## City of Detroit

Janice M. Winfrey City Clerk

OFFICE OF THE CITY CLERK

Andre P. Gilbert II Deputy City Clerk

August 22, 2022

To: Katharine G. Trudeau, Deputy Director

Planning and Development Department Coleman A. Young Municipal Center

2 Woodward Ave. Suite 808

Detroit, MI. 48226

Re: Request for the Establishment of an Industrial Facilities Exemption Certificate at 1200 Oakman Blvd, Detroit, MI 48238. (Relative to Petition #2022-58)

Please find attached an application for Request to E Establishment of an Industrial Facilities Exemption Certificate at 1200 Oakman Blvd, Detroit, MI 48238. (Relative to Petition #2022-58)

Respectfully submitted,

Jaleesa McIntosh,

Jr. Assistant City Council Committee Clerk

Office of the City Clerk

## **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		
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)  Orange Construction, LLC	▶ 1b, Standard Industrial Classification (SIC) Co 2085	ode - Sec. 2(10) (4 or 6 Digit Code)	
▶ 1c. Facility Address (City, State, ZIP Code) (real and/or personal property location) 1200 Oakman Blvd, Building B	1d, City/Township/Village (indicate which) Detroit	▶ 1e. County Wayne	
▶ 2. Type of Approval Requested  New (Sec. 2(5))  Speculative Building (Sec. 3(8))  Research and Development (Sec. 2(10))  Increase/Amendmen	t 12		
5. Per section 5, the application shall contain or be accompanied by a general descripnature and extent of the restoration, replacement, or construction to be undertaken, a more room is needed.  Please see attached letter	descriptive list of the equipment that will be part of	the facility. Attach additional page(s) if	
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.  6b. Cost of machinery, equipment, furniture and fixtures  * Attach itemized listing with month, day and year of beginning of in  6c. Total Project Costs  * Round Costs to Nearest Dollar	Restallation, plus total	2.6 million eal Property Costs 5.089 million ersonal Property Costs 8.689 million otal of Real & Personal Costs	
Real Property Improvements	End Date (M/D/Y)  1/1/2024    X Owned   X Owne	period of the effective date of the Leased 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 X No			
<ul> <li>9. No. of existing jobs at this facility that will be retained as a result of this project.</li> <li>0</li> </ul>	▶ 10, No, of new jobs at this facility expected to 33		
11. Rehabilitation applications only. Complete a, b and c of this section. You must at obsolescence statement for property. The Taxable Value (TV) data below must be as a. TV of Real Property (excluding land) b. TV of Personal Property (excluding inventory) c. Total TV	0 0		
▶ 12a. Check the type of District the facility is located in:    X   Industrial Development District   Plant Rehabilitation   Plant Rehabilitation   Plant Rehabilitation   Plant Rehabilitation   Plant Rehabilitation   Pla			
▶ 12b. Date district was established by local government unit (contact local unit) applied for with City Council	▶ 12c. Is this application for a speculative build  Yes No	ing (Sec. 3(8))?	

### 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	13b. Telephone Number	13c Fax Number	13d. E-mail Address	
Stephen George	858-335-4237	n/a	alec@endlesswest.com	
14a, Name of Contact Person	14b. Telephone Number	14c, Fax Number	14d. E-mail Address	
Alec Lee	248-303-9510	n/a	alec@endlesswest.com	
▶ 15a, Name of Company Officer (No Authorized Agents)				
Alec Lee				
15b. Signature of Company Officer (No Authorized Agents) 15c. Fax Number 15d. Date				
n/a 3-22-2022				
▶ 15e. Mailing Address (Street, City, State, ZIP Code)		15f, Telephone Number	15g, E-mail Address	
1150 Illinois St., San Franci		248-303-9510	alec@endlesswest.com	

#### 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		16b. The State Tax Commission Requires the following documents be filed for an administratively complete application:
Abatement Approved for Yrs Real (1-12)	, Yrs Pers (1-12)	Check or Indicate N/A if Not Applicable
After Completion Yes No		1. Original Application plus attachments, and one complete copy
		2. Resolution establishing district
Denied (Include Resolution Denying)		3. Resolution approving/denying application.
40. De susseste De suited to be an file with the Legal Unit		4. Letter of Agreement (Signed by local unit and applicant)
16a, Documents Required to be on file with the Local Unit Check or Indicate N/A if Not Applicable		5. Affidavit of Fees (Signed by local unit and applicant)
1. Notice to the public prior to hearing estab	lishing a district.	6. Building Permit for real improvements if project has already begun
2. Notice to taxing authorities of opportunity		7. Equipment List with dates of beginning of installation
3. List of taxing authorities notified for district		8. Form 3222 (if applicable)
4. Lease Agreement showing applicants tax		Speculative building resolution and affidavits (if applicable)
16c LUCI Code		16d. School Code
Tot. Edd Code		150. 661667 6646
17. Name of Local Government Body		▶ 18. Date of Resolution Approving/Denying this Application
Attached hereto is an original application and al unit for inspection at any time, and that any leas	l documents listed in 16 es show sufficient tax li	6b. I also certify that all documents listed in 16a are on file at the local 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

# Instruction for Completing Form 1012, Industrial Facilities Tax Exemption (IFT) Application

The completed original application form 1012 and all required attachments, MUST be filed with the clerk of the local unit of government where the facility is or will be located. Complete applications must be received by the State Tax Commission by October 31 to ensure processing and certification for the following tax year. Applications received after the October 31 deadline will be processed as expeditiously as possible.

Please note that attachments listed on the application in number 16a are to be retained by the local unit of government, and attachments listed in number 16b are to be included with the application when forwarding to the State Tax Commission (STC).

(Before commencement of a project the local unit of government must establish a district, or the applicant must request in writing a district be established, in order to qualify for an IFT abatement. Applications and attachments must be received by the local unit of government within six months of commencement of project.)

