

A meeting of the Downtown Development Authority was held on June 21, 2000 in the Council Chambers of Troy City Hall, 500 West Big Beaver, Troy, Michigan. The meeting was called to order at 7:30 a.m.

PRESENT: Garry G. Carley
Michael Culpepper
Philip Goy
William Kennis
Alan M. Kiriluk
Clarke B. Maxson (arrived @ 7:40 a.m.)
Carol Price
Ernest C. Reschke
Douglas Schroeder
Jeanne Stine
Lauren Trendler, Student Representative
Tom York

ABSENT: Daniel MacLeish
Stuart Frankel

ALSO PRESENT: John Szerlag
Doug Smith
John Martin

EXCUSED ABSENT MEMBERS

Resolution #00-09
Moved by Stine
Seconded by Price

RESOLVED, that all absent members are excused.

Yeas: All (10)
Absent: Grankel, Macleish, Maxson

APPROVAL OF MINUTES

Resolution #00-10
Moved by Price
Seconded by Culpepper

RESOLVED, that the minutes of the May 17, 2000 regular meeting be approved.

Yeas: All (10)
Absent: Frankel, MacLeish, Maxson

OLD BUSINESS

- 1.) Certificate awarded to Lauren Trendler for recognition of service as Student Representative by Alan Kiriluk.
- 2.) Invitation to all DDA members to attend the opening of EXPO in the Troy Marketplace at Big Beaver and Rochester Road, extended by Alan Kiriluk, who received one of the invitations as Chair of the TDDA.
- 3.) John Szerlag, City Manager, gave a brief Civic Center update and a short discussion ensued on what the next steps might be.

NEW BUSINESS

- a.) Reimbursement resolution for Big Beaver Road – John Lamerato

Resolution # 00-011
Moved by Bill Kennis
Seconded by J. Stine

RESOLVED, that the Troy DDA adopt the resolution declaring intent to reimburse from proceeds of Downtown Development Authority bonds for expenditures and authorizing request to the Treasury.

Yeas: All (10)
Absent: Frankel, Reschke, Maxson

- b.) (Approval of distribution of local match for MEGA award for K-Mart Data Center.

Resolution #00-12
Moved by Carley
Seconded by York

RESOLVED, that the Troy Downtown Development Authority approved the distribution of \$450,000 for the local match for the MEGA award for the K-Mart Data Center.

Yeas: All (10)
Absent: Frankel, Resche, Maxson

c.) Election of officers for the 2000 calendar year

Resolution #00-13
Moved by Kennis
Seconded by Stine

RESOLVED, that current officers be re-elected for the remainder of the calendar year, re-elect as Chair, Alan Kiriluk; Vice Chair, Garry Carley; and Secretary/Treasurer, John Lamerato. No further nominations were made.

Yeas: all (11)
Absent: Frankel, MacLeish

- d.) Digital Cities presentation; John Melstrom and Don Fullenwider gave a virtual reality presentation of their companies product Digital Cities, and discussed the approach to the City of Troy regarding a general contract that would provide free of charge to the City a virtual reality model for the major business districts and made reference to a separate contract for the Civic Center site which would be a contract for \$47,000. There was some discussion regarding how this model could be used as a tool for planning development in the city of Troy and staff indicated that the next step was to make this presentation to City Council to determine their level of interest.
- e.) Main Street Program in Oakland County; the DDA briefly discussed the Main Street Program that Oakland County has adopted and there was some interest on the authorities interest in staff determining if Main Street Program could be used here in Troy. Doug Smith indicated that he was familiar with the program and will continue to attend the sessions that the County has on the Main Street Program, but that is was primarily for older more typical or traditional downtowns that were prioritized today and that as the program evolves, perhaps some assistance for areas such as Rochester Road might come out of this program and he would keep the DDA informed.

PUBLIC COMMENT

Victor Levinov discussed the exclusivity of data, and Richard Hughes raised issues regarding the DDA's support for the K-Mart projects and the state support for MEGA grants to K-Mart.

The meeting was adjourned at 8:35 a.m.


Alan M. Kiriluk, Chairman


John Lamerato, Secretary/Treasurer

DS/pg

DOWNTOWN DEVELOPMENT AUTHORITY
OF THE CITY OF TROY
COUNTY OF OAKLAND, STATE OF MICHIGAN

RESOLUTION DECLARING INTENT TO REIMBURSE FROM PROCEEDS
OF DOWNTOWN DEVELOPMENT AUTHORITY BONDS FOR
EXPENDITURES AND AUTHORIZING REQUEST TO TREASURY

I hereby certify that this is a true copy of an original document presented to me for copying this 20th day of June 2000



Tamara A. Renshaw
Notary Public, Oakland County, MI

Minutes of a regular meeting of the Board of the City of Troy Downtown Development Authority, County of Oakland, State of Michigan held in the City Hall in said City on June 21, 2000, at 7:30 o'clock a.m./p.m., Eastern Daylight Time.

