIAL 7-1-1 TO REQUEST A REPRESENTATIVE TO DIAL (231) 724-6705.

Date: October 22, 2013
To: Honorable Mayor and City Commissioners
From: Ann Marie Cummings, City Clerk
RE: Approval of Minutes

SUMMARY OF REQUEST: To approve minutes of the October 7th Commission Worksession Meeting, and the October 8th City Commission Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

City of Muskegon
City Commission Worksession
October 7, 2013
City Commission Chambers
5:30 PM

MINUTES

2013-82

Present: Commissioners Gawron, Markowski, German, Hood, Turnquist, and Spataro.

Absent: Commissioner Wierengo.

Water and Sewer Connection Fees for Farmer's Market.

This is a request to waive the water and sewer connection fees and water meters cost for the new Farmer's Market.

The financial impact is \$27,200 for the water and sewer connection fees and \$2,900 for two meters.

This item has been placed on the October 8, 2013 for consideration by the City Commission.

West Michigan Economic Development Partnership Update.

Cathy Brubaker-Clarke, Planning and Economic Director, gave an update.

The Partnership was created to market and spur the development of strategic real estate serviced by two or more modes of transportation infrastructure in Muskegon and Kent Counties areas.

A new website will be developed using local resources in West Michigan. Several printed marketing pieces will be produced, a professional PR firm will be utilized as well as direct mailing efforts. Participating municipalities are asked to contribute \$7,262.80 each towards this endeavor.

More information will be provided in the future.

Muskegon Avenue and Webster Avenue Traffic Signal Update.

Mohammed Al-Shatel, City Engineer, updated the City Commission. A study has been conducted of the on-street parking in the area and the impact of removing the traffic signals.

Currently there are 209 parking spots. Removing the turn-lanes will create 266 parking spots and removing bike lanes will create 498 parking spaces.

City Commission has the option to:

- 1) Do nothing
- 2) Remove the traffic signals but not re-do the pavement markings
- 3) Hold off and apply for grants and/or budget for the project

The City Commission directed staff to look for funding for the short-term solution to re-stripe the streets and grants for a long-term solution i.e. streetscaping.

City Commission to Petition LCC to Revoke Elk's Club License.

The Director of Public Safety requests that the City Commission review and consider petitioning the Michigan Liquor Commission to revoke, suspend or amend the Elk's Charity Lodge "Club Liquor License" through a hearing process.

John Schrier, City Attorney, suggested the City Commission consider hiring Bob Chessman, as a hearing officer.

This item has been placed on the October 8, 2013 for consideration by the City Commission.

Adjournment.

Motion by Commissioner Hood, seconded by Commissioner German to adjourn at 6:35 p.m.

MOTION PASSES

**Ann Marie Cummings, MMC
City Clerk**

CITY OF MUSKEGON

CITY COMMISSION MEETING

OCTOBER 8, 2013

CITY COMMISSION CHAMBERS @ 5:30 P.M.

MINUTES

The Regular Commission Meeting of the City of Muskegon was held at City Hall, 933 Terrace Street, Muskegon, Michigan at 5:30 p.m., Tuesday, October 8, 2013.

Mayor Gawron opened the meeting with a prayer from Bishop Nathaniel Wells, Jr. from the Holy Trinity Church after which the Commission and public recited the Pledge of Allegiance to the Flag.

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

Present: Mayor Stephen Gawron, Vice Mayor Lawrence Spataro, Commissioners Willie German, Byron Turnquist, Lea Markowski, and Eric Hood, City Manager Franklin Peterson, City Attorney John Schrier, and City Clerk Ann Marie Cummings.

Absent: Commissioner Sue Wierengo.

2013-83 CONSENT AGENDA:

A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve minutes of the September 24th City Commission Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

B. Policy Change to "Policy for Sale of City-Owned Residential Property". PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: To approve the changes to the "Policy for Sale of City-Owned Residential Property" to remove the reference of the Land Reutilization Committee (LRC) from the policy on pages three and four as this committee no longer exists. Plus the removal of "whether appealed or not" on page four.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the resolution and to authorize both the

Mayor and the Clerk to sign said resolution.

C. Sale of the Property at 1035 E. Laketon Avenue. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Staff is seeking approval to sell the vacant, buildable, industrial zoned lot at 1035 E. Laketon to Newkirk Electric at 1875 Roberts Street. The property is 2.6 acres and has 116 feet of frontage on Laketon Avenue. The company will utilize this space for storage and it will allow them to combine with their other property at 1975 Vulcan Street.

FINANCIAL IMPACT: Staff recommends a sale price of \$29,000.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval and signature of the purchase agreement, resolution and deed.

D. Approval of Building Contract for 2169 Hudson. COMMUNITY & NEIGHBORHOOD SERVICES

SUMMARY OF REQUEST: To award the Building Contract for the construction of a new home located at 2169 Hudson Street to Holden Construction, in the amount of \$112,800, for the City of Muskegon's Homebuyers Program through CNS.

CNS received three bids and the cost estimate from our spec writer was \$140,300.

FINANCIAL IMPACT: The funding for this project has been secured through the HOME program 2013 grant allocation.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To award Holden Construction the contract for the construction of 2169 Hudson Street, in the amount of \$112,800, for the Community and Neighborhood Services Department.

E. Community Relations Committee. CITY CLERK

SUMMARY OF REQUEST: To accept the recommendations from the Community Relations Committee made at the meeting held on October 7, 2013 as follows:

Accept resignations of LeighAnn Mikesell and William Parker from the Planning Commission.

Accept appointments of Bryon Mazade to the Board of Review as Citizen; Kim Burr to the Citizen's District Council Commission as Citizen representing Ward 3; Kim Burr to the Local Development Finance Authority as Citizen/Interest in District; Virgie Jackson to the Local Officer's Compensation Commission as Citizen; and Bryon Mazade and Steve Wisneski to the Planning Commission as Citizens.

Accept the removal of Lori Rasmussen from the Citizen's District Council.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To concur with the Community Relations Committee recommendations.

Motion by Commissioner Hood, second by Commissioner German to approve the Consent Agenda as read.

