

City of Flat Rock

25500 Gibraltar Road
Flat Rock, Michigan 48134-1399
(734) 782-2455 Fax (734) 783-0304

October 27, 2006

TO: All Council Members, Department Heads, and City Attorney
FROM: Richard C. Jones, Mayor
SUBJECT: Special Meeting Agenda

COUNCIL AGENDA

MONDAY, OCTOBER 30, 2006 - 7:00 PM
FLAT ROCK MUNICIPAL BUILDING
COUNCIL CHAMBERS

Item "A" - Discussion Re:
AutoAlliance International, Inc. Applications for Industrial Facilities
Exemption Certificates and Extension, File No. 06-4413

Item "B" - Adjournment

Please Note Starting Time For This Meeting
is 7:00 PM.

MAYOR
Richard C. Jones
CITY CLERK, Dennis Mowbray
TREASURER, Brenda Tallman
ASSESSOR, Timothy E. O'Donnell

COUNCILMEMBERS
Jonathan D. Dropiewski
Mayor Pro-Tempore
Eric D. Painter *Kenneth R. Wrobel*
Ricky L. Tefend *Paul R. Gagne*
James E. Martin

David P. Grunow
Matthew A. Zick, Of Counsel

MEMORANDUM

TO: Mayor and Council
City of Flat Rock

FROM: David P. Grunow, City Attorney

DATE: October 27, 2006

RE: **AutoAlliance International, Inc.**
Application for Industrial Facilities Exemption Certificate
File No. 06-4413

Because of the on again/off again (and now it appears on again) meeting, my presence at the October 30th meeting may not be possible. After the meeting appeared to have been cancelled other arrangements were made, and my return from out of town on October 30th may not be in time for the 7:00 p.m. meeting. Matt Zick from my office will be appearing at the meeting.

As I stated in my prior letter of October 12, 2006, the City Council has 60 days to approve or disapprove the Application filed by AutoAlliance for the Industrial Facilities Exemption Certificate. The 60 days runs from the date of filing the Application, which I believe was October 3, 2006. In the event Council takes action to approve or disapprove the Application at the meeting of October 30th, the following findings for approval will have to be made; or a reason for the denial will have to be made in a resolution of denial.

If it is the City Council's intent to approve the certificate, the following items must be provided in the Resolution:

- ▶ A determination made whether the property proposed to be exempt, considered together with the aggregate State Equalized Valuation of property exempt under prior certificates granted and currently in force, will exceed five percent (5%) of the State Equalized Valuation of the City of Flat Rock.
- ▶ A determination made that the granting of the Exemption Certificate, considered together with the aggregate amount of all other certificates previously granted and

**Mayor and Council
City of Flat Rock
Memorandum
October 27, 2006
Page 2**

currently in force, will not have an effect of substantially impeding the operation of the City of Flat Rock or impairing the financial soundness of any other taxing unit.

- ▶ That the new facility is located within a Plant Rehabilitation District (it does).
- ▶ That the commencement of the construction or installation occurred not earlier than six (6) months before the filing of the Application.
- ▶ That the Application relates to construction or installation that will constitute a new facility and will be situated within the Plant Rehabilitation District.
- ▶ That the completion of the new facility is calculated to, and will at the time of issuance of the Certificate, have the reasonable likelihood to create employment, retain employment, prevent a loss of employment, or produce energy to the City of Flat Rock.
- ▶ That the completion of the new facility will not have the effect of transferring employment from one or more local governmental units to the City of Flat Rock.

If approved, the term of years on paragraph 4 of the Resolution must be inserted.

In the event of a denial of the Application, the reasons for the denial must be set forth in a resolution. Such reasons may relate to any one or more, or lack of one or more, of the requirements set forth above.

I would also state that in the past the City has conditioned approval on the execution of a Development Agreement that basically provides that AAI will continue its operations within the City and not move from the City for the purpose of operating at another location. In default, that AutoAlliance would pay as liquidated damages to the City an amount equal to the abated real property taxes. I am unaware that such an agreement has been proposed, negotiated, or suggested with AutoAlliance; and likewise, have not been instructed to draft such an agreement.

DPG

/lrt
Attachments

CITY OF FLAT ROCK
WAYNE COUNTY, MICHIGAN

**RESOLUTION APPROVING APPLICATION OF
AUTOALLIANCE INTERNATIONAL, INC.
FOR INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
FOR A NEW FACILITY UNDER ACT 198 OF THE
PUBLIC ACTS OF MICHIGAN OF 1974, AS AMENDED**

At a regular meeting of the City Council of the City of Flat Rock, Wayne County, Michigan, held in the Municipal Building of said City, on the _____ day of _____, 2006, at _____ p.m.