PRESENT: Garry Carley, Michael Culpepper, Philip Goy, William Kennis,
Alan Kiriluk, Doug Schroeder, Clarke Maxson, Carol Price, Ernest Reschke,
Jeanne Stine, G. Thomas York

ABSENT: Stuart Frankel, Daniel MacLeish

The following preamble and resolution were offered by William Kennis and supported by Jeanne Stine:

WHEREAS, the City Council of the City of Troy, County of Oakland, State of Michigan (the "City"), pursuant to Ordinances previously adopted, has approved a development plan and tax increment financing plan and amendments and restatements thereof (the "Plan"), for the Downtown Development Area (the "Development Area") of the Downtown Development Authority of the City of Troy (the "Authority") pursuant to Act 197, Public Acts of Michigan, 1975, as amended ("Act 197"); and

WHEREAS, pursuant to the Plan, the Authority has proposed a program of acquiring, constructing, equipping and installing roadway and streetscape improvements for Big Beaver Road of the Development Area, including but not limited to, the improvements described in

the development program of the Plan as Project Area D and Development Project D2 (the "Project"); and

WHEREAS, the portion of the cost of the Project to be financed by the Authority has been estimated to be Twelve Million Four Hundred Thousand Dollars (\$12,400,000); and

WHEREAS, to finance the cost of the Project, the Board of the Authority intends to authorize the issuance and sale of bonds of the Authority, in the aggregate principal amount of not to exceed \$12,400,000, in one or more series (the "Bonds"), as authorized by the provisions of Section 16(2) of Act 197, in anticipation of the collection by the Authority of projected tax increment revenues (as defined in Act 197); and

WHEREAS, prior to issuance of said Bonds, the Authority must either receive prior approval to issue the Bonds from the Michigan Department of Treasury ("Treasury") or be exempt from prior approval as provided in Chapter III, Section 11 of the Municipal Finance Act, Act 202, Public Acts of Michigan, 1943, as amended ("Act 202"); and

WHEREAS, in order to be exempt from prior approval, the Authority must notify Treasury of its intent to issue the Bonds and must pay the filing fees required by the aforesaid Act 202; and

WHEREAS, the Authority has determined that certain preliminary expenditures are required in connection with the Project, including but not limited to, expenditures for preliminary engineering and right-of-way design work for the Project; and

WHEREAS, the Authority intends, at this time to state its intention to reimburse itself and/or the City, from proceeds of said Bonds for any expenditures undertaken by the Authority or the City for the Project prior to issuance of the obligations contemplated herein; and

WHEREAS, the Authority desires to make certain declarations for the purpose of complying with the reimbursement rules of Treas. Reg. §1.150-2 pursuant to the Internal Revenue Code of 1986, as amended (the "Code").

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Authority makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. §1.150-2 pursuant to the Code:

- (a) As of the date hereof, the Authority reasonably expects to reimburse itself and/or the City for the expenditures described in (b) below with proceeds of debt to be incurred by the Authority.
- (b) The expenditures described in this paragraph (b) are for the costs of acquisition, construction, equipping and installation of the Project, together with the sites therefore and all necessary appurtenances and attachments thereto which were or will be paid subsequent to sixty (60) days prior to the date hereof.
- (c) The maximum principal amount of debt expected to be issued by the Authority for the Project, including issuance costs, is not to exceed \$12,400,000.
- (d) A reimbursement allocation of the expenditures described in (b) above with the proceeds of the borrowing described herein will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the Authority's use of the proceeds of the debt to be issued for the Project to reimburse the Authority and/or the City for a capital expenditure made pursuant to this resolution.
- (e) The expenditures described in (b) above are "capital expenditures" as defined in Treas. Reg. §1.150 (b), which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of "placed in service" under Treas. Reg. §1.150-2(c) under general federal income tax principles (as determined at the time the expenditure is paid).
- (f) No proceeds of the borrowing paid to the Authority or the City as reimbursement pursuant to this resolution will be used in a manner described in Treas. Reg. §1.150-2(h) with respect to abusive uses of such proceeds, including, but not limited to, using funds corresponding to the proceeds of the borrowing in a manner that results in the creation

of replacement proceeds (within Treas. Reg. §1.148-1) within one year of the reimbursement allocation described in (d) above.