ROLL VOTE: Ayes: German, Turnquist, Markowski, Gawron, Hood, and Spataro

Nays: None

MOTION PASSES

2013-84 NEW BUSINESS:

A. Police Cruisers. PUBLIC WORKS

SUMMARY OF REQUEST: Rescind your authorization for staff to purchase the six Chevy Caprice cruisers from Betten Chevrolet for \$167,003.16 which was granted on September 24, 2013. Betten notified staff on September 30 that a mistake was made when submitting the bid using a 2013 module rather than the 2014 requested. Betten's revised figure on the 2014 caprices is \$169,003.16, an increase of \$2,000.

Furthermore, it is requested that staff be authorized to purchase the six cruisers from Shaheen Chevy, the state's dealer, who submitted the low bid of \$166,608 originally which he is willing to honor.

FINANCIAL IMPACT: A total of \$166,608.

BUDGET ACTION REQUIRED: None since the proposed purchase is within the budgeted amount.

STAFF RECOMMENDATION: Rescind prior authorization of September 24, 2013 and authorize staff to purchase the six cruisers from Shaheen instead for \$166,608.

Motion by Commissioner Markowski, second by Commissioner Hood to rescind prior authorization of September 24, 2013, and authorize staff to purchase the six cruisers from Berger Chevrolet of Grand Rapids for \$166,608.

ROLL VOTE: Ayes: Turnquist, Markowski, Gawron, Hood, Spataro, and German

Nays: None

MOTION PASSES

B. Water and Sewer Connection Fees for Farmers Market. CITY MANAGER

SUMMARY OF REQUEST: To waive the water and sewer connection fees and water meters cost for the new Farmers Market.

FINANCIAL IMPACT: \$27,200 for the water and sewer connection fees and \$2,900 for two meters.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: None.

Motion by Commissioner Turnquist, second by Vice Mayor Spataro to waive the water and sewer connection fees and water meters cost for the new Farmers Market.

ROLL VOTE: Ayes: Markowski, Gawron, Hood, Spataro, German, and Turnquist

Nays: None

MOTION PASSES

C. City Commission to Petition LCC to Revoke Elk's Club License. PUBLIC SAFETY

SUMMARY OF REQUEST: The Director of Public Safety requests that the City Commission review and consider petitioning the Michigan Liquor Commission to revoke, suspend or amend the Elk's Charity Lodge "Club Liquor License", through a hearing process.

The Elk's Charity Lodge has been involved in many violent incidents over the past several years, with the last being a mass shooting incident that claimed the lives of three individuals and wounded four others. Other serious weapon offenses/shootings have occurred at this location over the summer, which has led to the temporary closing of this establishment.

The Muskegon Police have been summoned to the Lodge countless times, investigated and compiled a list of complaints/crimes for the Commission to review. In addition to the calls for service, police/LCC investigators have noted numerous administrative violations that have/are occurring at the lodge contrary to Michigan administrative law that governs alcohol establishment. I have outlined the criminal events and rouge business practices that have led to this important request.

FINANCIAL IMPACT: Negative – the murder investigation to date has caused over 100 hours of Detective Bureau over-time, which doesn't include other staff time to mitigate this matter.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: "To notify the Liquor Control Commission to maintain the Emergency Suspension Order until notice is provided and a hearing is held before the Liquor Control Commission to suspend, revoke or amend the liquor license held by Charity Lodge #1397 of I.B.P.O.E. of W. and appoint Robert Chessman as a hearing officer to take testimony and make a recommendation to the City Commission as to whether the City Commission should recommend

to the Liquor Control Commission to revoke, suspend or amend the liquor license held by Charity Lodge #1398 of I.B.P.O.E. of W.”

Motion by Vice Mayor Spataro, second by Commissioner Hood to notify the Liquor Control Commission to maintain the Emergency Suspension Order until notice is provided and a hearing is held before the Liquor Control Commission to suspend, revoke or amend the liquor license held by Charity Lodge #1397 of I.B.P.O.E. of W. and appoint Robert Chessman as a hearing officer to take testimony and make a recommendation to the City Commission as to whether the City Commission should recommend to the Liquor Control Commission to revoke, suspend or amend the liquor license held by Charity Lodge #1398 of I.B.P.O.E. of W.

ROLL VOTE: Ayes: Gawron, Hood, Spataro, German, and Markowski

Nays: Turnquist

MOTION PASSES

PUBLIC PARTICIPATION: Public comments were received.

ADJOURNMENT: The City Commission Meeting adjourned at 6:12 pm.

Respectfully submitted

Ann Marie Cummings, MMC
City Clerk

Date: October 22, 2013
To: Honorable Mayor and City Commissioners
From: Engineering
RE: Consideration of Bids for:
B-251 MUSKETAWA TRAIL CONNECTOR; Industrial Park to
Port City Blvd.

SUMMARY OF REQUEST:

Award the construction of a bike path contract along the south side of Keating Ave. between Industrial Park and Port City Blvd to TJM Services out of Allegan for \$75,560.86 as they were the lowest responsible bidder, see attached bid tabulation.

FINANCIAL IMPACT:

The construction cost of \$78,560.86 plus engineering cost which is estimated at an additional 15%.

BUDGET ACTION REQUIRED:

Incorporate this project into the 2013/2014 budget when adopting the first quarterly update.

STAFF RECOMMENDATION:

Award the contract to TJM for \$75,560.86 and project into the 2013/2014 budget.

COMMITTEE RECOMMENDATION:

B-251 MUSKETAWA TRAIL CONNECTOR BID TABULATIONS

CONTRACTOR ADDRESS CITY/ST/ZIP			ENGINEER'S ESTIMATE		McCormick Sand Inc. 5430 Russell Rd. Twin Lake, MI 49457		Jack Dykstra Excavating 3677 3 Mile Rd. NW Grand Rapids, MI 49534		TJM Services Inc 2745 Alyssa Lane Allegan, MI 49010		Accurate Excavating 2821 Central Rd. Muskegon, MI 49445		
LINE	DESCRIPTION	UNIT	QUANTITY	UNIT PRICE	TOTAL PRICE	UNIT PRICE	TOTAL PRICE	UNIT PRICE	TOTAL PRICE	UNIT PRICE	TOTAL PRICE	UNIT PRICE	TOTAL PRICE
1	Sidewalk, Rem	Syd	15	\$6.00	\$ 90.00	\$ 15.00	\$ 225.00	\$ 8.00	\$ 120.00	\$ 36.67	\$ 550.05	\$ 10.00	\$ 150.00
2	Pavt, Rem, Modified	Syd	85	\$10.00	\$ 850.00	\$ 15.00	\$ 1,275.00	\$ 10.00	\$ 850.00	\$ 6.47	\$ 549.95	\$ 10.00	\$ 850.00
3	Machine Grading, Modified	Sta	23.5	\$500.00	\$ 11,750.00	\$ 600.00	\$ 14,100.00	\$ 1,000.00	\$ 23,500.00	\$ 655.32	\$ 15,400.02	\$ 1,000.00	\$ 23,500.00
4	Erosion Control, Inlet Protection, Fabric Drop	Ea	13	\$100.00	\$ 1,300.00	\$ 100.00	\$ 1,300.00	\$ 90.00	\$ 1,170.00	\$ 126.92	\$ 1,649.96	\$ 80.00	\$ 1,040.00
5	Aggregate Base, 6 inch	Syd	2577	\$5.00	\$ 12,885.00	\$ 7.00	\$ 18,039.00	\$ 6.60	\$ 17,008.20	\$ 5.46	\$ 14,070.42	\$ 7.15	\$ 18,425.55
6	HMA, 4C	Ton	355	\$65.00	\$ 23,075.00	\$ 70.00	\$ 24,850.00	\$ 75.00	\$ 26,625.00	\$ 77.15	\$ 27,388.25	\$ 76.00	\$ 26,980.00
7	Driveway, Nonreinf Conc., 8 inch, Modified	Syd	70	\$30.00	\$ 2,100.00	\$ 50.00	\$ 3,500.00	\$ 66.00	\$ 4,620.00	\$ 50.29	\$ 3,520.30	\$ 34.00	\$ 2,380.00
8	Curb & Gutter, Conc. Det F4, Modified	Ft	15	\$25.00	\$ 375.00	\$ 55.00	\$ 825.00	\$ 29.40	\$ 441.00	\$ 30.80	\$ 462.00	\$ 27.00	\$ 405.00
9	Detectable Warning Surface	Ft	10	\$40.00	\$ 400.00	\$ 45.00	\$ 450.00	\$ 60.00	\$ 600.00	\$ 33.00	\$ 330.00	\$ 37.00	\$ 370.00
10	Sidewalk, Conc, 6 inch	Sft	160	\$6.00	\$ 960.00	\$ 8.00	\$ 1,280.00	\$ 5.40	\$ 864.00	\$ 5.50	\$ 880.00	\$ 3.30	\$ 528.00
11	Plastic Drum, High Intesity	Ea	25	\$10.00	\$ 250.00	\$ 15.00	\$ 375.00	\$ 15.00	\$ 375.00	\$ 13.20	\$ 330.00	\$ 16.50	\$ 412.50
12	Sign, Type B, Temp, Prismatic	Ea	2	\$50.00	\$ 100.00	\$ 52.00	\$ 104.00	\$ 65.00	\$ 130.00	\$ 70.40	\$ 140.80	\$ 57.00	\$ 114.00
13	Topsoil Surface, Furn, 4 inch	Syd	1272	\$3.00	\$ 3,816.00	\$ 7.00	\$ 8,904.00	\$ 3.00	\$ 3,816.00	\$ 1.73	\$ 2,200.56	\$ 6.00	\$ 7,632.00
14	Hydroseeding	Syd	1272	\$0.50	\$ 636.00	\$ 2.00	\$ 2,544.00	\$ 1.50	\$ 1,908.00	\$ 1.30	\$ 1,653.60	\$ 0.60	\$ 763.20
15	Water Valve Box and Cover, Complete	Ea	7	\$400.00	\$ 2,800.00	\$ 500.00	\$ 3,500.00	\$ 310.00	\$ 2,170.00	\$ 550.00	\$ 3,850.00	\$ 515.00	\$ 3,605.00
16	Curb and Gutter, Rem	Ft	15	\$10.00	\$ 150.00	\$ 15.00	\$ 225.00	\$ 15.00	\$ 225.00	\$ 7.33	\$ 109.95	\$ 30.00	\$ 450.00
17	Sign, Type III A	Ea	9	\$100.00	\$ 900.00	\$ 200.00	\$ 1,800.00	\$ 95.00	\$ 855.00	\$ 103.89	\$ 935.01	\$ 60.00	\$ 540.00
18	Post, Wood, 4 inch by 6 inch, Direct Embedment	Ea	9	\$60.00	\$ 540.00	\$ 250.00	\$ 2,250.00	\$ 130.00	\$ 1,170.00	\$ 171.11	\$ 1,539.99	\$ 115.00	\$ 1,035.00
							\$ -						
	TOTAL				\$ 62,977.00		\$ 85,546.00		\$ 86,447.20		\$ 75,560.86		\$ 89,180.25
	Apparent Low Bidder	Read \$75,567.80											
	Calculation Error												

Date: October 22, 2013
To: Honorable Mayor and City Commission
From: Dept. of Public Works
RE: Dredging Contract for Cottage Grove and Hartshorn Launch Ramps

SUMMARY OF REQUEST:

Award the dredging of the launch ramps at Cottage Grove & Hartshorn contract to Great Lakes for \$192,714.26 and authorize the mayor and clerk to sign the contract. Great Lakes, out of Muskegon, was the only bidder on this project.

It is further requested that the award, if granted, be conditional upon approval of the bids by MDNR.

FINANCIAL IMPACT:

Contract amount of \$192,714.26 plus the previously approved amount for the engineer.

BUDGET ACTION REQUIRED:

Adjust the budgeted amount to \$210,000 instead of the amount shown of \$175,000 in the upcoming budget reforecast.

STAFF RECOMMENDATION:

Award the contract to Great Lakes.

COMMITTEE RECOMMENDATION:

Date: October 22, 2013
To: Honorable Mayor and City Commissioners
From: City Clerk, Ann Marie Cummings
RE: Remove Board of Review Member

SUMMARY OF REQUEST: To remove Georgia Strube from the Board of Review because she moved out of the City of Muskegon.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval.

COMMITTEE RECOMMENDATION:

Commission Meeting Date: October 22, 2013

Date: October 17, 2013
To: Honorable Mayor and City Commissioners
From: Planning & Economic Development
RE: Public Hearing - Request for an Industrial Facilities Exemption Certificate – AFI Hole Drill

SUMMARY OF REQUEST:

Pursuant to Public Act 198 of 1974, as amended, AFI Hole Drill, 1920 Port City Blvd., has requested the issuance of an Industrial Facilities Tax Exemption Certificate. The total capital investment will be \$476,000 in personal property and will create two jobs. This qualifies them for a tax abatement of six years under the current City policy.