The following information is required on separate documents attached to form 1012 by the applicant and provided to the local unit of government (city, township or village). (Providing an accurate school district where the facility is located is vital.):

- 1. Legal description of the real property on which the facility is or will be located. Also provide property identification number if available.
- 2. Personal Property Requirements: Complete list of new machinery, equipment, furniture and fixtures which will be used in the facility. The list should include description, beginning date of installation or expected installation by month/day/year, and costs or expected costs (see sample). Detail listing of machinery and equipment must match amount shown on question 6b of the application. Personal property applications must have attached a certified statement/affidavit as proof of the beginning date of installation (see sample).
- 3. Real Property Requirements: Proof of date the construction started (groundbreaking). Applicant must include one of the following if the project has already begun; building permit, footings inspection report, or certified statement/affidavit from contractor indicating exact date of commencement.

4. Complete copy of lease agreement as executed, if applicable, verifying lessee (applicant) has direct ad valorem real and/or personal property tax liability. The applicant must have real and/or personal property tax liability to qualify for an IFT abatement on leased property. If applying for a real property tax exemption on leased property, the lease must run the full length of time the abatement is granted by the local unit of government. Tax liability for leased property should be determined before sending to the STC.

The following information is required of the local unit of government: [Please note that only items 2, 4, 5, 6, & 7 below are forwarded to the State Tax Commission with the application, along with items 2 & 3 from above. The original is required by the STC. The remaining items are to be retained at the local unit of government for future reference. (The local unit must verify that the school district listed on all IFT applications is correct.)

- 1. A copy of the notice to the general public and the certified notice to the property owners concerning the establishment of the district.
- 2. Certified copy of the resolution establishing the Industrial Development District (IDD) or Plant Rehabilitation District (PRD), which includes a legal description of the district (see sample). If the district was not established prior to the commencement of construction, the local unit shall include a certified copy or date stamped copy of the written request to establish the district.
- 3. Copy of the notice and the certified letters to the taxing authorities regarding the hearing to approve the application.
- 4. Certified copy of the resolution approving the application. The resolution must include the number of years the local unit is granting the abatement and the statement "the granting of the Industrial Facilities Exemption Certificate shall not have the effect of substantially impeding the operation of (governmental unit), or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in (governmental unit see sample).

- 5. Letter of Agreement (signed by the local unit of government and the applicant per P.A. 334 of 1993 (see sample).
- 6. Affidavit of Fees (signed by the local unit of government and the applicant), (Bulletin 3, January 16, 1998). This statement may be incorporated into the Letter of Agreement (see sample).
- 7. Treasury Form 3222 (if applicable Fiscal Statement for Tax Abatement Request.

# The following information is required for rehabilitation applications in addition to the above requirements:

- 1. A listing of existing machinery, equipment, furniture and fixtures which will be replaced or renovated. This listing should include description, beginning date of installation or expected installation by month/day/year, and costs or expected costs.
- 2. A rehabilitation application must include a statement from the Assessor showing the taxable valuation of the plant rehabilitation district, separately stated for real property (EXCLUDING LAND) and personal property. Attach a statement from the assessor indicating the obsolescence of the property being rehabilitated.

### The following information is required for speculative building applications in addition to the above requirements:

- 1. A certified copy of the resolution to establish a speculative building.
- 2. A statement of non-occupancy from the owner and the assessor. Please refer to the following Web site for P.A. 198 of 1974:

Please refer to the following Web site for P.A. 198 of 1974: www.legislature.mi.gov/. For more information and Frequently Asked Questions, visit our Web site at www.michigan.gov/propertytaxexemptions.

For guaranteed receipt by the State Tax Commission, it is recommended that applications and attachments are sent by certified mail.



#### Stephen George <stephen@endlesswest.com>

### Confirmation - Employment Plan for Tax Abatement Applicants

Smartsheet Forms <forms@app.smartsheet.com> To: stephen@endlesswest.com

Tue, Mar 22, 2022 at 1:04 PM



Thank you for submitting your entry. A copy is included below for your records.

## **Employment Plan for Tax Abatement Applicants**

**Project Name** 

1200 Oakman

**Parcel Street Address** 

1200 Oakman Blvd, Building B, Detroit, MI

Parcel Zip Code 48238

**Project** Description

Endless West is a beverage technology start-up founded in 2015 and based in San Francisco, California. The company has developed a process by which we are able to manufacture the molecular equivalent of long-aged whiskey and other spirits overnight without the use of barrels or other aging devices. We launched our first product, Glyph whiskey, several years ago, and the company has since expanded its portfolio to include a wide range of distilled spirits products including gin, vodka, brandy, and a variety of readyto-drink cocktails. Under our Blank Collective brand, the company offers B2B services to other beverage alcohol industry members, providing bespoke solutions from formulation to branding to co-manufacturing.

In an effort to expand our manufacturing operations into the Midwest as we enter the growth stage of our business, Endless West is looking to establish an HQ2 in the city of Detroit, our first facility outside of San Francisco. We have purchased the property via a wholly-owned subsidiary (Orange Construction, LLC, a Michigan limited liability company), and we plan to lease the Property to Blank Collective, LLC (a Michigan limited liability company) who will apply our innovative process in receiving grain neutral spirit in bulk, mixing it with flavors, syrups, and water to create whiskies, gins, brandies, and ready-to-drink cocktails, bottling and canning it into closed packages, and selling it to distributors who will in turn offer it to restaurants and retailers throughout Michigan and beyond. They will also package the products into bulk containers and sell it to other beverage alcohol manufacturers for use in their own production.

In order to renovate the Property and ready it for manufacturing, we anticipate spending approximately \$2.3 million in connection with additions, alterations, and repairs to the existing structure. In addition, we anticipate spending over \$10 million to purchase and install the equipment and machinery necessary to use the Property to manufacture, store, and distribute our products.

