



301 W. MAIN • OWOSSO, MICHIGAN 48867-2958 • (989) 725-0599 • FAX (989) 723-8854

MEMORANDUM

DATE: August 10, 2016

TO: Mayor Benjamin Frederick, City Council, and Manager Don Crawford

FROM: Larry Cook, Assessor

RE: Industrial Facilities Tax Exemption – 300 W. Main Street

In my July 22nd memo, you were informed that during State Tax Commissions (STC) review of the Obsolete Property Rehabilitation Act (OPRA) application for 300 W. Main Street, they determined the brewery section of the project would not qualify. They recommended the use of an Industrial Facilities Tax Exemption (IFT), since the brewery is industrial in nature per their definition.

Staff recently discovered an error in the IFT application in which the applicant requested an Industrial Development District be established for this IFT, but should have been a Plant Rehabilitation District. With that in mind, the hearing for the district will be changed to September 6th and the hearing on the application for the IFT Rehab will be changed to September 15th.

The Plant Rehabilitation District is to be described as:

PART OF ORIGINAL PLAT DESCRIBED AS; SOUTH 1/2 BLOCK 24 & SOUTH 10' OF NORTH 1/2 BLOCK 24, ALSO ADJACENT RESERVE 1, LYING BETWEEN EAST BANK OF SHIAWASSEE RIVER AND SAID DESCRIPTION

As mentioned above, it is recommended by staff that the city council set a public hearing for September 6, 2016 for input from the public both within and out of the district. The city clerk will send notice to all taxing jurisdictions as required by the statute and the city's tax abatement policy.

If there are any questions, please feel free to contact me at (989) 725-0530.

**RESOLUTION SETTING PUBLIC HEARING TO ESTABLISH
A PLANT REHABILITATION DISTRICT
300 W. MAIN STREET**

WHEREAS, request was received July 21, 2016 for an Industrial Facilities Tax Exemption Certificate from Owosso REI Group, LLC; and

WHEREAS, an Plant Rehabilitation District is required for an Industrial Facilities Tax Exemption Certificate; and

WHEREAS, the Plant Rehabilitation District for this application is described as:

PART OF ORIGINAL PLAT DESCRIBED AS: SOUTH 1/2 BLOCK 24 & SOUTH 10' OF NORTH 1/2 BLOCK 24, ALSO ADJACENT RESERVE 1, LYING BETWEEN EAST BANK OF SHIAWASSEE RIVER AND SAID DESCRIPTION

WHEREAS, it must be determined that this district would be beneficial to the city of Owosso, as well as local and regional economy;

NOW, THEREFORE, BE IT RESOLVED by the city council of the city of Owosso, Shiawassee County, Michigan that:

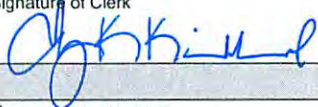
FIRST: the Owosso City Council sets public hearing for September 6, 2016 at or about 7:30 p.m. in the council chambers for the purpose of hearing comments from those within the proposed district, and any other resident or taxpayer, of the city of Owosso; and

SECOND: the city clerk gives the notifications as required by law; and

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, call (517) 373-3302.

To be completed by Clerk of Local Government Unit	
Signature of Clerk 	Date Received by Local Unit <u>08/10/14</u>
STC Use Only	
Application Number	Date Received by STC

APPLICANT INFORMATION

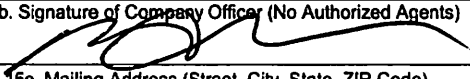
All boxes must be completed.

1a. Company Name (Applicant must be the occupant/operator of the facility) Owosso REI Group, LLC		1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (4 or 6 Digit Code) Brewery	
1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 300 West Main Street, Owosso, MI 48867		1d. City/Township/Village (indicate which) City of Owosso	1e. County Shiawassee
2. Type of Approval Requested <input type="checkbox"/> New (Sec. 2(5)) <input type="checkbox"/> Transfer <input type="checkbox"/> Speculative Building (Sec. 3(8)) <input checked="" type="checkbox"/> Rehabilitation (Sec. 3(6)) <input type="checkbox"/> Research and Development (Sec. 2(10)) <input type="checkbox"/> Increase/Amendment		3a. School District where facility is located Owosso	3b. School Code 78110
		4. Amount of years requested for exemption (1-12 Years) 12	
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. See Attachment			
6a. Cost of land and building improvements (excluding cost of land) * Attach list of improvements and associated costs. * Also attach a copy of building permit if project has already begun.		▶ <u>\$274,032</u> Real Property Costs	
6b. Cost of machinery, equipment, furniture and fixtures * Attach itemized listing with month, day and year of beginning of installation, plus total		▶ <u>\$289,750</u> Personal Property Costs	
6c. Total Project Costs * Round Costs to Nearest Dollar		▶ <u>563,782</u> 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.			
		<u>Begin Date (M/D/Y)</u>	<u>End Date (M/D/Y)</u>
Real Property Improvements	▶ <u>December 2016</u>	<u>February 2018</u>	▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased
Personal Property Improvements	▶ <u>August 2017</u>	<u>February 2018</u>	▶ <input checked="" type="checkbox"/> Owned <input type="checkbox"/> 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. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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. 25	
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)		<u>3,688</u>	
b. TV of Personal Property (excluding inventory)		<u>0</u>	
c. Total TV		<u>3,688</u>	
12a. Check the type of District the facility is located in: <input type="checkbox"/> Industrial Development District <input checked="" type="checkbox"/> 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))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 Randy Woodworth	13b. Telephone Number 989-723-3711	13c. Fax Number 989-936-5920	13d. E-mail Address randywoodworth@gmail.co
14a. Name of Contact Person Randy Woodworth	14b. Telephone Number 989-723-3711	14c. Fax Number 989-936-5920	14d. E-mail Address randywoodworth@gmail.co
▶ 15a. Name of Company Officer (No Authorized Agents) Randy Woodworth			
15b. Signature of Company Officer (No Authorized Agents) 		15c. Fax Number 989-936-5920	15d. Date 7/20/2015
▶ 15e. Mailing Address (Street, City, State, ZIP Code) 120 W. Exchange St. Suite 203 Owosso, MI 48867		15f. Telephone Number 989-723-3711	15g. E-mail Address randywoodworth@gmail.co

