CITY OF BURTON
SPECIAL COUNCIL MEETING MINUTES
PUBLIC HEARING
JANUARY 20, 2009, 6:45 P.M., COUNCIL CHAMBERS
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The Special Council Meeting was called to order by President Tom Martinbianco at 6: 45 p.m.

MEMBERS PRESENT: Ellenburg, Haskins, Heffner, Martinbianco, Tinnin and Zelenko.
MEMBERS ABSENT: Conley.
OTHERS PRESENT: D. Heidenberger and G. Webster, City Clerk.

CHAIR STATES THE PURPOSE OF THE MEETING:

Public Hearing on an Application for Industrial Facilities Exemption Certificate Filed by James E. Kirby, President of Kirby Steel, Incorporated, 4072 Flint Asphalt Drive, Flint, MI 48529.

THE PRESIDENT ANNOUNCES THAT: This is the time fixed for the hearing and considering any objections and/or favorable comments to the approval of an application of James E. Kirby, Kirby Steel, Incorporated, for an Industrial Facilities Exemption Certificate for its facility in the City of Burton Industrial Development No. I-99-1:

PRESENTATION:

Shawn Sage, 612 S. East St., Fenton, representative of Kirby Steel, indicated they were requesting this tax abatement in order to build a new office in front of their current facilities. This would enable the company to increase their workload. Currently, they have an issue with technology and the servers. They are exposed to the elements of the fabricating side of the business. Being able to put in an office would allow them to increase the servers and the computer system. In turn, this would allow them to hold meetings and bring customers into the new facility. They have had a steady increasing workload since 2000, when they built the current facility. They added 3-4 positions to their workforce after the last expansion. He expected to add more office staff in the new office. He indicated that 28% of the current workforce are Burton residents. This would allow the company to be prepared by investing in the future. He provided an artist’s rendition of the new facility.

Mrs. Heidenberger provided several details relating to Kirby Steel’s request for an Industrial Facility Exemption Certificate. She said PA 198 of 1974 provides a tax incentive to manufacturers in order to enable renovation and/or expansion of aging facilities, and to promote the establishment of high tech facilities. Council approved an Industrial Development District on May 3, 1999 for this property. They are now requesting an Industrial Facilities Tax Abatement for the investment of new Real and Personal Property estimated to be $250,000.00. They have indicated that 4-5 new jobs will be created as a result of this new investment. The application appears to be in compliance and this facility qualifies for a 9-year tax abatement on the Real Property component and a 5-year tax abatement on the Personal Property component. If approved, a certificate holder will pay a specific tax known as the Industrial Facility Tax.

Taxes for an IFT are determined by multiplying the taxable value of the facility and the personal property by ½ of the total mills levied as ad valorem taxes for that year by all of the taxing units where the property is located, plus the entire State Education Tax Millage (6 Mills). The total exemption of property taxes over the abatement period could amount to approximately $24,000.00 with the City's portion of this total being approximately $3,600.00. Applications are filed, reviewed and approved locally with the local unit determining the number of years granted, but are also subject to review at the state level by the Property Services Division and the Michigan Economic Development Corporation. The State Tax Commission is ultimately responsible for the final approval and issuance of certificate. Exemptions are not effective until approved by the State Tax Commission. Kirby Steel currently has an existing tax abatement. The real property abatement will expire on December 30, 2013.

COUNCIL LISTENS TO OBJECTIONS / FAVORABLE COMMENTS TO SAID EXEMPTION CERTIFICATION:

There were no audience comments.

PRESIDENT DECLARES THE HEARING CLOSED.

COUNCIL DISCUSSION:

Mr. Martinbianco referred to the existing IFT that expires in 2013. He wanted to know if they could tie bar the two projects and receive an extension on the existing project.

Mrs. Heidenberger said the first IFT would expire in 2013 and come back on the tax roll in 2014 at the assessed value.