PRESENT:

ABSENT:

MOTION BY:

SUPPORTED BY:

WHEREAS, pursuant to Act 198 of the Public Acts of Michigan of 1974, as amended (“Act 198”), after a duly noticed public hearing held on March 12 and 13, 1984, this Council, by Resolution adopted on March 13, 1984, established a plant rehabilitation district and industrial development district which has heretofore been designated Plant Rehabilitation District and Industrial Development District No. 1 by the City Clerk of the City of Flat Rock (the “District”); and

WHEREAS, AutoAlliance International, Inc. (“AAI”) filed an Application for Industrial Facilities Exemption Certificate under Act 198 (the “Application”) with respect to a proposed new facility, being an expansion to its automotive manufacturing and assembly facility, to be constructed

LAW OFFICES

**GRUNOW
& ASSOCIATES** PLLC

26342 Gibraltar Road
Flat Rock, MI 48134-1597

734-782-3277

Fax 734-782-2424

and installed by AAI and which is and will be located within the District on the parcel of land described on Exhibit A to the Application; and

WHEREAS, before acting on the Application, the City Council held a hearing on October 23, 2006, at 7:30 p.m. in the Flat Rock Municipal Building, in Flat Rock, Michigan, at which the public, the Applicant, the Assessor of the City of Flat Rock and representatives of all taxing units which levy ad valorem taxes within the City of Flat Rock were afforded an opportunity to be heard on the Application after being provided with notice thereof; and

WHEREAS, the State Equalized Valuation of property proposed to be exempt pursuant to the Application, considered together with the aggregate State Equalized Valuation of property exempt under certificates previously granted and currently in force under Act 198, will exceed five (5%) percent of the State Equalized Valuation of the City of Flat Rock.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. This Council finds and determines that the granting of an Industrial Facilities Exemption Certificate to AAI in accordance with the Application (the "Certificate"), considered together with the aggregate amount of all certificates previously granted and currently in force under Act 198, will not have the effect of substantially impeding the operation of the City of Flat Rock or impairing the financial soundness of any taxing unit which levies ad valorem taxes in the City of Flat Rock.

2. This Council finds and determines that the Application complies with Act 198 and, in particular, the requirements of Section 9(2) of Act 198 as follows:

(a) AAI's proposed new facility, as described in the Application, is located within the District which was duly established in the City of Flat Rock, which municipality is eligible under Act 198 to establish the District, the District having been established upon this Council's own initiative before commencement of the construction or installation of the new facility by AAI.

LAW OFFICES

**GRUNOW
& ASSOCIATES** PLLC

26342 Gibraltar Road
Flat Rock, MI 48134-1597

734-782-3277

Fax 734-782-2424

(b) The commencement of such construction or installation occurred not earlier than six (6) months before the filing of the Application.

(c) The Application relates to a construction or installation program which when completed will constitute a new facility within the meaning of Act 198 and which shall be situated in the District as duly established by the City of Flat Rock, which is eligible under Act 198 to establish the District.

(d) Completion of AAI's proposed new facility is calculated to, and will at the time of issuance of the Certificate, have the reasonable likelihood to create employment, retain employment, prevent a loss of employment or produce energy to the City of Flat Rock.

(e) Completion of AAI's proposed new facility will not have the effect of transferring employment from one or more local governmental units of the State of Michigan to the City of Flat Rock.

3. The Application by AAI for its proposed new facility to be constructed and installed on the parcel of land located within the District and described on Exhibit A attached to the Application shall be and the same is hereby approved.

4. This Council determines that the Certificate, when issued, shall be and remain in full force and effect for a period of _____ years after completion of AAI's proposed new facility as described in the Application, and shall entitle AAI to pay the tax described in Section 14(2) of Act 198 and to be exempt from ad valorem real and personal property taxes with respect to AAI's proposed new facility.

AYES:

NAYS:

ABSTAINED:

RESOLUTION DECLARED ADOPTED.

LAW OFFICES

**GRUNOW
& ASSOCIATES** PLLC

26342 Gibraltar Road
Flat Rock, MI 48134-1597

734-782-3277

Fax 734-782-2424

STATE OF MICHIGAN)
)ss.
COUNTY OF WAYNE)

I, the undersigned, the duly qualified and acting City Clerk of the City of Flat Rock, Wayne County, Michigan, do hereby certify that the foregoing is a true and complete copy of proceedings taken by the City Council of the City of Flat Rock, at a regular meeting held on the _____ day of _____, 2006.

IN WITNESS WHEREOF, I have hereunto set my official signature, this _____ day of _____, 2006.

