

COUNCIL PROCEEDINGS
CITY OF FLAT ROCK, MICHIGAN
MONDAY, OCTOBER 30, 2006

The special meeting of the Flat Rock City Council convened at the Municipal Building on the above date at 7:00 p.m.

1. PLEDGE OF ALLEGIANCE:

2. PRESENT ON ROLL CALL: Mayor Jones, Council Members, Gagne Dropiewski, , Painter and Wrobel.

Absent Council Members: Martin and Tefend.

10-30-06-1 Motion by Painter supported by Jones to excuse absent Councilman Martin and Tefend. Motion carried 4-1 (1-Wrobel).

ALSO PRESENT: Building Director John Russ, City Attorney's Office Matthew Zick, Treasurer Brenda Tallman, Recreation Director Joan Pawlukiewicz, Acting City Clerk and Economic Development Director George Mans, and Clerk Receptionist Jevetta Smith.

3. BUSINESS AT HAND:

Item "A" - Discussion Re: Public Hearing for AutoAlliance International, Inc. Applications for Industrial Facilities Exemption Certificate, File No. 06-4413.

10-30-06-2 Motion by Painter to approved Auto Alliance International, Inc. Application for Industrial Facilities Exemption Certificate for 8 years at 50%. Motion died for lack of support.

10-30-06-3 Motion by Dropiewski supported by Painter to approve AAI's Tax Abatement for 12 years at 50%. Motion failed 2-3. (3-Gagne, Wrobel, Jones).

10-30-06-4 Motion by Gagne to approved the AAI Tax Abatement for 3 years at 50% for 93 million investments in product redesign. Motion died for lack of support.

Gagne recommended that AAI work with the City to come up with a solution. He told AAI representatives that Council is trying to appease and recommended alternate suggestions or recommendations.

Gary Roe, President and Chief Executive Officer for AAI, addressed Mayor, Council and Public and said it is of major importance that this abatement pass for AAI and for the City of Flat Rock and that AAI would be willing to accept an 8-year abatement and cautioned that failing to grant some tax relief in exchange for new investment in the plant would put future investments at risk. He said the \$93 million investment is already a done deal...future investments

not a done deal. He said in the past 2 weeks Livonia passed a 50% on 12-year abatement. He said they appreciated earlier abatements Flat Rock had given in 1986. Mr. Roe spoke of other community abatements on smaller investments in plants. He also mentioned that other Ford plants have closed or will close in places such as Wixom, Atlanta Georgia, Norfolk Virginia, and St. Louis. He said that the automaker wants to partner with Flat Rock and was not immune to cost and inflationary pressures facing local governments. Mr. Roe said "This expansion and continued product investment is needed for future success. We must fight for our future."

Painter said we value the dollars we get from Auto Alliance and believe we will send the wrong message if we reject this abatement.

Gagne suggested that AAI submit in writing an agreement that would pay any remaining taxes should the plant close and move. Gary Roe, President and CEO of AAI said they would pay taxes back and would be willing to sign a similar clause as Mr. Gagne suggested.

10-30-06-5 Motion by Painter supported by Dropiewski to approve the Auto Alliance International, Inc. Application for Industrial Facilities Exemption Certificate for 8 years with a clause to pay back the City of Flat Rock back taxes in the event of AAI closing during the 8 year abatement. Motion still on the floor.

Mayor Jones took opposition with the automaker's claim that the City of Flat Rock had not always been cooperative. Mayor Jones said, "The City never has fully turned down any requests from AAI for a tax exemption." He said balancing future City budgets that are struggling to stay out of red ink was his main concern. He said, "I have a rough time accepting that we have to show we're friendly, all along, we've been very friendly."

Mr. Gagne told AAI representatives present that "We're in financial straits like you people, we want to appease you and give you some (relief), but we are responsible to our citizens and can't give away the store."

Councilman Painter said, "We value the tax money we get from AAI, but we don't want to kill the proverbial golden goose, but saying no is definitely the wrong message to send."

Dropiewski said, "This is about the future of this plant. If we don't grant abatement, there are 3,000 other cities and other countries more than willing to do it. The health and success of the City is directly tied to the plant."

Councilman Wrobel suggested an agreement in writing to avoid any disputes over building permits on the \$93 million redesign of the Mazda 6 being produced at the plant. He said he wanted to avoid similar problems that incurred with the tax abatement when the plant was built in 2000; in which the City of Flat Rock had received just recently \$400,000 from a settlement.

10-30-06-5 Motion by Painter supported by Dropiewski to approve the Auto Alliance International, Inc. Application for Industrial Facilities

Exemption Certificate for 8 years with a protection clause to pay back City taxes..
Motion passed 4-1 (1-Jones).

ADJOURNMENT:

10-30-06-6 Motion by Jones supported by Painter to adjourn the meeting
at 7:30 P.M. Motion carried unanimously.

RICHARD C. JONES, MAYOR

DENNIS R. MOWBRAY, CITY CLERK
By George W. Mans, Acting Clerk

Date: _____
Approved