Mrs. Tinnin asked for clarification on property being subject to an IFT at 56% of the normal rate, which was listed at $23,946.

Mrs. Heidenberger agreed that this was the total exemption. Without the exemption, they would have paid $55,000. Now, they will be paying just over $30,000. Therefore, it is a savings of approximately $24,000.

COUNCIL ACTION:

Zelenko moved and Tinnin seconded the following motion:

WHEREAS, Pursuant to P.A. 198 of 1974, M.C.L. 207.55 et seq., after a duly noticed public hearing held on May 3, 1999, this City Council by resolution established and Industrial Development District No. I-99-1; as requested and

WHEREAS, Kirby Steel Incorporated has filed an application for an Industrial Facilities Exemption Certificate with respect to a new facility to be acquired and installed within the Industrial Development No. I-99-1; and

WHEREAS, before acting on said application, the City Council held a Hearing on January 20, 2009 at Burton City Hall, 4303 South Center Road, Burton, Michigan at which hearing the applicant, the Assessor, and a representative of the affected taxing units were given written notice and were afforded an opportunity to be heard on said application; and

WHEREAS, construction of the facility and installation of new machinery and equipment had not begun earlier than (6) months before the date of the acceptance of the application for an Industrial Facilities Exemption Certificate; and

WHEREAS, the facility will not affect employment in other areas of the State of Michigan adversely, and

WHEREAS, the application applies to a new facility, and

WHEREAS, completion of the facility is calculated to and will at the time of issuance of the certificate have the reasonable likelihood to retain, create or prevent loss of employment in the City of Burton; and

WHEREAS, the aggregate SEV of real and personal property exempt from ad valorem taxes within the City of Burton, after granting this Certificate, will not exceed five percent (5%)of an amount equal to the sum of S.E.V. of the City plus the SEV of personal and real property thus exempted.

NOW, THEREFORE, BE IT RESOLVED BY the City Council of the City of Burton that;

1. **The Burton City Council finds and determines that the granting of the Industrial Facilities Exemption Certificate considered together with the aggregate amount of certificates previously granted and currently in force under Act No. 198 of the Public Acts of 1974 and Act 255 of the Public Acts of 1978, shall not have the effect of substantially impeding the operation of the City of Burton, or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in the City of Burton**.

2. The Application from Kirby Steel Incorporated for an Industrial Facilities Exemption Certificate with respect to a new facility to be acquired or installed on the following described parcel of real property situated within the City of Burton Industrial Development District No. I-99-1.

To Wit: Location: 4072 Flint Asphalt Drive
Parcel Number: 59-31-100-011
Legal Description: A parcel of land beg S 89 DEG 04 MIN 54 SEC W 604 FT & S 0 DEG 10 MIN 20 SEC W 350 FT & N 89 DEG 04 MIN 54 SEC E 448.42 FT FROM N ¼ COR OF SEC TH N 89 DEG 04 MIN 54 SEC E 351.22 FT TH S 0 DEG 09 MIN 11 SEC W 653.72 FT TH S 89 DEG 06 MON 06 SEC W 800.22 FT TH N 0 DEG 12 MIN 18 SEC E 228.67 FT TH N 89 DEG 04 MIN 54 SEC E448.42 FT TH N 0 DEG 12 MIN 18 SEC E424.78 FT TO PL OF BEG SEC 33 T7N R7E.

Be and the same is hereby approved.

The Industrial Facilities Exemption Certificate when issued shall be and remain in force and effect for a period of 9 years, beginning 01-01-10 and ending 12-30-19 for real property and for a period of 5 years, beginning 01-01-10 and ending 12-30-15 for the personal property component.

WHEREAS, the Industrial Facilities Exemption Certificate is hereby approved for a period of 9 years for the real property component and 5 years for the personal property component.

Motion carried 6-0.

Meeting adjourned at 7:00 p.m.

Gayle K. Webster, CMC
City Clerk