CHARTER TOWNSHIP OF LYON
BOARD OF TRUSTEES
SPECIAL MEETING MINUTES
February 9, 2004

Approved as submitted March 1, 2004.

DATE: February 9, 2004
TIME: 6:00 PM
PLACE: 58000 Grand River

Call to Order: Supervisor Shigley called the meeting to order at 6:02 PM.

Roll Call: Present:
Joseph Shigley, Supervisor
Patricia Carcone, Treasurer
Pamela Johnson, Clerk
Steven Adams, Trustee
Ray Bisio, Trustee
Dan Cash, Trustee
Lannie Young, Trustee

Also Present:
Matthew Quinn, Township Attorney
Chris Doozan, Township Planner
Chris Olson, Township Superintendent

Guests: 6

1. APPROVAL OF AGENDA

Ms. Carcone made a motion to approve the agenda as written. Mr. Adams supported the motion.

Voice Vote: Ayes: All
Nays: None

Motion approved unanimously.

2. DR. SCHNEIDER, INC. – CONSIDERATION OF TAX ABATEMENT REQUEST

Bennett Donaldson, JB Donaldson Company, stated that after reviewing all the information even if the Board does not make a decision tonight, they are still looking to continue the dialogue.

Mr. Shigley stated that this is a major decision for the Township to undertake. He noted that any decision by the Board would set a precedence.

Mr. Adams questioned if there has been anything new happen within the past couple of days with the State of Michigan. Mr. Donaldson stated that Mr. Olson has information and that they also Maureen Krauss and Bill Beacher who are experts on this issue with them tonight.

Maureen Krauss, Oakland County Economic Development, introduced herself to the Board. She stated that she has been working with this company as well as with Mr. Olson. She noted that her colleague, Michelle Eaton, is here tonight with her to answer any questions that the Board may have.

Ms. Krauss stated that one of their jobs for the County is to work with the communities bringing business to all communities within Oakland County. She stated that they also help communities develop policies that are related to economic development. She further explained the type of work that her department does.

Mr. Shigley stated that there are several questions that he needs answers to in order to understand this program. One questions is at the County and State level, what exactly are they looking for? Ms. Krauss explained the MEGA Program and how it works. She stated that she is not here on behalf of the County promoting tax abatements. She stated that every community has addressed this differently. She stated that they are here tonight to provide guidance to the Township.

Mr. Young questioned what in general, other than a local match, is the criteria for the State to grant a MEGA. Ms. Krauss responded by explaining the criteria that the State looks at when granting a MEGA.

Mr. Shigley stated that he has a hard time with the fact that if the Township does not give a tax abatement and this company goes to Canada, it is like the Township has lost jobs for the State of Michigan. Ms. Krauss stated that she has made the same argument from the County perspective. She stated that she does not want to lose jobs for Oakland County because she could not get a community to do what they wanted. She stated that she shares these feelings as well.

Ms. Krauss stated that they cannot guide a business to a certain community. Each community is different and have different things to offer. The decision has to be a good one for each individual business. It has to make sense geographically with respect to clients and suppliers. She stated that typically when a company comes to them, they have already narrowed it down geographically as to where they want to locate.

Mr. Bisio stated that they have to determine what is more important, bring in 350 jobs into the State/County/community or taking a personal hit in the Township for each individual resident.

Ms. Krauss stated that as a staff person, she is not an elected official, she would never promise any business a tax incentive or abatement because she has no say in that. She stated that this decision is strictly up to each individual community. She stated that she is just an information provider. It is the elected officials that make these decisions.

Mr. Adams questioned how many foreign companies have come to Michigan within the past few years. Ms. Krauss responded that Oakland County is a little different than the State. She stated that Oakland County has a good base of international firms here. She stated that the projects that they see in Oakland County, the expansions that they have had in the past four or five years, new to Michigan have been mostly foreign owned firms. She stated that their expansion projects are mostly companies that are based here. She stated that 80% of these are already based in Oakland County or metro Detroit.

Mr. Adams questioned if the number of abatement years varies from community to community. Ms. Krauss responded that it does. She stated that the maximum number of years that have been granted are twelve years in communities that can be more flexible. She stated that the number of years can go anywhere from one to twelve and each community addresses this differently.

Mr. Olson stated that going back to the question asked by Mr. Shigley, “whether or not Lyon Township held at bay 350 jobs in hand”, in the memo that was in the Board’s mailbox dated February 6, 2004, the final page describes this. He briefly reviewed the information in the

memo. He stated that he has provided the Board with a spreadsheet indicating the depreciation figures that the State provided. He noted that the State is providing a 15 year personal income tax withholding credit which is 100% for the first ten years and 50% for the last five years.

Mr. Olson stated that the Township is being asked to provide a package or be part of an expanded package of what has already been offered by the State. He stated that he has brought to the Board tonight considerations for a tax abatement policy. He briefly discussed some of the information that they Board needs to consider for this type of policy. He noted that there is going to be a considerable amount of work that would go into assembling a policy that reflects the Board's desires.