Tax Abatement Industrial Facilities Exemption (PA 198 of 1974)

Length of Tax **Abatement** 

12

Construction Completion

12/09/2022

Date

Company Name Orange Construction, LLC

**Address** 

Company Street 5360 Plymouth Road, Ann Arbor, MI

Company Zip

Code

48105

Name of

**Authorized** 

Alec Lee

Representative

Title

Manager

**Email** 

alec@endlesswest.com

**Phone** 

(248) 303-9510

Check if all questions may be directed to the Authorized Representative

Post-

Construction

**Tenant Occupied** 

Occupant

FTE

**Employment** 

5-50

Range

Total number of

full time

employee

33

positions offered

Please provide any additional comments here:

## File Attachments



Employment and Project Narrative for 1200 Oakman Blvd.docx (20k)

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March 22, 2022

Detroit City Council Coleman A. Young Municipal Center 2 Woodward Ave Suite 1340 Detroit, MI 48226

RE: Request for the Establishment of an Industrial Facilities Exemption Certificate at 1200 Oakman Blvd, Detroit, MI 48238

Honorable City Council:

Please accept this letter as a request to establish an **Industrial Facilities Exemption Certificate** for the property located at 1200 Oakman Blvd, Building B, Detroit, MI 48238 and described on Attachment A (the "**Property**").

This project entails a sale of the real property and building located at the Property. On February 16, 2022, Ava Food Labs, Inc. dba Endless West purchased the Property via a newly formed subsidiary – Orange Construction, LLC, a Michigan limited liability company. The Property is currently owned and operated as a food distribution center by Focus:Hope, a non-profit corporation. Endless West and Focus:Hope entered into a purchase agreement for the transaction. We are currently in the due diligence phase and hope to close in the near future. Endless West's diligence review of the Property – focusing on environmental conditions, zoning, licensing, and structural engineering – has to this point raised no blockers to completing the transaction.

Endless West is a beverage technology start-up founded in 2015 and based in San Francisco, California. The company has developed a process by which it is able to manufacture the molecular equivalent of long-aged whiskey and other spirits overnight without the use of barrels or other aging devices. We launched our first product, Glyph whiskey, several years ago, and the company has since expanded its portfolio to include a wide range of distilled spirits products including gin, vodka, brandy, and a variety of ready-to-drink cocktails. Under our Blank Collective brand, the company offers B2B services to other beverage alcohol industry members, providing bespoke solutions from formulation to branding to co-manufacturing.

In an effort to expand our manufacturing operations into the Midwest as it enters the growth stage of our business, Endless West is looking to establish an HQ2 in the city of Detroit, our first facility outside of San Francisco. We plans to use the Property to apply our innovative process in receiving grain neutral spirit in bulk, mixing it with flavors, syrups, and water to create whiskies, gins, brandies, and ready-to-drink cocktails, bottling and canning it into closed packages, and selling it to distributors who will in turn offer it to restaurants and retailers throughout Michigan and beyond. We will also package our products into bulk containers and sell it to other beverage alcohol manufacturers for use in their own production.

Endless West's use of the Property will be consistent with the purpose of industrial zoning, as we understand it. Endless West's molecular manufacturing processes are streamlined and self-contained, yielding non-objectionable effects on the premises, surrounding businesses, other properties in the area,



and the Detroit community as a whole. Bottling, canning, assembling, storage and shipping procedures are similarly well-developed and will be implemented at the building with the assistance of expert engineers. We will work with the city of Detroit to identify and apply any potential external changes to the building, ensuring they comply with all applicable standards.

As a company with existing operations in San Francisco, one of the main drivers for this project is to find and invest in an expansion site in a lower-cost environment with an eager workforce so that we can reduce our internal costs and scale our operations more efficiently. Given the significant funds required to purchase and renovate this Property, Endless West would not be in a position to commit to this project without receiving the exemption certificate offered by the City of Detroit. This economic incentive makes a significant impact in reducing our capital costs and facilitating our hiring process at this location, which enables us to move forward with this opportunity in Detroit rather than the several properties we have been seriously considering in Ohio.

As Endless West ramps up our manufacturing at the Property, we expect to hire approximately 33 employees through the first and second years of operation. We estimate annual payroll to be around \$1.6 million by the end of the second year.

In order to renovate the Property and ready it for manufacturing, we anticipate spending approximately \$2.3 million in connection with additions, alterations, and repairs to the existing structure. In addition, we anticipate spending over \$10 million to purchase and install the equipment and machinery necessary to use the Property to manufacture, store, and distribute our products.

Endless West will fund the project with our existing operating capital. Upon request, we are happy to provide you with a current financial statement showing that Endless West has sufficient funds to execute this project.

In light of our desire to become a long-term member of the Detroit business community, we respectfully request the longest available tax abatement term of 12 years.

We expect such a tax abatement to be economically beneficial to the City of Detroit in both the short and long term. Endless West's purchase of the Property from Focus: Hope will help the City realize an increase in real property taxes, given that, as of now, the Property does not generate any real property taxes due to its non-profit status.

Furthermore, Endless West will invest infrastructure capital to build out our operations facility and, over the next few years, we will create new jobs in manufacturing among other professions that we intend to fill with Detroit residents. We are looking forward to partnering with the City's development workforce agency to recruit and train local citizens to become part of our workforce.

We are enthusiastic about embarking on this endeavor in the City of Detroit. Endless West's co-founder and CEO grew up in the Detroit area, and several of the team's senior members have ties to the area. Part of Endless West's corporate mission as it expands its operations is to help return manufacturing jobs to areas where it can have a positive economic impact. Additionally, the company hopes to bring investor and press attention to its selection of Detroit as the first site for its expansion outside of the Bay Area.



Because we have not yet done any business in Detroit, we have not yet had the pleasure of contributing to the City by paying property taxes. And due to the Property's non-profit status, we do not anticipate that any real property taxes are currently outstanding. Nevertheless, if there are any outstanding City taxes related to the Property, we expect them to become current, as our purchase agreement with Focus:Hope requires that City taxes on the Property be paid in full as of the closing.

Thank you in advance for your consideration of this request. We're grateful for the DECG's support of this project, and we look forward to establishing our technology-driven footprint in the city of Detroit and immersing ourselves in the community. Should you have any questions, please do not hesitate to reach out to me using the below contact information.

Respectfully submitted,

Alec Lee, CEO (248) 303-9510 alec@endlesswest.com

Attachment A: Site Map and Description of the Property

cc: K. Bridges, DEGC N. Marsh, DEGC

V. Farley, HRD



#### Attachment A

Land Survey / Parcel Map with Legal Description: Please see the last page below.