FINANCIAL IMPACT:

The City will capture certain additional property taxes generated by the expansion (see attached Summary Sheet).

BUDGET ACTION REQUIRED:

None

STAFF RECOMMENDATION:

Approval of the attached resolution granting an Industrial Facilities Exemption Certificate for a term of six (6) years for personal property.

COMMITTEE RECOMMENDATION:

None

Resolution No. _____

MUSKEGON CITY COMMISSION

**RESOLUTION APPROVING APPLICATION FOR ISSUANCE
OF INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
*AFI Hole Drill***

WHEREAS, pursuant to P.A. 198 of 1974 as amended, after duly noticed public hearing held on July 26, 1983, this Commission by resolution established an Industrial Development District as requested by the City of Muskegon for Port City Industrial Park, including the property leases by AFI Hole Drill, 1920 Port City Blvd., Muskegon, Michigan 49442; and

WHEREAS, AFI Hole Drill has filed an application for the issuance of an Industrial Facilities Tax Exemption Certificate with respect to new machinery and equipment has been installed within said Industrial Development District ; and

WHEREAS, said application was filed no later than six months after project completion and the Muskegon City Commission held a public hearing on October 22, 2013, at the Muskegon City Hall in Muskegon, Michigan at 5:30 p.m. at which hearing the applicant, the assessor and representatives of the affected taxing units were given written notice and were afforded an opportunity to be heard on said application; and

WHEREAS, the installation of machinery and equipment is calculated to and will have the reasonable likelihood to retain, create, or prevent the loss of employment in Muskegon, Michigan; and

WHEREAS, the aggregate SEV of real property exempt from ad valorem taxes within the City of Muskegon, will not exceed 5% of an amount equal to the sum of the SEV of the unit, plus the SEV of personal and real property thus exempted.

NOW, THEREFORE, BE IT RESOLVED by the Muskegon City Commission of the City of Muskegon, Michigan that:

- 1) The Muskegon City Commission finds and determines that the Certificate considered together with the aggregate amount of certificates previously granted and currently in force under Act No. 198 of the Public Act of 1974 as amended and Act No. 255 of the Public Acts of 1978 as amended shall not have the effect of substantially impeding the operation of the City of Muskegon or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in the City of Muskegon.
- 2) The application of AFI Hole Drill, for the issuance of an Industrial Facilities Tax Exemption Certificate with respect to the installation of new machinery and equipment on the following described parcel of real property situated within the City of Muskegon to wit:

CITY OF MUSKEGON PORT CITY INDUSTRIAL CENTER LOTS 4-6 EXC SLY 45 FT LOT 6 ALSO
EXC N 66 FT LOT 4 DESC AS FOLS COM @ NW COR SD LOT FOR POB TH S 1D 12M 30S W
ALG W LN SD LOT 66.33 FT TH S 89D 42M 48S E 300 FT TO E LN SD LOT TH N 1D 12M 30S E
ALG SD E LN 66.29 FT TO NW COR SD LOT TH N 89D 42M 20S W ALG SD N LN 300 FT TO POB

- 3) The Industrial Facilities Tax Exemption Certificate is issued and shall be and remain in force and effect for a period of _____ years on personal property.

Adopted this 22nd Day of October 2013.

Ayes:

Nays:

Absent:

BY: _____
Stephen Gawron
Mayor

ATTEST: _____
Ann Cummings
Clerk

CERTIFICATION

I hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the Muskegon City Commission, County of Muskegon, Michigan, at a regular meeting held on October 22, 2013.

Ann Cummings
Clerk

RECEIVED

SEP 26 2013

Michigan Department of Treasury
1012 (Rev. 5-07)CITY OF MUSKEGON
PLANNING DEPARTMENT**Application for Industrial Facilities Tax Exemption Certificate**

Issued under authority of Public Act 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-3272.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	▶ Date received by Local Unit
STC Use Only	
▶ Application Number	▶ Date Received by STC

APPLICANT INFORMATION

All boxes must be completed.

▶ 1a. Company Name (Applicant must be the occupant/operator of the facility) AFI Hole Drill, Inc.		▶ 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 3724	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 1920 Port City Blvd. Muskegon, MI 49441		▶ 1d. City/Township/Village (indicate which) Muskegon	▶ 1e. County Muskegon
▶ 2. Type of Approval Requested ☒ New (Sec. 2(4)) ☐ Transfer (1 copy only) ☐ Speculative Building (Sec. 3(8)) ☐ Rehabilitation (Sec. 3(1)) ☐ Research and Development (Sec. 2(9))		▶ 3a. School District where facility is located Orchard View	▶ 3b. School Code 61190
		4. Amount of years requested for exemption (1-12 Years) 6	

5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed.

(2) CHMER 5-axis speed hole EDM machines - \$476,000.00.

See explanation attached.

6a. Cost of land and building improvements (excluding cost of land)	▶ \$0.00
* Attach list of improvements and associated costs.	
* Also attach a copy of building permit if project has already begun.	
6b. Cost of machinery, equipment, furniture and fixtures	▶ \$476,000.00
* Attach itemized listing with month, day and year of beginning of installation, plus total	
6c. Total Project Costs	▶ \$476,000.00
* Round Costs to Nearest Dollar	
Total of Real & Personal Costs	

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

	Begin Date (M/D/Y)	End Date (M/D/Y)	
Real Property Improvements ▶			☐ Owned ☐ Leased
Personal Property Improvements ▶	9/19/13	2/28/14	☒ Owned ☐ Leased

▶ 8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. ☐ Yes ☒ No

▶ 9. No. of existing jobs at this facility that will be retained as a result of this project. 0

▶ 10. No. of new jobs at this facility expected to create within 2 years of completion. 2

11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.

a. TV of Real Property (excluding land)

b. TV of Personal Property (excluding inventory)

c. Total TV

▶ 12a. Check the type of District the facility is located in:



Industrial Development District



Plant Rehabilitation District

▶ 12b. Date district was established by local government unit (contact local unit)

▶ 12c. Is this application for a speculative building (Sec. 3(8))?