- (g) Expenditures for the Project to be reimbursed from the proceeds of the borrowing for purposes of this resolution do not include: (i) costs for the issuance of the debt, (ii) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the borrowing, or (iii) preliminary expenditures not exceeding twenty percent (20%) of the issue price of the borrowing, within the meaning of Treas. Reg. §1.150-2(f) (such preliminary expenditures include architectural, engineering, surveying, soil testing and similar costs incurred prior to construction of the Project, but do not include land acquisition, site preparation, and similar costs incident to commencement of construction).

2. The Chairperson or Secretary of the Authority, or the City Manager or the Assistant City Manager/Finance are each hereby authorized on behalf of the Authority to file an application for prior approval to issue the Bonds and any applicable waivers necessary with Treasury, or if applicable file a Notice of Intent to Issue an Obligation for an exception from prior approval and pay the fee related thereto.

3. The Authority acknowledges and approves the appointment of Miro Weiner & Kramer, A Professional Corporation, as bond counsel.

4. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same are hereby rescinded.

AYES: All

NAYS: None

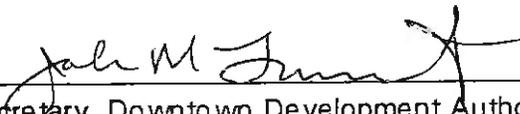
ABSENT: Frankel, MacLeish and Maxson

RESOLUTION DECLARED ADOPTED.



Secretary, Downtown Development Authority

I HEREBY CERTIFY that the foregoing is a true and complete copy of a resolution adopted by the Board of the Downtown Development Authority of the City of Troy, County of Oakland, State of Michigan, at a regular/special meeting held on June 21, 2000, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act 267.


Secretary, Downtown Development Authority

1. What is an urban simulation model?

- An urban simulation model is an exact replica of your city—a real-time visualization of an urban context—a “digital city”—*In real-time*.
- Virtual reality computer models are unique—they turn as you turn and look where you look.
- You can walk, drive or fly safely through your town as it currently exists—as it existed in the past—or as it may exist in the future.
- Models of developer projects can be inserted into our large terrain database.
- The models are photo-realistic, constructed from precise engineering drawings, aerial photography and street level imagery.

2. Why are we building virtual reality urban simulation model?

- Local communities use these models for advanced master planning, infrastructure planning, development approval and other community communications purposes. A model conveys “exactly what it’s going to look like here,” for lay people to see what’s planned.

- Virtual reality models enhance the site selection and approval process, are great public relations tools and are excellent real estate deal closure tools.
- The latest PCs are now powerful enough to drive smaller virtual reality models. Internet bandwidth will soon allow home users to download full virtual reality models.

3. How does your community benefit by having an urban simulation model?

- Enhanced high-tech image in the community.
- High-tech model to distribute on CD-ROM and the Internet to business prospects and community groups.
- Visualize the impact of change on your community and improved planning and design decisions.
- Enables lay people to visualize a proposed project.
- Display proposed projects to neighborhood groups and approval authorities.

4. What are some of the future uses for our urban simulation model?

- Promotional tours of your community.
- Shopping centers and retail stores—E-commerce on the Internet.
- Convention site selection.
- Theater and sporting event seat selection (and a virtual tour of the theater or arena).

5. What software do we use?

- Our architects and civil engineers are specially trained to use MultiGen Creator Pro and Vega software.
- MultiGen (based in Silicon Valley in California) publishes the very latest 3D virtual reality software.
- MultiGen Creator Pro was initially developed for military flight simulation, aerospace and Hollywood animation applications; Creator Pro has been adapted and enhanced for urban simulation.

MAY 04 1999

Doug Smith

**MICHIGAN ECONOMIC GROWTH AUTHORITY
STATEMENT OF ELIGIBILITY**

Kmart Corporation Employer Identification
(Company Name)

Number 38-0729500 submits this Statement of Eligibility to the Michigan Economic
(Insert Number)

Growth Authority (MEGA) as required by Section 4.2 of the MEGA Tax Credit Agreement

effective 06/18/98
(Date)

PART I - Base Employment Level

- a) In Column A, list the name and street address of all Michigan facilities of the applicant, its parent and affiliated companies, including the project facilities for which the MEGA credit was awarded.

In Column B, list the Unemployment Insurance number under which the employees at that facility are reported to the Michigan Employment Security Agency.

In Column C, list the number of full-time employees at each facility. Full-time employees are persons who regularly work 35 or more hours per week, and from whom the company withholds Income and Social Security taxes (attach additional pages if necessary).