Description of the Property:

The facility is an approximately 128,000 sq ft M4-zoned warehouse facility located at 1200 Oakman Blvd, Detroit, MI. The building is steel-framed. Its roof is framed with steel trusses, beams, joints and purlins topped with concrete deck. Its exterior wall is mostly concrete masonry, with some wood or metal stud framing with gypsum wallboard. The floor is a 6" concrete slab. In a 1940 aerial photograph, the site can be seen developed with a large industrial building and parking lot. In a 1950 fire insurance map, the site is described as "Ex-Cell-O Corporation Aircraft." In the 1990's Focus:Hope is noted as the owners of the site. Until recently, the facility was operated as a food distribution center by Focus:Hope.

Proposed Use of the Property:

The new facility is planned to be used as a new production facility for alcoholic beverages. Endless West will be receiving grain neutral spirit in bulk, mixing it with flavors, syrups, and water to create whiskies, gins, brandies, and ready-to-drink cocktails, bottling and canning it into closed packages, and selling it to distributors who will in turn offer it to restaurants and retailers throughout Michigan and beyond. Endless West will also package its products into bulk containers and sell it to other beverage alcohol manufacturers for use in their own production.

Endless West's use of the Property will be consistent with the purpose of industrial zoning, as we understand it. Endless West's molecular manufacturing processes are streamlined and self-contained, yielding non-objectionable effects on the premises, surrounding businesses, other properties in the area, and the Detroit community as a whole. Bottling, canning, assembling, storage and shipping procedures are similarly well-developed and will be implemented at the building with the assistance of expert engineers. Endless West will work with the city of Detroit to identify and apply any potential external changes to the building, ensuring they comply with all applicable standards.

Rehabilitation and New Construction at the Property:

Minimal changes to the exterior and interior of the facility will be undertaken. Aside from storage tanks and piping, most equipment purchased and installed will not be fixed equipment (ie bottling and canning lines). In order to process alcohol and other liquids, we will need to install drains throughout the main area of the facility. We are also planning to install more loading docks (to have 8 in total). We may need to upgrade utilities at some point in the future.

Fixed Building Equipment at the Property:



A few fixed building fixtures, including liquid/alcohol storage tanks, control panels, piping, floor drains, new sinks, fume hood. We may add more things as we progress through the project with our engineering firm.

Estimated Schedule for Rehabilitation and Construction at the Property:

We expect buildout to take place over two phases, as follows:

	Task	Duration	Start	Finish
1	Phase 1 - Existing Fillers	314 days	1/24/2022	4/6/2023
1.1	Design	75 days	1/24/2022	5/6/2022
1.1.1	Process Design	75 days	1/24/2022	5/6/2022
1.1.2	Building, Site, & Utility System Design	60 days	2/14/2022	5/6/2022
1.2	General Contractor/CM Selection	39 days	2/14/2022	4/7/2022
1.3	Procurement	314 days	1/24/2022	4/6/2023
1.3.1	Process & Packaging Equipment	187 days	1/24/2022	10/11/2022
1.4	Permitting	6 weeks	5/9/2022	6/17/2022
1.5	Bidding	4 weeks	5/9/2022	6/3/2022
1.6	Construction	230 days	1/24/2022	12/9/2022
1.6.4	Process Equipment	205 days	1/24/2022	11/4/2022
1.6.4.1	Process Equipment & Piping Install (Relo)	25 days	9/26/2022	10/28/2022



	Task	Duration	Start	Finish
1	Phase 1 - Existing Fillers	314 days	1/24/2022	4/6/2023
1.6.4.2	Process Equipment & Piping Install (New)	20 days	1/24/2022	2/18/2022
1.6.5	Filling and Packaging Equipment	55 days	9/26/2022	12/9/2022
1.6.5.1	Filling & Packaging Equipment Install (Relo)	25 days	9/26/2022	10/28/2022
1.6.5.2	Filling & Packaging Equipment Install (New)	40 days	9/26/2022	11/18/2022
2	Phase 2 - New Fillers / Additional Production Volume	350 days	1/24/2022	5/26/2023
2.1	Design	90 days	1/24/2022	5/27/2022
2.1.1	Process Design	80 days	1/24/2022	5/13/2022
2.1.2	Building, Site, & Utility Design	55 days	3/14/2022	5/27/2022
2.2	Procurement	280 days	2/28/2022	3/24/2023
2.3	Permitting	6 weeks	1/24/2022	3/4/2022
2.4	Bidding	4 weeks	1/24/2022	2/18/2022
2.5	Construction	320 days	3/7/2022	5/26/2023
2.5.1	Building & Utility Modifications	16 weeks	3/7/2022	6/24/2022
2.5.2	Process Equipment & Piping Install	50 days	11/28/2022	2/3/2023



	Task	Duration	Start	Finish
1	Phase 1 - Existing Fillers	314 days	1/24/2022	4/6/2023
2.5.3	Filling & Packaging Equipment Install	45 days	3/27/2023	5/26/2023

## **Equipment List**

Equipment	Installation Date
High speed depalletizer	Sept 2022
Can rinser	Sept 2022
Canning block	Nov 2022
Pasteurizer + blower/dryer	Oct 2022
Sleeving + shrinking	Aug 2022
Cartoner	Jan 2023
Tray Packer	Jan 2023
Bundler	Jan 2023
Palletizer + corner boards + wrapper	Oct 2022
Conveyance	Oct 2022
Integration + controls	Oct 2022
Coding/marking suite	Aug 2022
Inspection suite	Aug 2022
CIP system	May 2022
Bulk glass depalletizer	Oct 2022
Rinser + filler + closure	Sept 2022
Labeling + U stamp + QC	Oct 2022
Capsule applicator	Oct 2022
Accumulation Conveyance	May 2022
Accumulation Conveyance	May 2022
Case erector	Oct 2022
Case packer + laner	Oct 2022
Partition inserter	Oct 2022
Case sealer	Oct 2022