Yes



No

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name Stephen Kutches	13b. Telephone Number (231) 773-0200	13c. Fax Number (231) 773-0210	13d. E-mail Address skutches@afiusa.net
14a. Name of Contact Person Stephen Kutches	14b. Telephone Number (231) 773-0200	14c. Fax Number (231) 773-0210	14d. E-mail Address skutches@afiusa.net
▶ 15a. Name of Company Officer (No Authorized Agents) Stephen Kutches			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number (231) 773-0210	15d. Date
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 1920 Port City Blvd. Muskegon, MI 49442		15f. Telephone Number (231) 773-0200	15g. E-mail Address skutches@afiusa.net

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

▶ 16. Action taken by local government unit ☐ Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12) After Completion ☐ Yes ☐ No ☐ Denied (Include Resolution Denying)		16b. The State Tax Commission Requires the following documents be filed for an administratively complete application: Check or Indicate N/A if Not Applicable ☐ 1. Original Application plus attachments, and one complete copy ☐ 2. Resolution establishing district ☐ 3. Resolution approving/denying application. ☐ 4. Letter of Agreement (Signed by local unit and applicant) ☐ 5. Affidavit of Fees (Signed by local unit and applicant) ☐ 6. Building Permit for real improvements if project has already begun ☐ 7. Equipment List with dates of beginning of installation ☐ 8. Form 3222 (if applicable) ☐ 9. Speculative building resolution and affidavits (if applicable)	
16a. Documents Required to be on file with the Local Unit Check or Indicate N/A if Not Applicable ☐ 1. Notice to the public prior to hearing establishing a district. ☐ 2. Notice to taxing authorities of opportunity for a hearing. ☐ 3. List of taxing authorities notified for district and application action. ☐ 4. Lease Agreement showing applicants tax liability.			
16c. LUCI Code		16d. School Code	
17. Name of Local Government Body		▶ 18. Date of Resolution Approving/Denying this Application	

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
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**State Tax Commission
Michigan Department of Treasury
P.O. Box 30471
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(For guaranteed receipt by the STC, it is recommended that applications are sent by certified mail.)

STC USE ONLY				
▶ LUCI Code	▶ Begin Date Real	▶ Begin Date Personal	▶ End Date Real	▶ End Date Personal

CITY OF MUSKEGON

CONTRACT FOR TAX ABATEMENT

Act 198 Public Acts of 1974

AGREEMENT between CITY OF MUSKEGON, a municipal corporation of 933 Terrace Street, Muskegon, Michigan 49441, ("City") and AFI Hole Drill ("Company").

Recitals:

A. The Company has applied to City for the establishment of an industrial development district or industrial rehabilitation district pursuant to the provisions of Act 198 of the Public Acts of 1974, as amended, which act requires a contract between the City and the Company to be agreed and submitted with the Company's subsequent anticipated application for an industrial facilities exemption certificate.

B. That in addition to the statutory requirement, the City has determined that it is in the best interests of the taxpayers, property owners and residents of the City that this Agreement be approved and executed prior to the establishment of the requested district, and the City deems this Contract, together with the conditions set forth in the said Act to constitute a necessary element in the City's determination whether or not to create the district.

C. The Company intends to install the project set forth in its application ("project") which it believes qualifies for the process of establishing the district and the application for industrial facilities exemption certificate.

D. The City, provided this Agreement is executed, will determine whether to create the district based upon the potential for the production of permanent jobs, the continuation or increase of economic activity, planning and zoning considerations and the City's general plan and intentions regarding economic development. In addition to the City policy considerations and predictions that the Company's proposed district and certificate benefit the community in those ways, the City has further determined that the contractual commitments made by the Company to thereby assist the community shall be binding on the Company and necessary to continue the tax exemption made possible by the certificate.

NOW THEREFORE THE PARTIES AGREE:

1. **COMPANY AGREEMENT.** The Company irrevocably commits to the investment, job retention and job creation promises made in its application, a copy of which is attached hereto and incorporated herein. In particular the Company agrees:

1.1 That 100% of the jobs shall be filled and in existence with full-time employees by a date no later than two (2) years from the date of the granting of the certificate by the State Tax Commission.

1.2 The Company shall meet the affirmative action goal included in the application or in any documents supplied by the City and utilized by the Company, including any additional representations made to the City Commission on or before the date two (2) years after the granting of the certificate by the State Tax Commission. It shall maintain the said levels of employment diversity during the period of the certificate.

1.3 The Company, by the end of two (2) years from the date of the grant of the certificate by the State Tax Commission shall have completed the investment of \$476,000 in personal property improvements as shown in the application.

1.4 That the improvements and equipment to receive the tax abatement treatment shall be completed on or before the date two (2) years from the date of granting of the certificate by the State Tax Commission.

1.5 The Company shall pay its specific taxes required by the act in a timely manner, and shall not delay payments so as to incur any penalties or interest.

1.6 The Company shall not appeal the valuation of any real or personal property at the facility to the Michigan Tax Tribunal or the State Tax Commission.

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1.8 The Company shall maintain, during the entire period for which the tax abatement is granted, the level of jobs, affirmative action goals, production and utilization of the improvements and equipment at the site where the district has been created and for which the tax exemption has been granted.

1.9 The Company shall not cause or fail to cure the release of any hazardous substance, or the violation of any environmental law on its premises in the City. It shall report any releases to the appropriate governmental authority in a timely and complete manner, and provide copies of said report documentation to the City. It shall comply with all orders and actions of any governmental agency having authority.

1.10 The Company shall maintain the equipment and improvements so as to minimize physical or functional obsolescence.

1.11 The Company shall continue to operate its business location in the City, containing the same number of and type of jobs, for the term of the certificate.

2. **AGREEMENT BY THE CITY.** Provided this contract has been executed and further provided all applications to create the district and achieve the industrial facility exemption certificate have been properly filed, the City shall, in a timely manner, determine in a public meeting to create the district and receive, process, and approve thereafter the Company's application for an industrial facilities exemption certificate. The City may consider this contract in a meeting separate from and prior to the meeting in which the City considers the creation of the district and approval of the application for certificate. Further, the City shall require the submission of this contract signed by the Company together with its applications, before creating the district.

3. **EVENTS OF DEFAULT.** The following actions or failures to comply shall be considered events of default by the Company:

3.1 Failure to meet any of the commitments set forth above.

3.2 The closing of the Company's facilities in the City. Closing shall mean for purpose of this Agreement, the removal, without transfer to another site within the City of substantially all of the production facilities, and the elimination of substantially all the jobs created or retained thereby, which are set forth in the Company's application.