Ms. Carcone stated that she did contact Dr. Pearson, who is very knowledgeable about tax abatements. She stated that she asked Dr. Pearson how he felt about the Township giving a tax abatement. She stated that Dr. Pearson told her that he would not be in favor of this, not only as a resident of Lyon Township, but also as the Superintendent of Lyon Township Schools. She stated that Dr. Pearson felt that Lyon Township is a place where people want to come. She stated that Dr. Pearson also said that if you open the door for one, many more will come, and that tax abatement will affect the school debt. She stated that Dr. Pearson indicated that he would consider a tax abatement for the 2mils because it has been around for fifty years and their fair share of taxes would have been paid.

Mr. Olson stated that the term of the abatement would be up to the Board and that it would affect all the other tax jurisdictions.

Mr. Young questioned if there is any feedback from the committed that met regarding this issue. Mr. Shigley stated that the information being presented if from the sub-committee meeting.

Mr. Young questioned if the terms of the deal have been presented to the owners of the company in Germany yet. Ms. Krauss responded that as far as she knows, it has not. She stated that it will be formally presented on February 29, 2004.

Mr. Adams questioned the drop dead date that the Board needs to make a decision by. Peter Jansen, Dr. Schneider Company, responded that at the last meeting he indicated that they had approximately 20 days. He stated that they need about one week to calculate the figures. He stated that February 29th and March 1st they will be presenting this to the Board members of Dr. Schneider Company.

Mr. Cash stated that the United States is listed as a site, but it was indicated that there is not a location in the United States. Mr. Jansen stated that this would be the first site in the United States. Ms. Krauss stated that there is one person employed in the United States right now who is sharing office space at another company.

Ms. Krauss stated that on behalf of the County, she appreciates that the Board is having this conversation and the time that the Township officials and staff have spent on this issue.

Mr. Shigley stated that the Township has been pretty much absolutely no to all tax abatements. He stated that this is a milestone that this has gotten this far and that the Township is seriously looking at this.

Mr. Adams stated that the Township has made an initial offer by offering tax credits for sewer taps. He stated that the Township has shown good faith.

Mr. Adams made a motion to continue and have an additional meeting because all the avenues

have not been officially investigated and that something of this magnitude should be full investigated. At the next meeting the Board members can decide if they want to go forward with the tax abatement. Mr. Bisio supported the motion.

Mr. Shigley asked if there were any comments regarding the motion.

Mr. Shigley questioned if Mr. Adams wanted to include a date for the next meeting in his motion or does the Board wish for Mr. Olson and Mr. Shigley to come back with a date after they have had time to discuss this.

Mr. Shigley asked if there were any public comments. There were none.

Roll Call Vote: Ayes: Adams, Bisio, Shigley
Nays: Cash, Carcone, Young, Johnson

Motion failed.

Mr. Young made a motion that the Board enter into some consideration, with Mr. Olson's help, to consider putting together an abatement policy. Mr. Cash supported the motion.

Mr. Shigley asked if there were any comments regarding the motion. There were none. He then asked if there were any public comments. There were none.

Roll Call Vote: Ayes: Adams, Cash, Shigley, Young, Bisio
Nays: Johnson, Carcone

Motion approved.

Mr. Adams stated that they would still like to have Dr. Schneider Company in the Township. The community has offered some tax relief in the form of sewer taps. He stated that he hopes that Dr. Schneider will consider this. He stated that he is very sorry that the majority of the Board could not agree on more tax abatements. He offered his apologies and stated that he hoped that Dr. Schneider Company would still consider Lyon Township as the site for their United States division.

Ms. Carcone stated that she is very sorry that she had to give an unfavorable vote. She stated that she would have considered this if Dr. Schneider would have purchased the building instead of leasing the building. She stated that by leasing the building she did not feel that Dr. Schneider was putting their stability into this community. She stated that there are a lot of smaller businesses that have put their heart and souls into this community and have paid their fair shares of taxes. They have roots here, they have purchased their buildings and they do pay personal property taxes. She stated that after all the research that she did, she could not support this.

Mr. Young stated that they definitely would like to see Dr. Schneider come into Lyon Township. Based on where they are in the tax base, every year they struggle with the budget to try and keep the taxes low. He felt that this is a tremendous incentive and that they hope to continue this not only for the residents of the Township but also for the businesses. He felt that the 22 REU's is a tremendous incentive and hopefully Dr. Schneider Company will see fit that this is sufficient enough of a tax abatement from the Township.

Mr. Bisio stated that the people that he talked to in the Township were really excited about the possibility of 350 jobs coming to the Township. He stated that to give up the possibility of 350 jobs is kind of disappointing to him. He stated that he does understand the reasons why the

Board voted the way that they did. He stated that he wished that they would have left the bridge of communication open a little longer and discussed this issue a little longer.

3. ADJOURNMENT:

Ms. Carcone made a motion to adjourn the meeting. Mr. Bisio supported the motion.

Voice Vote: Ayes: All
Nays: None

Motion approved. The meeting was adjourned at 6:58 PM.

Respectfully Submitted,

Deby Cothery

Deby Cothery
Recording Secretary

Pamela Johnson
Township Clerk