Conveyance	Oct 2022	
Integration + controls	Oct 2022	
Coding/marking suite	Aug 2022	
Inspection suite	Aug 2022	
Blending skid	Aug 2022	
Bulk tote filling system	2023	
Heat exchanger	May 2022	
RO skid	2022 Q4	
Glycol chiller	2023 Q1	
Corner wrap labeler	2023	
Canning line (existing)	Sept 2022	
Still bottling line (existing)	Sept 2022	
Bottling line (existing)	Sept 2022	
Depalletizer (existing)	Sept 2022	



COLEMAN A. YOUNG MUNICIPAL CENTER 2 WOODWARD AVE., SUITE 824 DETROIT, MI 48226

PHONE: 313•224•3011 FAX: 313•224•9400

October 3, 2022

Katharine G. Trudeau, Deputy Director Planning & Development Department Coleman A. Young Municipal Center 2 Woodward Ave, Suite 808 Detroit, MI 48226

Re: Industrial Facilities Exemption Certificate Request - Orange Construction LLC

Property Address: 1200 Oakman Parcel Number: 08005017.003

Dear Ms. Trudeau:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the request from **Orange Construction LLC** for an Industrial Facilities Exemption certificate for the property located at **1200 Oakman** in the City of Detroit.

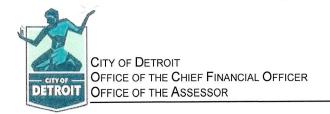
The rationale for creating Industrial Facilities Exemptions under PA 198 of 1974, as amended, is based upon the anticipation that granting the exemption is a benefit to the city and that expansion, retention, or location of an eligible business will not occur without this exemption. PA 198 of 1974, as amended, also provides a tax incentive to manufacturers in order to enable renovation and expansion of aging facilities, building of new facilities, and to promote establishment of high tech facilities.

**Orange Construction LLC** is proposing to renovate a former food distribution center with 124,979 sq.ft. into a production facility for alcoholic beverages. Renovation would consist of new storage tanks, drain installation, additional loading docks, and new equipment investment. The estimated total cost of the project is \$2,600,000 for the real property and \$6,089,000 for the personal property. The new development is expected to create 33 new jobs. The request is for twelve (12) years from project completion.

A review of the project details and relevant statutes indicated that the proposed project located at **1200 Oakman** is eligible as outlined under PA 198 of 1974, as amended.

Sincerely,

Charles Ericson, MMAO Assessor, Board of Assessors



COLEMAN A. YOUNG MUNICIPAL CENTER 2 WOODWARD AVE., SUITE 824
DETROIT, MI 48226

PHONE: 313•224•3011 FAX: 313•224•9400

Industrial Facilities Exemption Certificate
Orange Construction LLC
Page 2

Property Address: 1200 OAKMAN Parcel Number: 08005017.003

Property Owner: ORANGE CONSTRUCTION LLC

Legal Description: N OAKMAN BLVD ALL THAT PT OF NW ¼ SEC 7 TTAT DESC AS FOLS BEG AT INT NLY LN OAKMAN BLVD (120 FT WD) AND WLY LN ROSA PARKS BLVD (66 FT WD) TH S 64D 0M 20S W 839.52 FT TO POB; TH S 64D 0M 20S W 73.31 FT TH N 26D 10M 40S W 200 FT TH S 64D 0M 20S W 380.57 FT TH S 26D 10M 40S E 117.5 FT TH S 64D 0M 20S W 47.35 FT TH N 26D 10M 40S W 90.5 FT TH S 64D 0M 20S W 206.28 FT TH N 26D 10M 40S W 284.41 FT TH ON A CUR TO L 254.98 FT RAD 1465.69 FT CEN ANG 9D 58M 4S CHD BRG N 68D 59M 22S E 254.66 FT TH N 64D 0M 20S E 615.23 FT TH S 25D 59M 40S E 97.71 FT TH S 63D 57M 42S W 91.2 FT TH S 37D 34M 3S W 22.84 FT TH S 26D 2M 52S E 117.19 FT TH S 17D 49M 29S W 70.76 FT TH S 26D 12M 17S E 159.1 FT TO POB 216,720 SQFT (4.98 AC)





COLEMAN A. YOUNG MUNICIPAL CENTER 2 WOODWARD AVE SUITE 808 DETROIT, MICHIGAN 48226 (313) 224-1339 . TTY: 711 (313) 224-1310 WWW.DETROITMI.GOV

TO:

Justus Cook, Housing and Revitalization

FROM:

Shelby Holmes, Planning and Development

RE:

Master Plan Interpretation for Industrial Development District / Plant Rehabilitation District (PA 198) at 1200 Oakman Boulevard Detroit, MI 48238 (Associated to Petition #

2022-58)

DATE:

March 7, 2022

CC:

Katharine Trudeau, Deputy Director, Planning and Development

Kevin Schronce, PDD Central, Planning and Development Karen Gage, PDD Zoning, Planning and Development

In order to ensure consistency with the City's Master Plan of Policies, pursuant to State of Michigan, Public Act 198 of 1974 (section 207.554), the Planning and Development Department's Planning Division submits the following interpretation for the establishment of an Industrial Development District (IDD). The Petitioner is Endless West.

Location and Project Proposal: 1200 Oakman Blvd Detroit, MI 48238. The proposed project will be a manufacturing and processing facility.

Current Master Plan (MP) & Zoning: MP Classification - Light Industrial (IL). Zoning -Intensive Industrial District (M4)

#### **Master Plan Interpretation**

The subject site area is designated Light Industrial (IL). Light Industrial areas should generally consist of industrial uses of low intensity that have minimum undesirable effects on adjacent residential or commercial land uses. Small-scale industrial uses may include machine shops, small scale assembly or packaging, warehousing or technology parks.

