

East Bay Charter Township

#10

August 28, 2009

Glen Lile
Supervisor
East Bay Charter Township
1965 North Three Mile Road
Traverse City, Michigan 49686

**RE: Request for Personal Property Tax Abatement
East Bay Township Facilities Expansion**

Dear Mr. Lile:

On behalf of Auto-Owners Insurance Company, we are submitting this letter to request a personal property tax abatement for a new data and information technology service center to be constructed as an expansion of our client's facilities in East Bay Charter Township.

This new facility will be a single-story, approximately 32,000 square feet addition to Auto-Owners' existing building at East Hammond Road, and is being constructed to replace data management services currently being out-sourced to a vendor in Colorado. The project involves a \$15 to \$20 million building investment, plus as much as \$10 million for data center and other equipment. In addition, Auto-Owners anticipates housing up to 10 programming and other IT services positions at the complex after completion of the expansion.

This represents a significant local investment, both in terms of the capital being committed for the new facility and the decision to locate critical staff positions in northern Michigan. Beyond the permanent positions, the project is also expected to generate 60 to 80 temporary trade jobs over the 18 months of construction.

The abatement being requested represents an average savings in personal property taxes of approximately \$96 thousand per year, over a 20-year exemption – for a present value of approximately \$1 million. These savings serve, in part, to offset the nearly \$500 thousand in additional annual operating expenses to be incurred as a result of the expanded facility, in addition to the nearly \$30 million capital investment being made.

We request that this abatement be granted through the establishment of an "eligible district" for the project site under Public Act 328 of 1998, as amended, (MCL 211.9f) for a period of 20 years, based on our client's eligibility as an "eligible taxpayer" under the Act. To that end, we have enclosed draft resolutions that could be enacted by the Township Board to establish the district and approve the exemption.

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We would like to discuss the details of this exciting project, and our request, with you at your earliest convenience. If there is any additional information you require, or any assistance we can offer, please do not hesitate to contact us.

Sincerely,
Christman Capital Development Company



Anthony A. Pecchio
Development Services Manager

Enclosures

cc: Brian Hiesrodt...Auto-Owners Insurance Company
Tino Breithaupt...Traverse Bay EDC, Traverse City Area Chamber of Commerce
Phil Santer...Michigan Economic Development Corporation
Heather Cole...Michigan Department of Treasury

**CHARTER TOWNSHIP OF EAST BAY
COUNTY OF GRAND TRAVERSE, MICHIGAN**

At a regular meeting of the Township Board of the East Bay Charter Township, held at the [location and address of meeting], Michigan, on the 14th day of September, 2009, at [time of meeting].

PRESENT: Members: _____

ABSENT: Members: _____

The following preamble and resolution were offered by Member _____ and supported by Member _____:

**RESOLUTION [resolution number] TO ESTABLISH AN
“ELIGIBLE DISTRICT” PURSUANT TO ACT 328 OF THE PUBLIC ACTS OF
MICHIGAN OF 1998, AS AMENDED**

[Auto-Owners Insurance Company - 700 East Hammond Road]

WHEREAS, the Charter Township of East Bay (the “Township”) has received a request from Auto-Owners Insurance Company (the “Applicant”) to designate and establish an “eligible district” pursuant to Act 328 of the Public Acts of Michigan of 1998, as amended (“Act 328”) for the Data and Information Technology Services Center project to be located at 700 East Hammond Road within the Township (the “Property”); and

WHEREAS, the Applicant represents that it constitutes an “eligible taxpayer” as defined in Act 328 and, therefore the Property qualifies as an “eligible district” under Act 328; and

WHEREAS, written notice of a public hearing by the Township Board on the establishment of an "eligible district" has been given as required by Act 328 to the Township assessor and all affected taxing jurisdictions; and

WHEREAS, the Township Board has convened a public hearing on the establishment of the proposed district and has considered comments and other information received with respect to the proposed district.

