

TOWN OF NORMAL  
NORMAL, ILLINOIS

CITY HALL  
PHONE: 454-2444

PROPOSED AGENDA FOR SPECIAL TOWN COUNCIL MEETING

Monday  
December 12, 2016  
7:00 p.m.

1. Call to Order
2. Roll Call
3. Pledge of Allegiance
4. OMNIBUS VOTE AGENDA  
(All items under the Omnibus Vote Agenda are considered to be routine in nature and will be enacted by one motion. There will be no separate discussions of these items unless a Council Member so requests, in which event, the item will be removed from the Omnibus Vote Agenda and considered as the first item after approval of the Omnibus Vote Agenda.)

None

GENERAL ORDERS

5. Resolution Authorizing Execution of a Property Tax Abatement and Economic Incentive Agreement with Rivian Automotive in Connection with the Location and Operation of an Automobile Manufacturing Facility at the Former Mitsubishi Property Normal, Illinois

NEW BUSINESS

None

ADJOURNMENT

# **TOWN COUNCIL ACTION REPORT**

December 8, 2016

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## ***Resolution Authorizing Execution of a Property Tax Abatement and Economic Incentive Agreement with Rivian Automotive in Connection with the Location and Operation of an Automobile Manufacturing Facility at the Former Mitsubishi Property in Normal, Illinois***

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**PREPARED BY:** Mark R. Peterson, City Manager

**REVIEWED BY:** Brian Day, Corporation Counsel

**BUDGET IMPACT:** The agreement requires the Town to provide a \$1,000,000 grant to the Rivian Automotive in the event that the company meets certain investment and employment benchmarks. In addition, the agreement requires that the Town participate in a property tax abatement program for five (5) years beginning in the property tax year 2017.

**STAFF RECOMMENDATION:** Approval

**ATTACHMENTS:** Proposed Resolution, Draft Agreement

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### **BACKGROUND**

As the Council is aware, Town staff has been working closely with representatives of the Economic Development Council, various local government agencies and other stakeholders in an attempt to attract a purchaser for the vacant property that once housed the Mitsubishi manufacturing facility. As you will recall, on August 24, 2015, Mitsubishi announced their plans to close their North American production facility here in Normal. On December 2, 2015, vehicle production ceased at the facility and the last day of operations occurred on May 31, 2016. Shortly thereafter, the plant was purchased by Maynards, which is an asset recovery company specializing in purchasing and liquidating former manufacturing facilities.

Without going into great detail as to the efforts that were taken by the community to try to find a buyer for the plant, I will simply fast forward to a point approximately three months ago when Rivian Automotive of Michigan contacted the ownership of the plant and the local Economic Development Council indicating an interest in the facility. After several weeks of discussions, Rivian entered into an agreement with the current owner for an exclusive option to purchase the property. Once that occurred, Rivian began meeting with both state and local officials to discuss possible economic incentives to make the project viable.

# ***TOWN COUNCIL ACTION REPORT***

## **DISCUSSION/ANALYSIS**

The attached economic incentive agreement was negotiated with Rivian Automotive officials and numerous representatives of the local taxing bodies. In addition to this agreement, the company has also negotiated an economic incentive package with the State of Illinois Department of Commerce and Economic Opportunity. For the purpose of this report, I will limit my comments to the local incentive agreement which you will be asked to approve during a special meeting on December 12, 2016 at 7:00 p.m.

The proposed economic incentive agreement consists of the following significant provisions:

1. Five year 100% property tax abatement beginning in the 2017 tax year.
  - The company will qualify for the 100% abatement provided that it complies with a plant improvement investment schedule included within the agreement as well as compliance with various employment benchmarks which are also enumerated within the agreement. The company has pledged to create a minimum of 500 full time jobs by December 31, 2021. The company has also represented that it expects to employ a minimum of 1,000 people once it meets its full production expectations.
2. \$1 million grant from the Town of Normal
  - At such time that the company can show proof of investing \$20 million in plant improvements, it is eligible to receive a \$1 million grant from the Town of Normal. It is expected that this investment threshold will occur likely in the third year of ownership of the plant.
3. The Town of Normal agrees to waive all permit and development fees and charges that are under its control.
4. Various service commitments
  - The Town has agreed to provide assistance with various site services including snow removal, lawn mowing, security and landscape maintenance. However, the details of these service commitments will be negotiated at a later date.