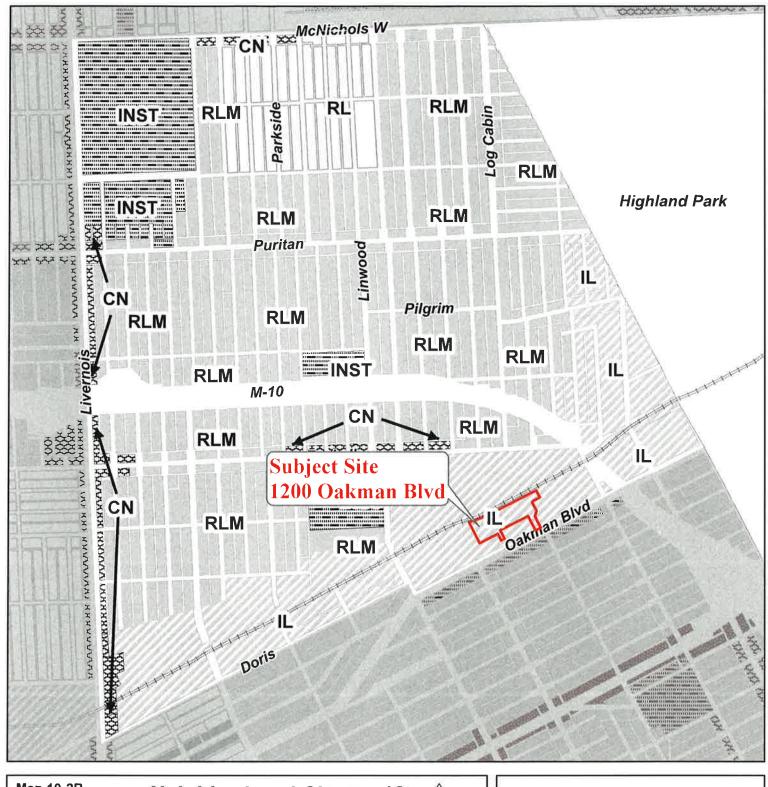
The following policies of the McNichols neighborhood describe the following recommendations:

- GOAL 5: Reduce conflicts between industrial and residential areas
- Policy 5.1: Establish and enforce designated truck routes to and from the Lodge Freeway and Livernois.

The proposed development conforms to the Future General Land Use characteristics of the area.

#### Attachments

Future General Land Use Map: Neighborhood Cluster 10, McNichols; Map 10-2B



Map 10-2B

**City of Detroit** Master Plan of **Policies** 

## Neighborhood Cluster 10 **McNichols**



#### **Future Land Use**

Low Density Residential (RL)

Low / Medium Density Residential (RLM)

Medium Density Residential (RM)

High Density Residential (RH)

Major Commercial (CM)

Retail Center (CRC)

Neighborhood Commercial (CN)

Thoroughfare Commercial (CT)

Special Commercial (CS)

General Industrial (IG)

Light Industrial (IL)

Distribution / Port Industrial (IDP)

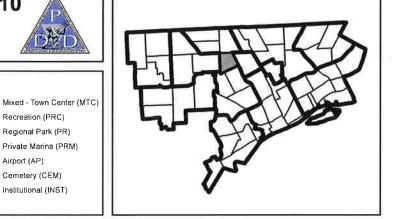
Mixed - Residential / Commercial (MRC) Mixed - Residential / Industrial (MRI)

Airport (AP) Cemetery (CEM)

Recreation (PRC) Regional Park (PR)

Private Marina (PRM)

Institutional (INST)



## INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE AGREEMENT

THIS INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE AGREEMENT (this "Agreement") is made this 12th day of September, 2022 by and between the City of Detroit, a Michigan municipal corporation (the "City"), acting by and through its Planning and Development Department, with an office at 2 Woodward Avenue, Suite 808, Detroit, Michigan 48226 and Orange Construction, LLC ("Applicant") with an office at 1200 Oakman Blvd, Bldg B, Detroit MI 48238.

#### WITNESSETH:

WHEREAS, Public Act 198 of 1974 as amended, also known as the Plant Rehabilitation and Industrial Development Districts Act (the "Act"), (1) provides for the establishment of industrial development districts and plant rehabilitation districts by local governmental units, (2) provides for the abatement or exemption from certain taxes for facility owners or lessees in a qualified district, and (3) allows local governmental units to levy and collect a specific tax from the owners or lessees of certain qualified facilities, among other provisions; and

WHEREAS, the Applicant has submitted an application (the "Application") for an Industrial Facilities Exemption Certificate ("IFEC") for the facility and/or equipment located at **1200 Oakman Blvd, Building B** (the "Property"). A copy of the Application is attached hereto as **Exhibit A** and made a part hereof; and

WHEREAS, the City has previously approved either an industrial development district or plant rehabilitation district pursuant to the Act and the Property is located in such district; and

WHEREAS, the Applicant has committed to complete a restoration, replacement or construction program that creates a New Facility or Replacement Facility on the Property within the meaning of the Act, and to hire or retain a certain amount of full-time employees at the Property during the Term (as defined below); and

WHEREAS, the City has approved the Application by adopting a resolution granting the IFEC to the Applicant, contingent upon the covenants and representations contained herein and pending approval by the Michigan State Tax Commission. A copy of the City resolution granting the IFEC is attached hereto as **Exhibit B** and made a part hereof; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

#### 1. General.

- a. Unless earlier revoked as provided for in Section 15 of the Act, being MCL 207.565, or as provided for in this Agreement, the term of the IFEC and the term of this Agreement (collectively, the "Term") will be for a period of <u>Twelve</u> (<u>12</u>) years, beginning on the certificate beginning date stated in the IFEC issued by the Michigan State Tax Commission.
- b. The Applicant will complete a Restoration, Replacement or construction of a New Facility or Replacement Facility on the Property (the "Project"), as defined in the Act and as set forth in the Application, no later than **April 1, 2024**.
- c. The Applicant shall create, or cause to be created, at least <u>Thirty-Three</u> (<u>33</u>) (the "Employee Commitment Number") full-time employees at the Property within one (1) year of completion of the Project (the "Project Completion Date").
- d. The Applicant will recruit and hire City of Detroit residents in accordance with specified targets as set forth in the City of Detroit Resident Employment Plan ("Employment Plan") submitted by the Applicant to the City as part of the Application and approved by the City of Detroit Civil Rights, Inclusion and Opportunity Department ("CRIO"). Throughout the Term, the Employment Plan may not be modified without CRIO's prior written approval, which approval may be granted or withheld in CRIO's sole discretion. CRIO will monitor the Applicant's compliance with the Employment Plan on an annual basis throughout the Term. Upon notice from CRIO of a discrepancy between the Applicant's commitment in the Employment Plan and the actual number of City of Detroit residents employed at the Property,

Applicant shall submit a correction plan setting forth the Applicant's plan to bring the number of City of Detroit residents employed at the Property back up to the specified targets as set forth in the Employment Plan. Applicant's correction plan must be approved by CRIO. Applicant shall be required to fulfill the terms of such correction plan in the timeline set forth in the correction plan.