IT IS THEREFORE RESOLVED AS FOLLOWS:

1. The Township hereby establishes and designates the following described lands as an "eligible district" under the terms of Act 328:

Part of the North Half of the Northwest Quarter, of the Northeast Quarter of Section 30, Town 27 North, Range 10 West, East Bay Township, Grand Traverse County, Michigan more fully described as: Beginning at the North Quarter Corner of said Section 30; thence North 88°45'28" East, 1311.40 feet, along the North line of said Section 30; thence South 01°14'32" East, 584.53 feet; thence South 88°44'22" West, 99.83 feet; thence South 01°15'38" East, 69.36 feet; thence South 88°44'22" West 65.18 feet; thence South 62°02'25" West, 124.22 feet; thence South 27°57'35" East, 20.00 feet; thence South 52°45'43" West, 106.58 feet; thence North 89°40'05" West, 148.95 feet; thence North 01°08'22" East, 20.00 feet; thence North 89°40'05" West, 228.44 feet; thence North 84°47'57" West, 210.67 feet; thence North 65°02'06" West, 311.61 feet; thence Northwesterly 27.62 feet along the arc of a 257.00 foot radius curve to the left, the central angle of which is 06°09'30", and the long chord of which bears North 36°47'44" West, 27.61 feet; thence North 39°52'26" West, 56.65 feet; thence Northwesterly 57.59 feet along the arc of a 322.89 foot radius curve to the right, the central angle of which is 10°13'07", and the long chord of which bears North 34°45'55" West, 57.51 feet; thence North 00°15'06" East, 489.54 feet, to the point of beginning. Said parcel contains 21.41 acres, more or less.

Property Address: 700 East Hammond Road

Permanent Parcel No.: 28-03-230-003-40

2. The above-described district shall be known as the "Auto-Owners Act 328 Eligible District."

AYES: Members: _____

NAYS: Members: _____

RESOLUTION DECLARED ADOPTED.

Township Clerk

**CHARTER TOWNSHIP OF EAST BAY
COUNTY OF GRAND TRAVERSE, MICHIGAN**

At a regular meeting of the Township Board of the Charter Township of East Bay, held at the [location and address of meeting], Michigan, on the 14th day of September, 2009, at [time of meeting].

PRESENT: Members: _____

ABSENT: Members: _____

The following preamble and resolution were offered by Member _____ and supported by Member _____:

Resolution [resolution number]

**Approving a New Personal Property Exemption Application for Auto-Owners Insurance
Company Located at 700 East Hammond Road**

WHEREAS, the Charter Township of East Bay (the "Township) meets the definition of a "Eligible Local Assessing District" under PA 328 of 1998, as amended; and

WHEREAS, the Township Board of the Charter Township of East Bay (the "Township Board") established the Auto-Owners Act 328 Eligible District on September 14, 2009 as required under PA 328 of 1998 after a public hearing held on [date]; and

WHEREAS, the applicant Auto-Owners Insurance Company meets the definition of an “Eligible Business” as defined by PA 328 of 1998 and is engaged primarily in office operations and information technology and data management services at the location of 700 East Hammond Road; and

WHEREAS, the new personal property was not placed in the facility within the qualified district prior to approval of the exemption by the Township Board; and

WHEREAS, the taxable value of the property proposed to be exempt under PA 328 of 1998 considered together with the aggregate total taxable value of property previously exempt and currently in force under PA 328 of 1998, shall not have the effect of substantially impeding the operation of the Township or impairing the financial soundness of an affected taxing unit; and

WHEREAS, the applicant Auto-Owners Insurance Company is not delinquent on any taxes related to the facility, including taxes owed on existing personal property; and

WHEREAS, the exemption of new personal property for Auto-Owners Insurance Company shall have the effect of supporting a significant capital investment, generating temporary construction jobs and creating new, full-time employment for the Township.

IT IS THEREFORE RESOLVED AS FOLLOWS:

Be and hereby is granted by the Township a New Personal Property Exemption for personal property, placed in the facility after this resolution, located in the Auto-Owners Act 328 Eligible District at 700 East Hammond Road for a period of twenty (20) years, beginning December 31, 2009, and ending December 30, 2029 pursuant to the provisions of PA 328 of 1998, as amended.

AYES: Members: _____

NAYS: Members: _____

RESOLUTION DECLARED ADOPTED.

Township Clerk