Column A Facility and Street Address	Column B Unemployment Insurance Number	Column C Number of Full-Time Employees (at each location)
3100 West Big Beaver Road Troy, MI 48084	0090033	4,276
TOTALS		

- b) **Base Employment Level from Schedule A of the MEGA Tax Credit Agreement**
3,637

** 500.3908 70101 **

PART II - Qualified New Jobs

- a) 639 Qualified New Jobs have been created at the Project.
- b) Minimum number of Qualified New Jobs from Schedule A of the MEGA Tax Credit Agreement 75

PART III - Average Weekly Wage

- a) The Average Weekly Wage paid to employees performing Qualified New Jobs was \$ 957.60
- b) Average Weekly Wage from Schedule A of the MEGA Tax Credit Agreement 855.00

PART IV - Eligibility Date

The date all three eligibility tests were met was 02/01/99

PART V - Certification

I hereby certify that the information provided in this Statement of Eligibility is true and correct to the best of my knowledge and is submitted to the Michigan Economic Development Corporation as required by the MEGA Tax Credit Agreement.

Signature

Date

David G. Dillon, Director of Public Programs
Typed Name and Title



D e s i g n C e n t e r

June 14, 2000

Garry Carley
City of Troy
500 West Big Beaver Road
Troy, MI 48084

Dear Garry:

We are pleased to announce that EXPO Design Center will open its 1st two stores in the Detroit area on July 6. The Troy store will be one of the 1st stores in the state of Michigan and one of the 1st in the Midwest! We are proud to become a part of the community and all the exciting things happening in this dynamic area.

To celebrate this occasion, we would be honored if you would join us at a ribbon-cutting ceremony on Thursday, July 6 at 9:00 a.m. at the Troy store located at 686 East Big Beaver Road.

Community involvement and support of local non-profit organizations are key parts of EXPO's unique corporate culture. On July 19, we will be holding a charity event at the Troy EXPO to celebrate both of our store openings. This event will feature Chris Casson Maddon as our celebrity guest. Chris is best known as the interior designer and frequent guest of Oprah and host of "Interiors by Design". This event will also mark the beginning of our commitment to area residents by making a \$7,000 donation to Haven, an organization in Oakland County that provides advocacy, education, counseling, and shelter exclusively for victims of domestic violence. We will send you a personal invitation in a couple of weeks to this event.

We are currently hiring and training approximately 150 associates for the store, the majority from the surrounding area. Our outstanding team of men and women is committed to top quality design, remodeling and installations for the home with uncompromising service.

Please RSVP if you will be in attendance to Deborah Tillman at 678-581-8500 ext. 5635. Thank you and we look forward to meeting you on the 6th.

Sincerely,

A handwritten signature in cursive script that reads "Melissa Watkins".

Melissa Watkins
Public Relations Manager
EXPO Store Support Center

877 Franklin Road, Suite 205, Marietta, Georgia 30067 Telephone 678/581-8500

ATTACHMENT
A

TO: Board of Directors Downtown Development Authority of the City of Troy

FROM: John Szerlag, City Manager 
John M. Lamerato, Assistant City Manager Finance and Administration 

RE: Reimbursement Resolution - Big Beaver Road

DATE: June 5, 2000

Please find attached a resolution prepared by our Bond Counsel to reimburse the City of Troy from proceeds of Downtown Development Authority Bonds for expenditures relating to the Big Beaver Road projects.

This resolution will permit the reimbursement of expenditures made by the City of Troy prior to the issuance of Downtown Development Authority Bonds.

DOWNTOWN DEVELOPMENT AUTHORITY
OF THE CITY OF TROY
COUNTY OF OAKLAND, STATE OF MICHIGAN

RESOLUTION DECLARING INTENT TO REIMBURSE FROM PROCEEDS
OF DOWNTOWN DEVELOPMENT AUTHORITY BONDS FOR
EXPENDITURES AND AUTHORIZING REQUEST TO TREASURY

Minutes of a regular meeting of the Board of the City of Troy Downtown Development Authority, County of Oakland, State of Michigan held in the City Hall in said City on _____, 2000, at _____ o'clock a.m./p.m., Eastern Daylight Time.

PRESENT: _____

ABSENT: _____

The following preamble and resolution were offered by _____ and supported by _____.