Dennis R. Mowbray, City Clerk

CITY OF FLAT ROCK
WAYNE COUNTY, MICHIGAN

**RESOLUTION DENYING APPLICATION OF
AUTOALLIANCE INTERNATIONAL, INC.
FOR INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
FOR A NEW FACILITY UNDER ACT 198 OF THE
PUBLIC ACTS OF MICHIGAN OF 1974, AS AMENDED**

At a regular meeting of the City Council of the City of Flat Rock, Wayne County, Michigan, held in the Municipal Building of said City, on the _____ day of _____, 2006, at _____ p.m.

PRESENT:

ABSENT:

MOTION BY:

SUPPORTED BY:

WHEREAS, pursuant to Act 198 of the Public Acts of Michigan of 1974, as amended ("Act 198"), after a duly noticed public hearing held on March 12 and 13, 1984, this Council, by Resolution adopted on March 13, 1984, established a plant rehabilitation district and industrial development district which has heretofore been designated Plant Rehabilitation District and Industrial Development District No. 1 by the City Clerk of the City of Flat Rock (the "District"); and

WHEREAS, AutoAlliance International, Inc. ("AAI") filed an Application for Industrial Facilities Exemption Certificate under Act 198 (the "Application") with respect to a proposed new

LAW OFFICES

**GRUNOW
& ASSOCIATES** PLLC

26342 Gibraltar Road
Flat Rock, MI 48134-1597

734-782-3277

Fax 734-782-2424

facility, being an expansion to its automotive manufacturing and assembly facility, to be constructed and installed by AAI and which is and will be located within the District on the parcel of land described on Exhibit A to the Application; and

WHEREAS, before acting on the Application, the City Council held a hearing on October 23, 2006, at 7:30 p.m. in the Flat Rock Municipal Building, in Flat Rock, Michigan, at which the public, the Applicant, the Assessor of the City of Flat Rock and representatives of all taxing units which levy ad valorem taxes within the City of Flat Rock were afforded an opportunity to be heard on the Application after being provided with notice thereof; and

WHEREAS, the State Equalized Valuation of property proposed to be exempt pursuant to the Application, considered together with the aggregate State Equalized Valuation of property exempt under certificates previously granted and currently in force under Act 198, will exceed five (5%) percent of the State Equalized Valuation of the City of Flat Rock.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. This Council finds and determines that the granting of an Industrial Facilities Exemption Certificate to AAI in accordance with the Application (the "Certificate"), considered together with the aggregate amount of all certificates previously granted and currently in force under Act 198, will have the effect of substantially impeding the operation of the City of Flat Rock, and impair the financial soundness of the City of Flat Rock.

2. The Application by AAI for its proposed new facility to be constructed and installed on the parcel of land located within the District and described on Exhibit A attached to the Application shall be and the same is hereby denied.

LAW OFFICES

**GRUNOW
& ASSOCIATES P.L.L.C.**

26342 Gibraltar Road
Flat Rock, MI 48134-1597

734-782-3277

Fax 734-782-2424

CITY OF FLAT ROCK
WAYNE COUNTY, MICHIGAN

**RESOLUTION TO TABLE APPLICATION OF
AUTOALLIANCE INTERNATIONAL, INC.
FOR INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
FOR A NEW FACILITY UNDER ACT 198 OF THE
PUBLIC ACTS OF MICHIGAN OF 1974, AS AMENDED**

At a special meeting of the City Council of the City of Flat Rock, Wayne County, Michigan, held in the Municipal Building of said City, on the _____ day of _____ 2006, at _____ p.m.

PRESENT:

ABSENT:

MOTION BY:

SUPPORTED BY:

WHEREAS, prior agreements between the City of Flat Rock and AutoAlliance International, Inc. (AAI) have not contained agreed upon language with regard to the issue of building permits; and

WHEREAS, AAI has provided no information regarding the issue of building permits for the proposed new abatement; and

WHEREAS, there is no agreement in place for building permits for the proposed new abatement;

THEREFORE, be it resolved by the City of Flat Rock that this issue be tabled until the regularly scheduled council meeting of November 20, 2006

Depreciated Value of Investment AutoAlliance IFT Application 2006

Calculations Based on:

- 1.) Full Value of Investment
- 2.) Depreciation Schedule of Machinery and Equipment on Personal Property Statement