3.3 Failure to afford to the City the documentation and reporting required.

3.4 The failure to create or retain jobs, meet affirmative action goals or expend the funds on equipment and improvements as represented in the application within the times required hereby.

3.5 The bankruptcy or insolvency of the Company.

3.6 The failure to pay any and all taxes and assessments levied on the Company's property or any other taxes, local, state or federal, including but not limited to City income taxes and the withholding of said City income taxes from employees as required by the City Income Tax Ordinance.

3.7 The performance or omission of any act which would lead to revocation under MCLA 207.565, being §15 of the Act.

3.8 The violation of any provisions, promises, commitments, considerations or covenants of this Agreement.

4. **REMEDIES ON DEFAULT.** In the event of any of the above defaults the City shall have the following remedies which it may invoke without notice, except as may be reasonably required by the Company's rights to due process:

4.1 In the event of closing as determined after investigation of the facts and a public hearing, the Company shall be immediately liable for penalties to be paid forthwith to the city as determined as follows:

4.1.1 The Company shall pay to the City for prorata distribution to the taxing units experiencing the abatement, an amount equal to the difference between the industrial facilities tax which it has paid, and the total property taxes to the relevant taxing units which it would have paid, given its installations of improvements and equipment, during the years for which the certificate was in effect.

4.1.2 Immediate Revocation. The Company hereby consents to revocation to the IFT certificate before the State Tax Commission, without hearing, and the City shall submit a copy of this Agreement to the State Tax Commission in connection with its revocation procedure, giving notice that the default has occurred and immediate revocation should occur.

4.2 In the event the improvements and equipment have not been installed before the two (2) year period, in addition to the revocation procedures before the State Tax Commission, the abatement should immediately be reduced by the City proportionately, and any installations which have not been finished at the end of said two (2) year period shall not be eligible for the abatement thereafter and shall be placed on the regular tax roll.

4.3 Failure to Expend the Funds Represented. In the event, (whether or not the installations have been completed), the Company has not expended the funds it has represented on its application that it would invest for the installation of equipment, the abatement shall be reduced prorata, and any remaining value of equipment shall be placed on the regular tax roll.

4.4 Job Creation and Retention. In the event the promised number of jobs have not been created or retained at the end of the two (2) years after the grant of the certificate by the State Tax Commission, the abatement shall be proportionately reduced.

4.5 Affirmative Action Goals. In the event, after one (1) year from the grant of the certificate by the State Tax Commission, the affirmative action goals of the City for additional jobs have not been met on a prorata basis, the abatement shall be revoked.

4.6 For other violations of this Agreement or for actions or omissions by the Company amounting to grounds for revocation by statute, the City shall recommend to the State Tax Commission immediate revocation of the certificate.

- 4.7 Special Assessment. For any amount due to be paid to the City, under this Section 4, the Company consents that the City shall have a personal action against the Company for the said amount, and in addition, cumulatively, and not by election, the City shall have a special assessment lien on all the property of the Company personal and real, located in the City, for the collection of the amounts due as and in the manner of property taxes and in such case the collection of the said special assessment shall be accomplished by addition by the City to the Company's property tax statement regularly rendered.
5. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Michigan applicable to contracts made and to be performed within the State of Michigan.
6. Counterparts. This Agreement may be executed in one or more counterparts. Notwithstanding such execution all such counterparts shall constitute one and the same Agreement.
7. Benefit. This Agreement shall be binding upon and inure to the benefit of the respective parties, their successors and personal representatives.
8. Effective Date. This Agreement shall be effective on the date the State of Michigan Tax Commission grants the company at Industrial Facilities Exemption Certificate.

CITY OF MUSKEGON

By _____
Stephen Gawron, Mayor

Date _____

and _____
Ann Cummings, Clerk

Date _____

By Stephen Kutcher
STEPHEN KUTCHER
Its PRESIDENT

Date 10/15/13



West Michigan's Shoreline City

City of Muskegon Industrial Facilities Exemption Application Summary Sheet

AFI Hole Drill

Employment Information: 47 employees (shared between AFI Hole Drill and AFI Machining)

Racial Characteristics:

White	46
Minority	1
Total	47

Gender Characteristics:

Male	41
Female	6
Total	47

Total No. of Anticipated New Jobs: 2

Investment Information:

Real Property:	\$0
Personal Property	\$476,000
Total:	\$476,000

Property Tax Information: (Annual)

	<u>All Jurisdictions</u>	<u>City Only</u>
Total New Taxes Generated	\$ 7,893	\$ 2,635
Value of Abatement	\$ 3,946	\$ 1,317
Total New Taxes Collected	\$ 3,946	\$ 1,317

Income Tax Information: (Annual)

Total Additional Income Tax Generated: \$ 320

Company Requirements:

Adopted Affirmative Action Policy	☒ Yes	☐ No
Meeting w/ City Affirmative Action Director	☒ Yes	☐ No
Signed Tax Abatement Contract	☒ Yes	☐ No
Taxes Paid In Full	☒ Yes	☐ No
Zoning Conflicts	☐ Yes	☒ No


Mike Franzak
Planner III


Dwana Thompson
Affirmative Action Director

Commission Meeting Date: October 22, 2013

Date: October 17, 2013
To: Honorable Mayor and City Commissioners
From: Planning & Economic Development
RE: Public Hearing - Request for an Industrial Facilities Exemption Certificate – AFI Machining

SUMMARY OF REQUEST:

Pursuant to Public Act 198 of 1974, as amended, AFI Machining, 1920 Port City Blvd., has requested the issuance of an Industrial Facilities Tax Exemption Certificate. The total capital investment will be \$595,500 in personal property and will create two jobs. This qualifies them for a tax abatement of six years.

FINANCIAL IMPACT:

The City will capture certain additional property taxes generated by the expansion (see attached Summary Sheet).

BUDGET ACTION REQUIRED:

None

STAFF RECOMMENDATION:

Approval of the attached resolution granting an Industrial Facilities Exemption Certificate for a term of six (6) years for personal property.