- e. For purposes of this Agreement, a "full-time employee" is defined as a person: (i) who is employed by the Applicant or its affiliates on a salary, wage, commission, or other basis, for a minimum period of forty (40) hours a week and (ii) from whose compensation the Applicant or its affiliates, including a staffing agency, are required by law to withhold City of Detroit income taxes. Affiliates may include Applicant's tenant(s) that lease space at the Property.
- 2. Applicant Representations and Warranties.

In compliance with the Act and in order to induce the City to grant the IFEC to the Applicant, the Applicant represents and warrants that:

- a. The Applicant was the owner of the Property, or was leasing the Property and had a signed lease with the Property owner, at the time of Applicant's submission of the Application and the Applicant is the owner of the Property, or is leasing the Property and has a signed lease with the Property owner, as of the date of this Agreement.
- b. At the time the Applicant submitted the Application the Property was, and as of the date of this Agreement the Property is, an "Industrial Property" as defined by the Act.

- c. During the Term, no portion of the Property will be used, owned or operated by a casino or affiliated company, as defined in the Act.
  - d. Applicant would not have considered undertaking the Project without the IFEC.
- e. The Project did not start earlier than six (6) months before the Applicant filed the Application.
  - f. There are no delinquent taxes owed on the Property.
  - g. The Applicant will pay any applicable taxes on the Property as they become due.
- h. The Project and the Applicant's current and planned future operation of the Property are in compliance with the City of Detroit Zoning Ordinance and Master Plan.

### 3. Community Benefits Requirements.

Pursuant to City of Detroit Ordinance 35-16, also known as the Community Benefits Ordinance (the "Ordinance"), if the Property involves a Tier 2 Development Project (as defined by the Ordinance), then the Applicant will:

- a. Partner with the City and, when appropriate, a workforce development agency to promote the hiring, training and employability of Detroit residents, consistent with State and Federal Law.
- b. Partner with the Director of the Planning & Development Department to address and mitigate negative impacts that the Tier 2 Development Project may have on the community and local residents. The Applicant will adhere to the mitigation requirements, if any, stated in the attached Addendum 1 Requirements, which is incorporated herein by reference.
- 4. Reporting to the City by the Applicant.

Applicant agrees to provide the City with sufficient information, subject to review and audit by the City, in order to determine compliance with this Agreement. At a minimum, the Applicant shall comply with the following covenants during the Term:

- a. Upon request, the Applicant shall provide the Planning & Development Department copies of all construction plans, building permits and certificates of occupancy related to the Rehabilitation of the Property.
- b. Applicant shall permit the City to perform periodic site visits to the Property by the City to establish whether the Applicant is completing the Rehabilitation to the Property as required by the Act and this Agreement.

c. Annually, within two (2) weeks after each anniversary of the commencement of the Term, Applicant shall submit to the Planning & Development Department a certified status report ("Status Report") signed by an authorized officer of the Applicant. The Status Report shall set forth for the previous year: (i) the Restoration, Replacement or construction work completed towards a New Facility or Replacement Facility at the Property, (ii) the Applicant's financial investment in the Property for that year, and (iii) the number of full-time employees at the Property for that year.

#### 5. Revocation of IFEC and Termination of this Agreement.

This Agreement shall automatically terminate if the IFEC terminates pursuant to Section 13 of the Act, being MCL 207.563.

Furthermore, the City may, in its sole discretion and by resolution of Detroit City Council, or at the request that the Michigan State Tax Commission, revoke the IFEC on any of the grounds provided for in Section 15 (2) of the Act, being MCL 207.565, including, but not limited to, a finding by the City that the completion of the Project has not occurred within two (2) years of the effective date of the IFEC, unless further time is authorized by the Commission for good cause per Section 7a of the Act.

#### 6. Payment of Exempted Taxes for Shortfall of Employment.

If, after the first anniversary of the Project Completion Date, the average number of fulltime employees at the Property for any given year is less than the Employee Commitment Number, the Applicant will pay to the City, in addition to the Industrial Facilities Tax due under the IFEC, an amount equal to the difference between the amount of ad valorem tax that would be due on the Property without the IFEC, and the amount of Industrial Facilities Tax due on the Property with the IFEC, for that given year, multiplied by a fraction, the numerator of which is the shortfall in the number of full-time employees indicated in the Status Report, and the denominator of which is the Employee Commitment Number. Prior to taking any action to require the Applicant to pay an amount to the City pursuant to this Section, the City will afford the Applicant an opportunity to present reasons for the employment shortfall at a public hearing.

In the event that the Applicant fails to report in the Status Report the number of full-time employees at the Property for a given year, the number of full-time employees at the Property for purposes of this Section shall be deemed to be zero (0).

#### 7. Notice to City of Discontinuance of Operations.

If during the Term the Applicant intends to discontinue operations at the Property, the Applicant will provide thirty (30) days' prior written notice of such shutdown of operations to the Director of the Planning & Development Department.

#### 8. Reservation of Remedies.

The City and the Applicant agree that each of the rights and remedies provided by this Agreement may be exercised separately or cumulatively, and shall not be exclusive of any other rights and remedies provided by law. Invalidation of any of the provisions contained in this Agreement by operation of law, judgment, court order or otherwise shall not invalidate any of the other provisions of this Agreement.

#### 9. Transfer.

Neither the IFEC nor this Agreement may be transferred or assigned by the Applicant to a new owner or lessee of the Property unless the City, in its sole discretion, approves such transfer or assignment upon application by the new owner or lessee. For purposes of this section, a transfer of the Property shall include any sale of the Property or any lease that transfers tax liability at the Property.