	Value of Investment	% Depreciation	Depreciated Value	UNABATED Taxable Value	50% ABATED Taxable Value	Savings On 16 Mills City Taxes
Year 1	95,000,000	89%	84,550,000	42,275,000	21,137,500	338,200
Year 2	95,000,000	76%	72,200,000	36,100,000	18,050,000	288,800
Year 3	95,000,000	67%	63,650,000	31,825,000	15,912,500	254,600
Year 4	95,000,000	60%	57,000,000	28,500,000	14,250,000	228,000
Year 5	95,000,000	54%	51,300,000	25,650,000	12,825,000	205,200
Year 6	95,000,000	45%	42,750,000	21,375,000	10,687,500	171,000
Year 7	95,000,000	42%	39,900,000	19,950,000	9,975,000	159,600
Year 8	95,000,000	38%	36,100,000	18,050,000	9,025,000	144,400
Year 9	95,000,000	36%	34,200,000	17,100,000	8,550,000	136,800
Year 10	95,000,000	33%	31,350,000	15,675,000	7,837,500	125,400
Year 11	95,000,000	31%	29,450,000	14,725,000	7,362,500	117,800
Year 12	95,000,000	29%	27,550,000	13,775,000	6,887,500	110,200
				285,000,000	142,500,000	2,280,000

AutoAlliance Int. Abated Property Comparisons

Parcel ID	Type	2006		Abated SEV	Percentage of Total City SEV	Percentage of Total AAI SEV	PP over 12 yrs. Old	Percentage of Total City SEV	Percentage of Total AAI SEV
		Real & Personal SEV	Abated SEV						
Total SEV		513,927,680							
Total AAI SEV		250,214,100							
099-99-0001-000	Real / Ad Val	41,942,800	-	-	8.16%	16.76%	NA		
100-99-0001-001	Real / Ad Val	10,522,000	-	-	2.05%	4.21%	NA		
998-01-9892-003	PP / Abated	9,669,300	9,669,300		1.88%	3.86%	-		
998-01-9892-004	PP / Abated	60,439,300	60,439,300		11.76%	24.16%	-		
998-01-9892-005	PP / Abated	29,295,700	29,295,700		5.70%	11.71%	-		
998-01-9892-006	PP / Abated	4,661,900	4,661,900		0.91%	1.86%	-		
998-01-9892-007	PP / Abated	5,134,200	5,134,200		1.00%	2.05%	-		
998-01-9892-008	PP / Abated	7,519,200	7,519,200		1.46%	3.01%	-		
999-00-0438-000	PP / Ad Val	3,189,800	-	-	0.62%	1.27%	418,540	0.08%	0.17%
999-00-0866-000	PP / Ad Val	77,839,900	-	-	15.15%	31.11%	35,680,097	6.94%	14.26%
		250,214,100	116,719,600		48.69%	46.65%	36,098,636	7.02%	14.43%

**Auto Alliance International
City of Flat Rock Personal Property Tax**

	2006	2007	2008	2009	2010	Total
Forecast City Taxes - Existing	3,070	2,931	2,826	2,727	2,579	14,133
Increase on 93 Million Investment		146	474	770	694	2,084
Total	3,070	3,077	3,300	3,497	3,273	16,217
Less 50% Abatment		(73)	(237)	(385)	(347)	(1,042)
Less 1998 Extension		(73)	(69)	(66)	(63)	(271)
Forecast City Taxes	3,070	2,931	2,994	3,046	2,863	14,904

**Auto Alliance International
City of Flat Rock Personal Property Tax**

	2006	2007	2008	2009	2010	Total
Forecast City Taxes - Existing	3,070	2,931	2,826	2,727	2,579	14,133
Increase on 93 Million Investment		146	474	770	694	2,084
Total	3,070	3,077	3,300	3,497	3,273	16,217
Less 50% Abatement		(73)	(237)	(385)	(347)	(1,042)
Forecast City Taxes	3,070	3,004	3,063	3,112	2,926	15,175

**Auto Alliance International
City of Flat Rock Personnel Property Tax
Amount of Abatement By Entity**

	2006	2007	2008	2009	2010	Total
City		73	237	385	347	1,042
School		128	417	678	610	1,833
County		59	192	312	281	844
Total	-	260	846	1,375	1,238	3,719

**CITY OF FLAT ROCK
ESTIMATED FUND BALANCE**

	2005/06	2006/07
Beginning Fund Balance	2,423,788	2,317,574
Revenues	9,631,970	10,406,751
Expenditures	(9,738,184)	(10,738,105)
Surplus (Deficit)	(106,214)	(331,354)
Ending Fund Balance	2,317,574	1,986,220