Although Rivian Automotive is still discussing the purchase of the plant with the current owner, staff believes that the likelihood of the company going forward with the purchase and establishing a new automobile production facility in that plant is much greater if the attached agreement is approved by the various taxing bodies. The Normal Town Council will be the first governmental body to act on the agreement. Following the Town's actions, the agreement must be approved by McLean County, Unit Five Schools, Heartland Community College, Central Illinois Regional Airport Authority, Bloomington Normal Water Reclamation District and Dry Grove Township.

At your meeting on Monday, December 12, the President and CEO of Rivian Automotive, R.J. Scaringe will attend the meeting to provide the Council with more information on the company and to discuss the company's plans for the Mitsubishi facility. In addition, Kyle Ham, the CEO of the Bloomington Normal Economic Development Council will be there to discuss the local incentive package in greater detail. And of course, Town staff is always available to answer any specific questions you may have regarding the agreement.

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION AUTHORIZING EXECUTION OF A PROPERTY TAX ABATEMENT AND ECONOMIC INCENTIVE AGREEMENT WITH RIVIAN AUTOMOTIVE IN CONNECTION WITH THE LOCATION AND OPERATION OF AN AUTOMOBILE MANUFACTURING FACILITY AT THE FORMER MITSUBISHI PROPERTY IN NORMAL, ILLINOIS

WHEREAS, Mitsubishi motors has ceased operation at its plant in Normal, Illinois and has sold the plant and related property (“Plant Property”); and

WHEREAS, the Plant Property is not currently used for manufacturing or any other industrial or commercial use; and

WHEREAS, the Town of Normal believes that manufacturing—particularly automobile manufacturing—is the best use of the Plant Property; and

WHEREAS, Rivian Automotive is considering purchasing the Plant Property and using it for automobile manufacturing (“Project”); and

WHEREAS, Section 18-165 of the Property Tax Code allows a taxing jurisdiction to abate any portion of its property taxes on industrial or commercial property if: (1) the period of abatement does not exceed 10 years and the total abatement of all jurisdictions does not exceed \$4 million; or (2) if the development is at least 500 acres, the period of abatement does not exceed 20 years and the total abatement of all jurisdictions does not exceed \$12 million; and

WHEREAS, the Economic Development Council of the Bloomington-Normal Area, along with the Company, has asked for tax abatement, in support of Rivian’s location to the Plant Property and the Project; and

WHEREAS, Rivian has asked the Town of Normal to provide additional economic incentives; and

WHEREAS, but for the Town’s assistance, Rivian would not undertake the Project; and

WHEREAS, the Town believes that the development of the Project and the provision of the tax abatement and incentives is in the best interests of the health, safety, and welfare of Town’s residents and is in accordance with applicable laws.

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES FOR THE TOWN OF NORMAL, ILLINOIS:

SECTION ONE: That the *Project Development Agreement*, in substantially the form thereof presented before the meeting of the Town of Normal Board of Trustees at which this resolution is adopted, is approved.

SECTION TWO: That the President of the Board of Trustees is authorized to execute and deliver the Agreement approved under Section 1 for and on behalf of the Town, with such changes as the President approves that substantially comply with the Agreement under Section 1, but the President may not approve any change that extends the term of the tax abatement for a period of more than five years.

SECTION THREE: That, upon full execution thereof, the Project Development Agreement shall be attached as an exhibit to this resolution, but any failure to so attach does not abrogate, diminish, or impair the effect of the Agreement as fully executed.

ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2016.

APPROVED:

\_\_\_\_\_  
President of the Board of Trustees of the Town of Normal,  
Illinois

ATTEST:

\_\_\_\_\_  
Town Clerk

(Seal)