COMMITTEE RECOMMENDATION:

None

Resolution No. _____

MUSKEGON CITY COMMISSION

**RESOLUTION APPROVING APPLICATION FOR ISSUANCE
OF INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
*AFI MACHINING.***

WHEREAS, pursuant to P.A. 198 of 1974 as amended, after duly noticed public hearing held on July 26, 1983, this Commission by resolution established an Industrial Development District as requested by the City of Muskegon for Port City Industrial Park, including the property leased by AFI Machining, 1920 Port City Blvd., Muskegon, Michigan 49442; and

WHEREAS, AFI Machining has filed an application for the issuance of an Industrial Facilities Tax Exemption Certificate with respect to new machinery and equipment has been installed within said Industrial Development District ; and

WHEREAS, said application was filed no later than six months after project completion and the Muskegon City Commission held a public hearing on October 22, 2013, at the Muskegon City Hall in Muskegon, Michigan at 5:30 p.m. at which hearing the applicant, the assessor and representatives of the affected taxing units were given written notice and were afforded an opportunity to be heard on said application; and

WHEREAS, the installation of machinery and equipment is calculated to and will have the reasonable likelihood to retain, create, or prevent the loss of employment in Muskegon, Michigan; and

WHEREAS, the aggregate SEV of real property exempt from ad valorem taxes within the City of Muskegon, will not exceed 5% of an amount equal to the sum of the SEV of the unit, plus the SEV of personal and real property thus exempted.

NOW, THEREFORE, BE IT RESOLVED by the Muskegon City Commission of the City of Muskegon, Michigan that:

- 1) The Muskegon City Commission finds and determines that the Certificate considered together with the aggregate amount of certificates previously granted and currently in force under Act No. 198 of the Public Act of 1974 as amended and Act No. 255 of the Public Acts of 1978 as amended shall not have the effect of substantially impeding the operation of the City of Muskegon or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in the City of Muskegon.
- 2) The application of AFI Machining , for the issuance of an Industrial Facilities Tax Exemption Certificate with respect to the installation of new machinery and equipment on the following described parcel of real property situated within the City of Muskegon to wit:

CITY OF MUSKEGON PORT CITY INDUSTRIAL CENTER LOTS 4-6 EXC SLY 45 FT LOT 6 ALSO
EXC N 66 FT LOT 4 DESC AS FOLS COM @ NW COR SD LOT FOR POB TH S 1D 12M 30S W
ALG W LN SD LOT 66.33 FT TH S 89D 42M 48S E 300 FT TO E LN SD LOT TH N 1D 12M 30S E
ALG SD E LN 66.29 FT TO NW COR SD LOT TH N 89D 42M 20S W ALG SD N LN 300 FT TO POB

- 3) The Industrial Facilities Tax Exemption Certificate is issued and shall be and remain in force and effect for a period of _____ years on personal property.

Adopted this 22nd Day of October 2013.

Ayes:

Nays:

Absent:

BY: _____
Stephen Gawron
Mayor

ATTEST: _____
Ann Cummings
Clerk

CERTIFICATION

I hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the Muskegon City Commission, County of Muskegon, Michigan, at a regular meeting held on October 22, 2013.

Ann Cummings
Clerk

RECEIVED

SEP 26 2013

CITY OF MUSKEGON
PLANNING DEPARTMENTMichigan Department of Treasury
1012 (Rev. 5-07)**Application for Industrial Facilities Tax Exemption Certificate**

Issued under authority of Public Act 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-3272.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	► Date received by Local Unit
STC Use Only	
► Application Number	► Date Received by STC

APPLICANT INFORMATION**All boxes must be completed.**

► 1a. Company Name (Applicant must be the occupant/operator of the facility) AFI Machining, Inc.		► 1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) 3724	
► 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 1920 Port City Blvd. Muskegon, MI 49442		► 1d. City/Township/Village (indicate which) Muskegon	► 1e. County Muskegon
► 2. Type of Approval Requested ☒ New (Sec. 2(4)) ☐ Transfer (1 copy only) ☐ Speculative Building (Sec. 3(8)) ☐ Rehabilitation (Sec. 3(1)) ☐ Research and Development (Sec. 2(9))		► 3a. School District where facility is located Orchard View	► 3b. School Code 61190
		4. Amount of years requested for exemption (1-12 Years) 6	

5. Per section 5, the application shall contain or be accompanied by a general description of the facility and a general description of the proposed use of the facility, the general nature and extent of the restoration, replacement, or construction to be undertaken, a descriptive list of the equipment that will be part of the facility. Attach additional page(s) if more room is needed.

3 ONA RAM EDM machines - \$596,500.

See explanation attached.

6a. Cost of land and building improvements (excluding cost of land)	► \$0.00
* Attach list of improvements and associated costs.	Real Property Costs
* Also attach a copy of building permit if project has already begun.	► \$596,500.00
6b. Cost of machinery, equipment, furniture and fixtures	Personal Property Costs
* Attach itemized listing with month, day and year of beginning of installation, plus total	► \$596,500.00
6c. Total Project Costs	Total of Real & Personal Costs
* Round Costs to Nearest Dollar	

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

	Begin Date (M/D/Y)	End Date (M/D/Y)	
Real Property Improvements ►	8/23/13	12/30/13	► ☐ Owned ☐ Leased
Personal Property Improvements ►			► ☒ Owned ☐ Leased

► 8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Commitment to receive this exemption. ☐ Yes ☒ No

► 9. No. of existing jobs at this facility that will be retained as a result of this project. 18	► 10. No. of new jobs at this facility expected to create within 2 years of completion. 2
---	--

11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of SEV for the entire plant rehabilitation district and obsolescence statement for property. The Taxable Value (TV) data below must be as of December 31 of the year prior to the rehabilitation.

a. TV of Real Property (excluding land)	
b. TV of Personal Property (excluding inventory)	
c. Total TV	

► 12a. Check the type of District the facility is located in:	
☒ Industrial Development District	☐ Plant Rehabilitation District

► 12b. Date district was established by local government unit (contact local unit)	► 12c. Is this application for a speculative building (Sec. 3(8))? ☐ Yes ☒ No
--	---

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

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13a. Preparer Name Stephen Kutches	13b. Telephone Number (231) 773-0200	13c. Fax Number (231) 773-0210	13d. E-mail Address skutches@afiusa.net
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16c. LUCI Code		16d. School Code	
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1.10 The Company shall maintain the equipment and improvements so as to minimize physical or functional obsolescence.