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 <input type="checkbox"/> Abatement Approved for _____ Yrs Real (1-12), _____ Yrs Pers (1-12) After Completion <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> 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 <input type="checkbox"/> 1. Original Application plus attachments, and one complete copy <input type="checkbox"/> 2. Resolution establishing district <input type="checkbox"/> 3. Resolution approving/denying application. <input type="checkbox"/> 4. Letter of Agreement (Signed by local unit and applicant) <input type="checkbox"/> 5. Affidavit of Fees (Signed by local unit and applicant) <input type="checkbox"/> 6. Building Permit for real improvements if project has already begun <input type="checkbox"/> 7. Equipment List with dates of beginning of installation <input type="checkbox"/> 8. Form 3222 (if applicable) <input type="checkbox"/> 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 <input type="checkbox"/> 1. Notice to the public prior to hearing establishing a district. <input type="checkbox"/> 2. Notice to taxing authorities of opportunity for a hearing. <input type="checkbox"/> 3. List of taxing authorities notified for district and application action. <input type="checkbox"/> 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 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, and that any leases show sufficient tax liability.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
19e. Telephone Number	19f. Fax Number	

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

**Michigan Department of Treasury
State Tax Commission
PO Box 30471
Lansing, MI 48909**

(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

IFT Project Summary, Budget and Installation Timeline Attachment

Owosso REI Group, LLC

300 West Main Street

Owosso, Michigan

#5

The facility makes up approximately 1,628 square of a larger (37,262) redevelopment in downtown Owosso. The rest of the project is commercial in nature and is pursuing and OPRA. The Brewery will be contained in the "Center" building, which is a two story building constructed in 1899. These buildings were originally constructed and operated as a brewery for the Mueller Brothers Brewing Company. Historical use of the existing buildings included a mix of manufacturing, retail and predominately professional offices in the most recent past between 1960 and 1999. By 2000, nearly half of the office spaces were vacant. The buildings have been vacant since 2015. The future use will be the brewing facility of Owosso Brewing Company. Rehabilitation activities will include: Lead and asbestos abatement, Extensive interior demolition, All new building equipment, including heating, ventilation, lighting, mechanical, and fixtures, improved roof structure, structural wall and floor replacement, etc. Physical upgrades to the building exterior, and Site improvements including utility relocation, new and improved entrance, installation of all required equipment for brewery operation. The costs provided only reflect the costs associated with the brewery. The brewery is part of a larger 7 million dollar renovation that will improve the rest of the property for commercial operation. A visual of where the brewery is in relation to the larger project is provided.

Real Property Improvements

Line Item	Total
Public Infrastructure	7,976
Site Improvements	661
Demolition	9,632
Earth Work and Excavation	3,916
Building Concrete/Masonry	33,173
Carpentry	13,802
Roofing/Metal/Siding/Insulation/Caulking	19,744
Doors/Windows/Glass	26,227
Drywall/Acoustical	13,736
Flooring	4,877
Cabinets/Countertops/Appliances	9,541
Painting/Decorating	11,500
Plumbing/Electrical/Fire Protection	38,581
HVAC	27,792
Builder Overhead/Profit/General Requirements	41,761
Contingency	11,113
Total Project Cost	\$274,032

Personal Property Improvements

Item	Number	Total Cost	Date to begin Installation	
Brew System	1	\$220,000	August 1, 2016	
Grain Storage	1	\$2,000	August 1, 2016	
Grist Mill	1	\$6,500	August 1, 2016	
Hop/Yeast Storage	1	\$4,500	August 1, 2016	
Oak Barrels	10	\$2,850	August 1, 2016	
Washer/Racker	1	\$16,500	August 1, 2016	
Water Filtration	1	\$8,000	August 1, 2016	
1/2 Barrels	60	\$9,900	August 1, 2016	
Shipping	1	\$7,500	August 1, 2016	
Brew MEP	1	\$12,000	August 1, 2016	
Total PP				\$289,750