WHEREAS, the City Council of the City of Troy, County of Oakland, State of Michigan (the "City"), pursuant to Ordinances previously adopted, has approved a development plan and tax increment financing plan and amendments and restatements thereof (the "Plan"), for the Downtown Development Area (the "Development Area") of the Downtown Development Authority of the City of Troy (the "Authority") pursuant to Act 197, Public Acts of Michigan, 1975, as amended ("Act 197"); and

WHEREAS, pursuant to the Plan, the Authority has proposed a program of acquiring, constructing, equipping and installing roadway and streetscape improvements for Big Beaver Road of the Development Area, including but not limited to, the improvements described in

the development program of the Plan as Project Area D and Development Project D2 (the "Project"); and

WHEREAS, the portion of the cost of the Project to be financed by the Authority has been estimated to be Twelve Million Four Hundred Thousand Dollars (\$12,400,000); and

WHEREAS, to finance the cost of the Project, the Board of the Authority intends to authorize the issuance and sale of bonds of the Authority, in the aggregate principal amount of not to exceed \$12,400,000, in one or more series (the "Bonds"), as authorized by the provisions of Section 16(2) of Act 197, in anticipation of the collection by the Authority of projected tax increment revenues (as defined in Act 197); and

WHEREAS, prior to issuance of said Bonds, the Authority must either receive prior approval to issue the Bonds from the Michigan Department of Treasury ("Treasury") or be exempt from prior approval as provided in Chapter III, Section 11 of the Municipal Finance Act, Act 202, Public Acts of Michigan, 1943, as amended ("Act 202"); and

WHEREAS, in order to be exempt from prior approval, the Authority must notify Treasury of its intent to issue the Bonds and must pay the filing fees required by the aforesaid Act 202; and

WHEREAS, the Authority has determined that certain preliminary expenditures are required in connection with the Project, including but not limited to, expenditures for preliminary engineering and right-of-way design work for the Project; and

WHEREAS, the Authority intends, at this time to state its intention to reimburse itself and/or the City, from proceeds of said Bonds for any expenditures undertaken by the Authority or the City for the Project prior to issuance of the obligations contemplated herein; and

WHEREAS, the Authority desires to make certain declarations for the purpose of complying with the reimbursement rules of Treas. Reg. §1.150-2 pursuant to the Internal Revenue Code of 1986, as amended (the "Code").

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Authority makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. §1.150-2 pursuant to the Code:
 - (a) As of the date hereof, the Authority reasonably expects to reimburse itself and/or the City for the expenditures described in (b) below with proceeds of debt to be incurred by the Authority.
 - (b) The expenditures described in this paragraph (b) are for the costs of acquisition, construction, equipping and installation of the Project, together with the sites therefore and all necessary appurtenances and attachments thereto which were or will be paid subsequent to sixty (60) days prior to the date hereof.
 - (c) The maximum principal amount of debt expected to be issued by the Authority for the Project, including issuance costs, is not to exceed \$12,400,000.
 - (d) A reimbursement allocation of the expenditures described in (b) above with the proceeds of the borrowing described herein will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the Authority's use of the proceeds of the debt to be issued for the Project to reimburse the Authority and/or the City for a capital expenditure made pursuant to this resolution.
 - (e) The expenditures described in (b) above are "capital expenditures" as defined in Treas. Reg. §1.150 (b), which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of "placed in service" under Treas. Reg. §1.150-2(c) under general federal income tax principles (as determined at the time the expenditure is paid).
 - (f) No proceeds of the borrowing paid to the Authority or the City as reimbursement pursuant to this resolution will be used in a manner described in Treas. Reg. §1.150-2(h) with respect to abusive uses of such proceeds, including, but not limited to, using funds corresponding to the proceeds of the borrowing in a manner that results in the creation

of replacement proceeds (within Treas. Reg. §1.148-1) within one year of the reimbursement allocation described in (d) above.

- (g) Expenditures for the Project to be reimbursed from the proceeds of the borrowing for purposes of this resolution do not include: (i) costs for the issuance of the debt, (ii) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the borrowing, or (iii) preliminary expenditures not exceeding twenty percent (20%) of the issue price of the borrowing, within the meaning of Treas. Reg. §1.150-2(f) (such preliminary expenditures include architectural, engineering, surveying, soil testing and similar costs incurred prior to construction of the Project, but do not include land acquisition, site preparation, and similar costs incident to commencement of construction).

2. The Chairperson or Secretary of the Authority, or the City Manager or the Assistant City Manager/Finance are each hereby authorized on behalf of the Authority to file an application for prior approval to issue the Bonds and any applicable waivers necessary with Treasury, or if applicable file a Notice of Intent to Issue an Obligation for an exception from prior approval and pay the fee related thereto.

3. The Authority acknowledges and approves the appointment of Miro Weiner & Kramer, A Professional Corporation, as bond counsel.

4. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same are hereby rescinded.

AYES: _____

NAYS: _____

RESOLUTION DECLARED ADOPTED .

Secretary, Downtown Development Authority

I HEREBY CERTIFY that the foregoing is a true and complete copy of a resolution adopted by the Board of the Downtown Development Authority of the City of Troy, County of Oakland, State of Michigan, at a regular/special meeting held on _____, 2000, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act 267.