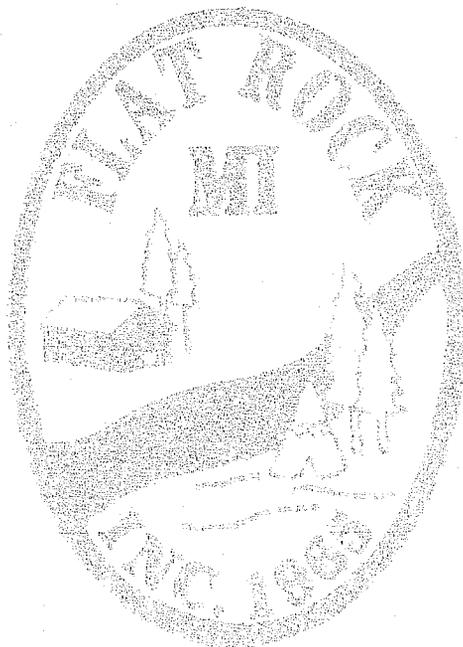
**City of Flat Rock
2006 Taxable Value
Information**

	Real	Personal	Total
Regular Roll	301,884,133	97,269,100	399,153,233
Act 198	0	116,719,600	116,719,600
Totals	301,884,133	213,988,700	515,872,833
Less 50% of Act 198	0	(58,359,800)	(58,359,800)
	301,884,133	155,628,900	457,513,033
Less TIFA	(63,233,422)	(125,579,500)	(188,812,922)
Less DDA	(18,379,606)	(3,302,340)	(21,681,946)
Total Adjusted Taxable Value	220,271,105	26,747,060	247,018,165

General Operating	16.00 Mills	3,952,291
Historical Preservation	0.25	114,378
Library	1.00	457,513
		4,524,182
Tax Increment Finance Auth.	16.00	3,021,007
Downtown Development Auth.	16.00	346,911
		7,892,100
	Total Levy	
Refund from TIFA to General	95.00%	2,869,956

Fax

To: MR. DON GELINAS From: Richard Jones
Fax: 734 283 8216 Pages: 4
Phone: 734 341 5673 Date: October 26, 2006
Re: AAI / Flat Rock CC: Mayor and Council



Office of Mayor
25500 Gibraltar Road
Flat Rock, MI 48134-1399
(734) 782-2463

City of Flat Rock

Memo

To: Don Gelinas

VIA: Fax 734-783-8216

From: Richard C. Jones *rcj/or*

Date: 10/26/2006

I have attached a copy of the agreement that was part of the 1997 IFT application, whereas AAI made annual payments in the amount of \$100,000 per year. In January, 1998, the Michigan State Tax Commission issued a bulletin stating that any "fees", "payments in lieu of taxes" or "donations" that are promised to the local government are contrary to the legislative intent of Act 198. To ensure compliance with Act 198, the State Tax Commission requires that there be attached to all exemption certificate applications after December 31, 1997, an affidavit by both parties which states that no payment of any kind in excess of the fee allowed by Act 198 have been made. Therefore the city and AAI have made agreements for the naming rights of the Community Center and building permit fees that allow additional support for community projects.

I hope this information is helpful. If you have any questions please feel free to contact our office at (734) 782-2463. Thank you for your attention to this matter.



AutoAlliance International, Inc.
1 International Drive
Flat Rock, Michigan 48134-9498
(313) 782-7800

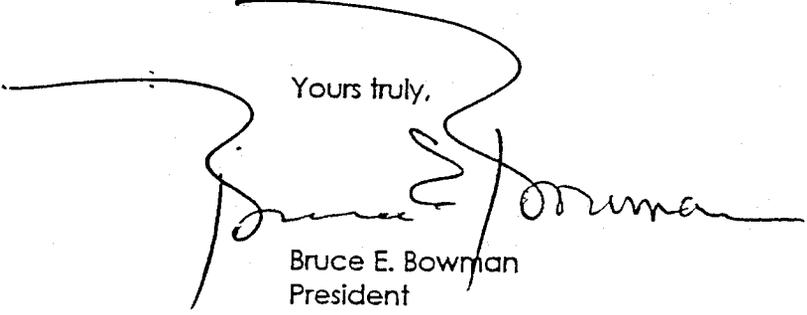
March 13, 1997

Mayor Richard Jones
City of Flat Rock
25500 Gibraltar Road
Flat Rock, MI 48134

Dear Mayor Jones:

This letter will confirm our understanding that AutoAlliance International, Inc. (AAI) will, for every year in which it enjoys the full tax abatement benefit applied for in its Application for Industrial Facilities Exemption Certificate dated January 31, 1997, donate \$100,000 to the City of Flat Rock for recreation and facilities; provided, however, that any and all amounts donated to the City of Flat Rock, including the amounts donated pursuant to this letter, shall be an offset to any liquidated damages required to be paid pursuant to the Development Agreement between the City of Flat Rock and AAI.