1.11 The Company shall continue to operate its business location in the City, containing the same number of and type of jobs, for the term of the certificate.

2. **AGREEMENT BY THE CITY.** Provided this contract has been executed and further provided all applications to create the district and achieve the industrial facility exemption certificate have been properly filed, the City shall, in a timely manner, determine in a public meeting to create the district and receive, process, and approve thereafter the Company's application for an industrial facilities exemption certificate. The City may consider this contract in a meeting separate from and prior to the meeting in which the City considers the creation of the district and approval of the application for certificate. Further, the City shall require the submission of this contract signed by the Company together with its applications, before creating the district.

3. **EVENTS OF DEFAULT.** The following actions or failures to comply shall be considered events of default by the Company:

3.1 Failure to meet any of the commitments set forth above.

3.2 The closing of the Company's facilities in the City. Closing shall mean for purpose of this Agreement, the removal, without transfer to another site within the City of substantially all of the production facilities, and the elimination of substantially all the jobs created or retained thereby, which are set forth in the Company's application.

3.3 Failure to afford to the City the documentation and reporting required.

3.4 The failure to create or retain jobs, meet affirmative action goals or expend the funds on equipment and improvements as represented in the application within the times required hereby.

3.5 The bankruptcy or insolvency of the Company.

3.6 The failure to pay any and all taxes and assessments levied on the Company's property or any other taxes, local, state or federal, including but not limited to City income taxes and the withholding of said City income taxes from employees as required by the City Income Tax Ordinance.

3.7 The performance or omission of any act which would lead to revocation under MCLA 207.565, being §15 of the Act.

3.8 The violation of any provisions, promises, commitments, considerations or covenants of this Agreement.

4. **REMEDIES ON DEFAULT.** In the event of any of the above defaults the City shall have the following remedies which it may invoke without notice, except as may be reasonably required by the Company's rights to due process:

4.1 In the event of closing as determined after investigation of the facts and a public hearing, the Company shall be immediately liable for penalties to be paid forthwith to the city as determined as follows:

4.1.1 The Company shall pay to the City for prorata distribution to the taxing units experiencing the abatement, an amount equal to the difference between the industrial facilities tax which it has paid, and the total property taxes to the relevant taxing units which it would have paid, given its installations of improvements and equipment, during the years for which the certificate was in effect.

4.1.2 Immediate Revocation. The Company hereby consents to revocation to the IFT certificate before the State Tax Commission, without hearing, and the City shall submit a copy of this Agreement to the State Tax Commission in connection with its revocation procedure, giving notice that the default has occurred and immediate revocation should occur.

4.2 In the event the improvements and equipment have not been installed before the two (2) year period, in addition to the revocation procedures before the State Tax Commission, the abatement should immediately be reduced by the City proportionately, and any installations which have not been finished at the end of said two (2) year period shall not be eligible for the abatement thereafter and shall be placed on the regular tax roll.

4.3 Failure to Expend the Funds Represented. In the event, (whether or not the installations have been completed), the Company has not expended the funds it has represented on its application that it would invest for the installation of equipment, the abatement shall be reduced prorata, and any remaining value of equipment shall be placed on the regular tax roll.

4.4 Job Creation and Retention. In the event the promised number of jobs have not been created or retained at the end of the two (2) years after the grant of the certificate by the State Tax Commission, the abatement shall be proportionately reduced.

4.5 Affirmative Action Goals. In the event, after one (1) year from the grant of the certificate by the State Tax Commission, the affirmative action goals of the City for additional jobs have not been met on a prorata basis, the abatement shall be revoked.

4.6 For other violations of this Agreement or for actions or omissions by the Company amounting to grounds for revocation by statute, the City shall recommend to the State Tax Commission immediate revocation of the certificate.

- 4.7 Special Assessment. For any amount due to be paid to the City, under this Section 4, the Company consents that the City shall have a personal action against the Company for the said amount, and in addition, cumulatively, and not by election, the City shall have a special assessment lien on all the property of the Company personal and real, located in the City, for the collection of the amounts due as and in the manner of property taxes and in such case the collection of the said special assessment shall be accomplished by addition by the City to the Company's property tax statement regularly rendered.
5. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Michigan applicable to contracts made and to be performed within the State of Michigan.
6. Counterparts. This Agreement may be executed in one or more counterparts. Notwithstanding such execution all such counterparts shall constitute one and the same Agreement.
7. Benefit. This Agreement shall be binding upon and inure to the benefit of the respective parties, their successors and personal representatives.
8. Effective Date. This Agreement shall be effective on the date the State of Michigan Tax Commission grants the company at Industrial Facilities Exemption Certificate.

CITY OF MUSKEGON

By _____
Stephen Gawron, Mayor

Date _____

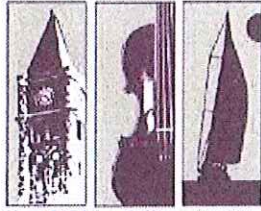
and _____
Ann Cummings, Clerk

Date _____

By Stephen Kutcher
STEPHEN KUTCHES
Its PRESIDENT

Date 10/15/13

MUSKEGON



West Michigan's Shoreline City

City of Muskegon Industrial Facilities Exemption Application Summary Sheet

AFI Machining

Employment Information: 47 employees (shared between AFI Hole Drill and AFI Machining)

Racial Characteristics:

White	46
Minority	1
Total	47

Gender Characteristics:

Male	41
Female	6
Total	47

Total No. of Anticipated New Jobs: 2

Investment Information:

Real Property:	\$0
Personal Property	\$596,500
Total:	\$596,500

Property Tax Information: (Annual)

	<u>All Jurisdictions</u>	<u>City Only</u>
Total New Taxes Generated	\$ 9,892	\$ 3,302
Value of Abatement	\$ 4,946	\$ 1,651
Total New Taxes Collected	\$ 4,946	\$ 1,651

Income Tax Information: (Annual)

Total Additional Income Tax Generated: \$ 320

Company Requirements:

Adopted Affirmative Action Policy	☒ Yes	☐ No
Meeting w/ City Affirmative Action Director	☒ Yes	☐ No
Signed Tax Abatement Contract	☒ Yes	☐ No
Taxes Paid In Full	☒ Yes	☐ No
Zoning Conflicts	☐ Yes	☒ No


Mike Franzak
Planner III


Dwana Thompson
Affirmative Action Director