Secretary, Downtown Development Authority

**ATTACHMENT
B**

RESOLUTION

Resolved that the TDDA approve the expenditure of \$450,000 to K-Mart Corporation as the local match to the State MEGA Award.



Kmart Corporation
Resource Center
3100 West Big Beaver Road
Troy MI 48084-3163

May 25, 2000

Mr. Alan Kiriluk
Chairman
City of Troy DDA
500 West Big Beaver Road
Troy, MI 48084

Mr. Kiriluk:

As you may well know, our company has recently completed the construction of our new 84,000-sq. ft. Data Center at 2240 Cunningham Drive. We received our Certificate of Occupancy on January 26th of this year at which time we began occupying the building with staff and equipment.

In order to construct the Data Center, we made various improvements to our property to enhance the appearance as well as the use of the property. In order to accommodate the wishes of our neighbors, we sacrificed approximately 35 parking spaces to the north of the Data Center to create a beautifully landscaped berm to screen their view of the Data Center. We installed a lawn sprinkler system and additional trees along the entire north berm to enhance the landscaping at our neighbor's request. To replace the parking lot spaces displaced by the Data Center construction, we expanded our parking lot on the N.E. corner and in front of the building by approximately 290 spaces. The addition of these spaces was not only critical to Kmart because of our optimal parking requirements, but it was also appreciated by the Somerset Collection that uses our lot to capacity on weekends during the Christmas Shopping season. The church to our north, also, uses our lot to park cars for Sunday services. So far this arrangement has worked well for our neighbors and us.

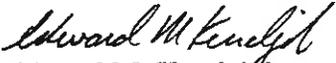
The following is a list of costs for the improvements to date with documentation attached:

Parking Lot Asphalt Construction	\$249,828.00
Parking Lot Lighting	34,152.00
Parking Lot Landscaping/Irrigation	84,806.00
Engineering & Administration	60,444.00
Permits	7,899.00
Data Center Berm	<u>42,400.00</u>
Total	\$479,529.00

As you are aware, the City of Troy committed \$450,000 in consideration of building this Data Center. All work has been completed, therefore, please accept this letter as our request for reimbursement of the committed \$450,000.

On behalf of the Kmart Corporation, please accept our sincere thanks for the City's commitment to this project. We look forward to our continuing partnership.

Sincerely,


Edward M. Kendziuk
Director of Building Operations
Kmart Corporation


David G. Dillon
Director of Public Programs
Kmart Corporation

cc: Doug Smith – Director of Real Estate & Development, City of Troy
Steve Sear – VP Facilities Management Division & Corporate Purchasing, Kmart
Steve Henderson – Operations Vice President Corporate Services, Kmart
Eric Degroat – Real Estate Legal Counsel, Kmart

Attachment

MAY 04 1998

Doug Smith

**MICHIGAN ECONOMIC GROWTH AUTHORITY
STATEMENT OF ELIGIBILITY**

Kmart Corporation Employer Identification
(Company Name)

Number 38-0729500 submits this Statement of Eligibility to the Michigan Economic
(Insert Number)

Growth Authority (MEGA) as required by Section 4.2 of the MEGA Tax Credit Agreement

effective 06/18/98
(Date)

PART I - Base Employment Level

a) In Column A, list the name and street address of all Michigan facilities of the applicant, its parent and affiliated companies, including the project facilities for which the MEGA credit was awarded.

In Column B, list the Unemployment Insurance number under which the employees at that facility are reported to the Michigan Employment Security Agency.

In Column C, list the number of full-time employees at each facility. Full-time employees are persons who regularly work 35 or more hours per week, and from whom the company withholds income and Social Security taxes (attach additional pages if necessary).

Column A Facility Name Street Address	Column B Unemployment Insurance Number	Column C Number of Full-Time Employees (at each location)
3100 West Big Beaver Road Troy, MI 48084	0090033	4,276
		TOTAL 4,276

b) **Base Employment Level from Schedule A of the MEGA Tax Credit Agreement**
3,637

** TOTAL PAGE.005 **

PART II - Qualified New Jobs

- a) 639 Qualified New Jobs have been created at the Project.
- b) Minimum number of Qualified New Jobs from Schedule A of the MEGA Tax Credit Agreement 75

PART III - Average Weekly Wage

- a) The Average Weekly Wage paid to employees performing Qualified New Jobs was \$ 957.60
- b) Average Weekly Wage from Schedule A of the MEGA Tax Credit Agreement 855.00

PART IV - Eligibility Date

The date all three eligibility facts were met was 02/01/99

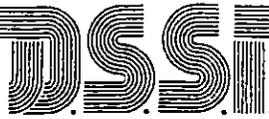
PART V - Certification

I hereby certify that the information provided in this Statement of Eligibility is true and correct to the best of my knowledge and is submitted to the Michigan Economic Development Corporation as required by the MEGA Tax Credit Agreement.