Yours truly,



Bruce E. Bowman
President

Agreed:

City of Flat Rock

By: 
Richard C. Jones, Mayor



Fax

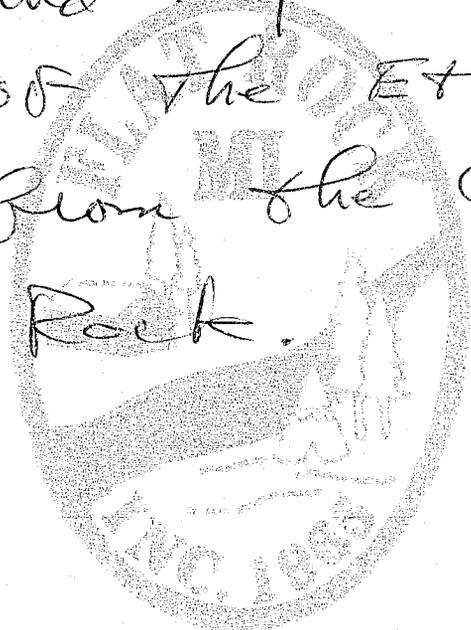
To: George Renaud From: George Mans
Fax: 734 ~~789 2323~~ 783-8333 Pages: 3

NT Phone: 734 789 2323 Date: October 26, 2006

Re: City of Flat Rock CC: Mayor and Council
Ethics ordinance

TODAY MR. Renaud called and requested a copy of the Ethics ordinance from the City of Flat Rock.

George Mans
Acting Clerk



CITY OF FLAT ROCK

WAYNE COUNTY, MICHIGAN

Ordinance No. 328

Ordinance to amend Chapter 2 of the Code of the City of Flat Rock entitled "Administration", by adding Section 2-46 through Section 2-52 entitled "Code of Ethics for Elected Officials, Department Heads, Commissioners, and Employees."

THE CITY OF FLAT ROCK ORDAINS:

Section I. Chapter 2 of the Code of the City of Flat Rock is hereby amended by adding Section 2-46 through Section 2-52 to Article III entitled "Officers and Employees" of Chapter 2 of the Code of the City of Flat Rock, to read as follows:

2-46. Policy. It is the inherent right of the citizens of Flat Rock to expect that every public official and employee conducts himself or herself in a manner that will preserve public confidence in and respect for the local municipal government. In order to promote such confidence and respect, every public official and employee, whether paid or unpaid, whether elected or appointed, shall:

- (a) treat all citizens with courtesy, impartiality, fairness and equality under the law; and
- (b) avoid both actual and potential conflicts between their private self-interest and the public interest.

2-47. Definition. The terms used in this ordinance are hereby defined as follows:

- (a) Official or employee. Any person elected or appointed to, or employed or retained by, any public office or public body of the City whether paid or unpaid and whether part time or full time.
- (b) Public body. Any agency, board, body, commission, committee, department or office of the City.

- (c) Financial interest. Any interest which shall yield, directly or indirectly, a monetary or other material benefit (other than the duly authorized salary or compensation for his or her services to the City) to the official or employee or to any person employing or retaining the services of the official or employee.
- (d) Personal interest. Any interest arising from blood or marriage relationships or from close business association whether or not any financial interest is involved.
- (e) Gift. A payment, subscription, advance, forbearance, rendering or deposit of money, services or anything of value which exceeds One Hundred (\$100.00) Dollars in value, but shall not include campaign contributions.

2-48. Fair and equal treatment.

A. No official or employee shall grant or make available to any person any consideration, treatment, advantage or favor beyond that which it is the general practice to grant or make available to the public at large.

B. No official or employee shall request, use or permit the use of any publicly owned or publicly supported property, vehicle, equipment, labor or service for the personal convenience or the private advantage of himself or herself, or any other person. This rule shall not be deemed to prohibit an official or employee from requesting, using or permitting the use of such publicly owned or publicly supported property, vehicle, equipment, material, labor or service which it is the general practice to make available to the public at large or which is provided as a matter of stated public policy for the use of officials and employees in the conduct of official business.

2-49. Conflict of interest.

A. Financial or personal interest. No official or employee, either on his or her own behalf or any other person shall have any financial or personal interest in any business or transaction with any public body unless he or she shall first make full public disclosures of the nature and extent of such interest.

B. Disclosure and disqualification. Whenever the the performance of his or her official duties shall require any official or employee to deliberate and vote on any matter involving his or her financial or personal interest, he or she shall publicly disclose the nature and extent of such interest and be disqualified from participating in the deliberation as well as in the voting.

C. Incompatible employment. No official or employee shall engage in private employment with, or render services for, any private person who has business transactions with any public body unless he or she shall first make full public disclosure of the nature and extent of such employment or services.

D. Representation of private persons. No official or employee shall appear on behalf of any private person, other than himself or herself, before any public body in the City.