### 10. Headings.

The headings contained in this Agreement are for descriptive purposes only, and do not alter or govern the substantive content of the provisions of the Agreement.

### 11. Capitalized Terms

Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Act.

#### 12. Governing Law; Venue.

This Agreement and all actions arising under it shall be governed by, subject to, and construed according to the law of the State of Michigan. Applicant agrees, consents and submits to the exclusive personal jurisdiction of any state or federal court of competent jurisdiction in Wayne County, Michigan, for any action arising out of this Agreement. Applicant also agrees that it shall not commence any action against the City because of any matter whatsoever arising out of or relating to the validity, construction, interpretation and enforcement of this Agreement in any state or federal court of competent jurisdiction other than one in Wayne County, Michigan.

#### 13. Amendment.

This Agreement may not be amended or modified except by a written instrument executed by each of the parties hereto.

[Remainder of Page Intentionally Left Blank]

## [SIGNATURE PAGE TO INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE AGREEMENT]

IN WITNESS WHEREOF, the City and the Applicant, by and through their authorized officers and representatives, have executed this Agreement as follows:

	APPLICANT:
	By:
	Print: Mardonn Chua
	Its: Authorized Signatory
	CITY OF DETROIT PLANNING & DEVELOPMENT DEPT.
	By:
	Print:
	Its:
THIS AGREEMENT WAS APPROVED BY CITY COUNCIL ON: PURSUANT TO § 7.5-20	
	CHARTER OF THE CITY OF DETROIT
<u>Date</u>	Corporation Counsel Date

THIS AGREEMENT IS NOT EFFECTIVE OR VALID UNTIL APPRVOED BY RESOLUTION OF THE CITY COUNCIL, SIGNED BY ALL PARTIES HERETO, AND AN INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE IS APPROVED BY THE MICHIGAN STATE TAX COMMISSION

## **ADDENDUM 1**

## Requirements

<u>EXHIBIT A</u>
Application for Industrial Facilities Exemption Certificate

## EXHIBIT B Detroit City Council Resolution **Granting the Industrial Facilities Exemption Certificate**

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COLEMAN A. YOUNG MUNICIPAL CENTER 2 WOODWARD AVENUE, SUITE 1240

DETROIT, MICHIGAN 48226

PHONE: 313.224.4950 FAX: 313.224.3434

## **Decision Regarding Employment Clearance for Tax Abatement Employment Commitment 5-50 Full-time Employees**

Date: September 14, 2	022
Tax Abatement Type:	PA 198

New ✓ Renewal

**Duration of Abatement:** 12 years

**Development:** 1200 Oakman Building B is currently owned and operated as a food distribution center by Focus: Hope. Endless West and Focus: Hope has entered into a purchase agreement. Endless West is a beverage technology startup based in San Francisco. They are expanding manufacturing operations into the Midwest and looking to establish a HQ2 in Detroit.

Parcel/Facility Address: 1200 Oakman Blvd, Building B, Detroit, MI

Applicant/Recipient: Mardonn Chua

**Applicant Contact:** mardonn@endlesswest.com 415-349-6001

#### **Post-Construction Employment Commitments**

If Developer Occupied is selected, the Developer will be responsible for both Developer and Tenant requirements listed below.

Developer Occupied ✓ Tenant Occupied □

## **Total Employment: 33 Developer commits to**

- 1) Report to CRIO annually;
  - a. Developer's efforts regarding tenants
  - b. Tenant's compliance with commitments stated below (3)
  - c. Total number of employees at the facility
  - d. Number of employees at the facility who are Detroit residents
  - 2) Provide Detroit at Work (DAW) information to any/all tenant(s) for life of abatement
  - 3) Work with Commercial Tenant(s) with 5-50 full-time employees to do the following;
    - a. **Use DAW as the company's priority staffing partner** for all openings in Detroit for the life of the local incentive;
    - b. Develop and implement a DAW Staffing Plan in partnership with the company's DAW Staffing Consultant to include a regular meeting schedule of at least every 30 days and agreed-upon data-sharing related to program criteria and candidate submissions;
    - c. Post all Detroit job openings through the DAW website;
    - d. Ban the Box: To the extent possible according to law and job requirements, commits to removing the felony and/or misdemeanor question from the employment application, and agrees to using a background-friendly approach to hiring new employees in Detroit; and,
    - e. Modify pre-employment screening and testing so that an applicant who tests positive for a legalized substance in the State of Michigan are not disqualified from the hiring process, to the extent permissible under applicable laws, regulations, and other legal requirements.

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COLEMAN A. YOUNG MUNICIPAL CENTER

2 WOODWARD AVENUE, SUITE 1240 DETROIT, MICHIGAN 48226

PHONE: 313.224.4950 FAX: 313.224.3434

## **Decision Regarding Employment Clearance for Tax Abatement Employment Commitment 5-50 Full-time Employees**

- Commit to one consultation with DAW staffing consultant on strategies for upskilling of new employees, including offerings in adult basic education, Stateprovided training funds and incentives, apprenticeship programs development, and post-secondary educational attainment.
- Commit to attending a New Employer Introduction meeting for Grow Detroit's Young Talent (GDYT), Detroit's summer youth employment program, in the first 90 days following approval:
- h. Report to Developer annually;
  - i. Tenant's compliance with requirements
  - ii. The number of individuals employed by Tenant
  - iii. The number of employees who are Detroit residents
- 4) Work with Commercial Tenant(s) who have less than 5 full-time employees to do 3-c and 3-h

The Applicant/Recipient has provided CRIO required information in accordance with specific current and future employment data and commitments as part of a tax abatement agreement with the City of Detroit.

Therefore my signature below grants **Approval** of the above tax abatement application/renewal based upon annual reports to and appraisals by this agency of the recipient's employment measures projected and achieved for the duration of the abatement.

	Eve Mal	9/26/2022
Erica Hill	5EBB818BF73A4FB	
CRIO Deputy Director Name	CRIO Deputy Director Signature	Date