Signature

Date

David G. Dillon, Director of Public Programs
Typed Name and Title



DIDONATO STRIPING & SEALING INC

1945 PENNSYLVANIA AVE.
ENGLEWOOD FL. 34224
754-5508

INVOICE

To K-Mart World Headquarters

North Parking Lot Additional Site Work:

Sawcut North Edge Of Asphalt 330 ft @ \$3.00 Ft..\$	990.00
Strip Topsoil 376 yd @ \$2.00 yd.....\$	752.00
Export Topsoil 376 yd @ \$6.50 yd.....\$	2,444.00
Excavate Berm 300 yd @ \$3.00 yd.....\$	900.00
Cut & Balance fill 930 yd @ \$3.00 yd.....\$	2,790.00
Export Fill 930 yd @ \$6.50 Yd.....\$	6,045.00
Install Edge Drain 220 ft @ \$6.50 ft.....\$	1,430.00
Install Edge Drain 70 ft @ \$6.50 ft.....\$	455.00

Total: \$15,806.00

Front Parking Lot Additional Site Work:

Strip Topsoil 720 yd @ \$2.00 yd.....\$	1,440.00
Export Topsoil 720 yd @ \$6.50 yd.....\$	4,680.00
Strip Fill 1160yd @ \$3.00yd.....\$	3,480.00
Export Fill 1160 yd @ \$6.50 yd.....\$	7,540.00
Import 600 yd Sand For Subgrade @ \$10.00 yd.....\$	6,000.00
Spread & Compact Fill Sand 600yd @ \$4.00 yd.....\$	2,400.00
Import 1x3 Stone For Subgrade 132 yd @ \$15.00 yd.....\$	1,980.00
Compact & Spread 1x3 Stone 132 yd @ \$4.00 yd.....\$	528.00
Install Edge Drain 200 ft @ \$6.50 ft.....\$	1,300.00
Strip Topsoil For Berm 400 yd @ \$2.00 yd.....\$	800.00
Excavate Berm 400 yd @ \$3.00 yd.....\$	1,200.00

Total: \$31,348.00

8466. —

1132

\$202,674.00
 15,806.00
 31,348.00

KRC PARKING LOT
MULL

98652 (TRAY)

Total: \$249,828.00



DIDONATO STRIPING & SEALING INC

1945 PENNSYLVANIA AVE.
ENGLEWOOD FL. 34224
754-5508

INVOICE

To K-Mart World Headquarters

North Parking Lot Additional Site Work:

Sawcut North Edge Of Asphalt 330 ft @ \$3.00 Ft..	\$ 990.00
Strip Topsoil 376 yd @ \$2.00 yd.....	\$ 752.00
Export Topsoil 376 yd @ \$6.50 yd.....	\$2,444.00
Excavate Berm 300 yd @ \$3.00 yd.....	\$ 900.00
Cut & Balance fill 930 yd @ \$3.00 yd.....	\$2,790.00
Export Fill 930 yd @ \$6.50 Yd.....	\$6,045.00
Install Edge Drain 220 ft @ \$6.50 ft.....	\$1,430.00
Install Edge Drain 70 ft @ \$6.50 ft.....	\$ 455.00

Total: \$15,806.00

Front Parking Lot Additional Site Work:

Strip Topsoil 720 yd @ \$2.00 yd.....	\$1,440.00
Export Topsoil 720 yd @ \$6.50 yd.....	\$4,680.00
Strip Fill 1160yd @ \$3.00yd.....	\$3,480.00
Export Fill 1160 yd @ \$6.50 yd.....	\$7,540.00
Import 600 yd Sand For Subgrade @ \$10.00 yd.....	\$6,000.00
Spread & Compact Fill Sand 600yd @ \$4.00 yd.....	\$2,400.00
Import 1x3 Stone For Subgrade 132 yd @ \$15.00 yd.....	1,980.00
Compact & Spread 1x3 Stone 132 yd @ \$4.00 yd.....	\$ 528.00
Install Edge Drain 200 ft @ \$6.50 ft.....	\$1,300.00
Strip Topsoil For Berm 400 yd @ \$2.00 yd.....	\$ 800.00
Excavate Berm 400 yd @ \$3.00 yd.....	\$1,200.00

Total: \$31,348.00

8466 —

1132

\$202,674.00
 15,806.00
 31,348.00

Total: \$249,828.00

KRC PARKING LOT

MULL

98652 (TRAY)

METROPOLITAN POWER and LIGHTING, INC.