E. Gifts. No official or employee shall accept any gift, whether in the form of money, thing, favor loan or promise, that would not be offered or given to him or her if he or she were not an official or employee.

F. Confidential information. No official or employee shall, without prior formal authorization of the public body having jurisdiction, disclose any confidential information concerning any official or employee, or any other person, or any property or governmental affairs of the City. Whether or not it shall involve disclosure, no official or employee shall use or permit the use of any such confidential information to advance the financial or personal interest of the official or employee or any other person.

G. Nepotism. No elected official shall appoint or vote for appointment of any person related to him or her by blood or marriage to any clerkship, office, position, employment or duty, when the salary, wages, pay or compensation is to be paid out of public funds.

2-50. Violation and Enforcement

A. Any individual who believes that a violation exists as prohibited by this ordinance may make a complaint which shall be a written formal signed complaint to the City of Flat Rock Chief of Police, who shall cause same to be investigated and referred to the City Attorney for review and recommendation with a copy to the complainant.

B. The above listed authorities, when requested, shall take appropriate action upon any complaint, request for information or otherwise resolve matters concerning a violation of said ordinance.

C. The appropriate action to be taken in any individual case shall be at the discretion of the above authorities, which may include but is not limited to any of the following:

(i) pursuing further investigation by the controlling authority;

(ii) taking appropriate disciplinary action, including removal from office, appointed position or employment, in accordance with the Charter of the City of Flat Rock, Code or Ordinances or state law;

(iii) pursuing such other course of action which is reasonable, just and appropriate under the circumstances;

(iv) pursuing criminal prosecution for failure to file the necessary disclosure forms required in this ordinance: and

(v) deeming no action to be required and reason therefore.

2-51. Distribution of Copies of Ordinance. The City Clerk shall provide a copy of this Ordinance to each officer, employee, contract employee, appointee, commissioner and other appointed officials of the City of Flat Rock.

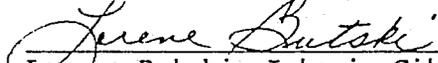
2-52. Penalty. Every person convicted of a violation by any provision of this Ordinance, shall be punished by a fine of not more than Five Hundred (\$500.00) Dollars and costs of prosecution

or by imprisonment for not more than ninety (90) days, or by both such fine, costs and imprisonment in the discretion of the court. Each act of violation and every day upon which any such violation shall occur shall constitute a separate offense.

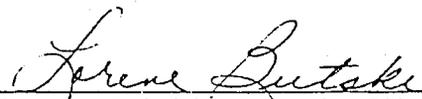
Section II. That all ordinances or parts of ordinances, the Code of the City of Flat Rock, or parts of the Code of the City of Flat Rock, not consistent herewith are hereby repealed.

Section III. This ordinance shall be published in the News Herald newspaper as required by Charter on the 27th day of August, 1995, but in no event shall be effective earlier than ten (10) days after enactment.


Richard C. Jones, Mayor


Lorene Butski, Interim City Clerk

I hereby certify that the foregoing is a true copy of the ordinance adopted by the Council, of the City of Flat Rock at a meeting thereof on August 21, 1995, the original of which proceedings is on file in my office.


Lorene Butski, Interim City Clerk

* * * Memory TX Result Report (Oct. 26. 2006 12:58PM) * * *

1) City of Flat Rock 734 783 0304
2)

Date/Time: Oct. 26. 2006 12:57PM

File No.	Mode	Destination	Pg(s)	Result	Page Not Sent
1570	Memory TX	917347838333	P. 6	OK	

Reason for error

E. 1) Hang up or line fail	E. 2) Busy
E. 3) No answer	E. 4) No facsimile connection
E. 5) Exceeded max. E-mail size	

25500 Gibraltar Road - Flat Rock, MI 48134

City of Flat Rock

Fax

To: George Renaud From: George Maus
 Fax: 734 ~~783~~ 783-0333 Pages: 3
 MNT Phone: 734 787 2323 Date: October 26, 2006
 Rec: City of Flat Rock cc: Ethics ordinance



Memorandum

To: Flat Rock City Council

CC: AAI

From: Richard C Jones *rcj/or*

Date: 10/23/2006

Re: AAI Tax Abatement

On Monday October 23, 2006 the City Council will have a public hearing on AAI request for tax abatement on \$93 million dollars of investment. This investment will be made over three years. They plan to invest \$12 million in 2006, \$42 million in 2007, and \$39 million in 2008.

