



**IFT LETTER OF UNDERSTANDING**

[Empty rectangular box for Company Name]

Company Name

[Empty rectangular box for Address]

Address

[Empty rectangular box for Address]

**CITY OF ADRIAN**

**RE: Agreement with the City of Adrian**

\_\_\_\_\_ (the Taxpayer) has submitted an application to you for the granting of an Industrial Facilities Exemption Certificate (IFT) pursuant to Michigan Public Acts of 1974, as amended.

To encourage the granting of the IFT and in recognition of investment the City of Adrian will be making toward the economic growth of the taxpayer and, thus, the economic growth of the municipality, I hereby agree, on behalf of the taxpayer, to the following:

- I. Administrative terms and Conditions. The City of Adrian and taxpayer acknowledge that the magnitude of the application for an Industrial Facilities Exemption Certificate is sufficiently large so as to warrant an agreement on certain administrative matters that develop and exist in the administration of the tax abatements. Therefore, the parties agree, as part of this agreement and the granting by the City of the applied for Industrial Facilities Exemption Certificate, to the following terms and conditions relative to the administration of the tax abatement:

A. Auditor and Audits:

- i. Taxpayer shall obtain for the benefit of itself and the City, at taxpayer's sole cost and expense, a mutually agreed upon and independent accounting firm to prepare and provide the industrial

facilities' tax filings and ad valorem personal property tax filings for the term of the construction and use of the properties covered by the application for the Industrial Facilities Exemption Certificate. The independent accounting firms shall report to the taxpayer and the City jointly and equally.

- ii. The City and taxpayer shall accept as accurate the calculations and cost estimated used by the City to levy taxpayer's personal property assessments, including the assessed, state equalized and taxable values, for the current year and subsequent years, as reported by the independent accounting firm.
- iii. Taxpayer or the City may request to meet, discuss and bargain in good faith a modification of the terms specified in paragraph I.A(i) and (ii). The City and taxpayer may mutually agree to modify these terms.

**B. Reporting:**

(1) No later than the 1<sup>st</sup> day of February immediately following the second year after the issuance date of the IFT, the taxpayer shall submit a letter to the City of Adrian stating:

- i. The number of new jobs promised in the IFT application within a two year period and the actual number of new jobs created.
- ii. If the IFT was granted on the basis of job retention, the number of employees at the time of the application and the current number of employees.
- iii. If projection for creation or retention of jobs was not reached, give detailed explanation.
- iv. The estimated project cost given in the application and the actual project cost.
- v. If actual project costs differ substantially from project cost, give explanation.

(2) The taxpayer further agrees to submit a report regarding status of employment every two years, beginning two years after submission of the letter required in item I.B(1), on or before December 31<sup>st</sup>. If employment has not remained or exceeded the number given in the application, a detailed explanation for this shall be included. This report shall be submitted beginning with the fourth year after the issuance date of the IFT.

The taxpayer understands that if employment has not been retained or reached as stated in the application or the construction and/or expansion project has not been completed or expenditures made, as described in the application, the City has the right to, review the status reports and may petition by resolution, the State Tax Commission, for revocation of the IFT.

(3) The taxpayer agrees to remain within the City of Adrian for the period of the IFT in order to retain the benefits of the IFT unless permission for relocation is granted by the City of Adrian. The taxpayer further understands that if it chooses

to leave the City of Adrian without permission for relocation prior to the end of the term of the IFT, the City of Adrian has the right to recapture from the taxpayer, up to and including the total amount of the taxes abated by the IFT. The City of Adrian shall issue a denial of the City's consent for granting of an IFT in a governmental unit to which the taxpayer has relocated or transferred employment to, from the City of Adrian. The taxpayer may present to the City of Adrian Commission compelling circumstances, which would allow the City Commission, in its sole discretion, to approve such transfer.

C. Appeal of Local Assessment; Costs: In the event that taxpayer appeals the City of Adrian's real and/or personal property assessment levied against its real and/or personal property to the Michigan Tax Tribunal, or beyond, taxpayer shall pay to the City, the City's reasonable costs of such appeal, including but not limited to attorney fees and appraisal costs. At such time the taxpayer appeals either real or personal property assessment(s) to the Michigan Tax Tribunal, the City of Adrian Commission, by resolution, will request revocation of real and/or personal IFT certificate(s) to the State Tax Commission.

II. Mutual Representation.

A. Taxpayer Representation: Taxpayer represents to the City that the persons executing this agreement has full power and authority to do so, and that they have obtained any and all necessary corporate resolutions to empower them to bind taxpayer to the terms hereof.

B. City Representation: The City represents to taxpayer that the person signing this agreement has the full power to do so and to bind the City of Adrian to the terms hereof, the same having acted upon and approved by the City Commission for the City of Adrian at the Commission's regular session of the \_\_\_\_\_ day of \_\_\_\_\_ upon motion duly made, seconded and carried.

Witness  
\_\_\_\_\_  
\_\_\_\_\_

Taxpayer Name \_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Witness  
\_\_\_\_\_  
\_\_\_\_\_

City of Adrian  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_