Tax Abatement

They originally requested a 50% tax abatement on the \$93 million investment and a four year extension on the 1998 abatement which was for only eight years. Schedule #1 is a forecast of the total net personal property taxes that we would receive in the years 2006 to 2010 if the tax abatements request were granted. The first line shows the present tax and projects the effect of depreciation on the present tax base. Due to depreciation we would not receive as much in taxes in any of the future years as we will in the current year. Even with the investment we would not receive as much in taxes in any of the future years as we will in the current year if both requests were granted. After discussions with AAI they have withdrawn the request for the extension of the 1998 tax abatement.

Schedule #2 shows the effect of the \$93 million investment with a 50% tax abatement. As you can see in this schedule the total city tax stays some what consistent for the first three years. Then due to depreciation the tax revenues would start to be less than we receive now. However, it should be pointed out that over the first four years we would receive a little over \$1 million more in revenues than if no investment was made.

Almost all of AAI personal property is under abatement.

City Finances

The city finances are not exactly stable. Any time a city has 37% of its tax base in one major manufacturing company and 26% of its tax base in personal property which erodes each year the city's financial situation is not what I would call stable in today's world.

CONFIDENTIAL

In deciding on the tax abatement the City finances must be the most important factor. We do not have final figures for the year ended June 30, 2006. However, it is projected we broke even for the fiscal year. I must remind you we had to have a one-time transfer from the DDA of \$500,000 in order to break even. In other words, we had a deficit of \$500,000 in the general fund which was covered by the DDA.

For the current year the council adopted a budget with a \$331,354 deficit. If you recall, the deficit would have been closer to \$1.1 million if not for two "one-time only" revenues. The first being \$400,000 in past building permits from AAI, which they have recently paid. The second \$400,000 is from overpaid sewer charges that we should receive this year. I need to stress that the \$800,000 are "one-time only" payments for this current budget year. I do not believe we are in a position to grant tax abatement. On the other hand denying the tax abatement will not balance next year's budget. I would suggest we have further discussions with AAI.

**Auto Alliance International
City of Flat Rock Personal Property Tax**

	2006	2007	2008	2009	2010	Total
Forecast City Taxes - Existing	3,070	2,931	2,826	2,727	2,579	14,133
Increase on 93 Million Investment		146	474	770	694	2,084
Total	3,070	3,077	3,300	3,497	3,273	16,217
Less 50% Abatment		(73)	(237)	(385)	(347)	(1,042)
Less 1998 Extension		(73)	(69)	(66)	(63)	(271)
Forecast City Taxes	3,070	2,931	2,994	3,046	2,863	14,904

**Auto Alliance International
City of Flat Rock Personal Property Tax**

	2006	2007	2008	2009	2010	Total
Forecast City Taxes - Existing	3,070	2,931	2,826	2,727	2,579	14,133
Increase on 93 Million Investment		146	474	770	694	2,084
Total	3,070	3,077	3,300	3,497	3,273	16,217
Less 50% Abatement		(73)	(237)	(385)	(347)	(1,042)
Forecast City Taxes	3,070	3,004	3,063	3,112	2,926	15,175

**Auto Alliance International
City of Flat Rock Personnel Property Tax
Amount of Abatement By Entity**

	2006	2007	2008	2009	2010	Total
City		73	237	385	347	1,042
School		128	417	678	610	1,833
County		59	192	312	281	844
Total	-	260	846	1,375	1,238	3,719

**CITY OF FLAT ROCK
ESTIMATED FUND BALANCE**

	<u>2005/06</u>	<u>2006/07</u>
Beginning Fund Balance	2,423,788	2,317,574
Revenues	9,631,970	10,406,751
Expenditures	<u>(9,738,184)</u>	<u>(10,738,105)</u>
Surplus (Deficit)	(106,214)	(331,354)
Ending Fund Balance	<u><u>2,317,574</u></u>	<u><u>1,986,220</u></u>

**City of Flat Rock
2006 Taxable Value
Information**

	Real	Personal	Total
Regular Roll	301,884,133	97,269,100	399,153,233
Act 198	0	116,719,600	116,719,600
Totals	301,884,133	213,988,700	515,872,833
Less 50% of Act 198	0	(58,359,800)	(58,359,800)
	<u>301,884,133</u>	<u>155,628,900</u>	<u>457,513,033</u>
Less TIFA	(63,233,422)	(125,579,500)	(188,812,922)
Less DDA	(18,379,606)	(3,302,340)	(21,681,946)
Total Adjusted Taxable Value	<u>220,271,105</u>	<u>26,747,060</u>	<u>247,018,165</u>

General Operating	16.00 Mills	3,952,291
Historical Preservation	0.25	114,378
Library	1.00	457,513
		<u>4,524,182</u>
Tax Increment Finance Auth.	16.00	3,021,007
Downtown Development Auth.	16.00	<u>346,911</u>
		<u>7,892,100</u>
Refund from TIFA to General	95.00%	2,869,956