3085 N. VAN DYKE - IMLAY CITY, MI 48444
PHONE: 810.724.2800 / FAX: 810.724.3842

ATTN: DAVE BAUMHARDT
TO: PROFESSIONAL ENGINEERING ASSOCIATES, INC.
2430 ROCHESTER COURT - SUITE 100
TROY, MI 48063-1872

INVOICE: 98-15P1
DATE: 12-31-98
LOCATION: KMART

PHONE 248.689.9090
FAX: 248.689.1044

ORIGINAL CONTRACT AMOUNT:	\$ 36,600.00
CHANGE ORDERS:	
1. DELETE (8) POLES & (9) FIXTURES.	\$ (8,700.00)
2. REMOVE & RELOCATE EXISTING (8) POLES & FIXTURES.	\$ 4,200.00
3. DELETE POLE, FIXTURE, BASE & CONDUIT IN FRONT OF LOT.	\$ (1,700.00)
4. ADD FOR 110V. RECEPTACLE IN BASES IN FRONT OF LIGHT POLES.	\$ 3,752.00
NEW CONTRACT AMOUNT:	\$ 34,152.00
BILLED THIS ESTIMATE: 100% COMPLETE LESS RETAIN:	\$ 34,152.00
LESS PREVIOUS PAYMENTS:	
1>	
2>	
3>	
4>	
5>	
TOTAL PREVIOUS PAYMENTS:	\$ -
TOTAL AMOUNT DUE:	\$ 34,152.00

1-17-99

Post-It™ brand fax transmittal memo 7671 # of pages > 1

To DAVE BAUMHARDT	From YICKI MARR
Co. PROFESSIONAL ENG	Co. METRO
Dept.	Phone # 810 724-2800
Fax # 248-689-1044	Fax # 724-3842

98652.8406
2/25/99
office

A SERVICE CHARGE OF 1.5% PER MONTH WILL BE ASSESSED TO BALANCES 31 DAYS AND OVER (E.O.E.)



2575 AUBURN ROAD
 ROCHESTER HILLS, MI 48309
 TELEPHONE 248-852-3696

INVOICE NO. 12242
 CUSTOMER NO. 3118

BILL TO: KMART CORPORATION
 3100 WEST BIG BEAVER
 TROY, MI 48084

SHIP TO: KMART CORPORATION
 CORPORATE SERVICES
 ED KENDZIUK
 DAN MARSHAL, MI 48084
 643-5331

DATE		SHIP VIA	F.O.B.	TERMS	
10/31/98				NET 10 DAYS	
PURCHASE ORDER NUMBER		ORDER DATE	SALES PERSON		OUR ORDER NUMBER
		10/31/98			
QUANTITY		ITEM NUMBER	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
ORDERED	SHIPPED				
0	0		LANDSCAPING FOR PARK-	0.00	0.00
0	0		LOT EXPANSION	0.00	0.00
0	0		NORTH PARKING LOT	0.00	27955.50
0	0		VISITOR PARKING LOT	0.00	51779.75
=====	=====	=====			=====
			NET AMOUNT		79735.25
			AMOUNT DUE		79735.25
INTEREST OF 2% PER MONTH IS CHARGED ON PAST DUE ACCOUNTS					
PLANT MATERIAL IS GUARANTEED FOR 1 FULL YEAR					
<p>1136</p> <p>PARKING LOT KRC</p> <p>98652 (TROY)</p>					



3575 AUBURN ROAD
 ROCHESTER HILLS, MI 48066
 TELEPHONE 248-850-8698

INVOICE NO. 12377
 CUSTOMER NO. 3118

BILL TO: K MART CORPORATION
 3100 WEST BIG BEAVER
 TROY, MI 48084

SHIP TO: K MART CORPORATION
 CORPORATE SERVICES
 ED KENDZIUK
 DAN MARSHAL, MI 48084
 643-5331

DATE	SHIP VIA	F.O.B.	TERMS
12/07/98			NET 10 DAYS
PURCHASE ORDER NUMBER	ORDER DATE	SALES PERSON	OUR ORDER NUMBER

ORDERED	QUANTITY		ITEM NUMBER	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
	ORDERED	SHIPPED				
0	0			PLANTING FOR NORTH	0.00	0.00
0	0			PARKING LOT BERM	0.00	0.00
4	4			WHITE SPRUCE 12'	525.00	2100.00
=====	=====	=====				=====
4	4			NET AMOUNT		2100.00
				SALES TAX		126.00
				TOTAL AMOUNT		2226.00
				AMOUNT DUE		2226.00

INTEREST OF 2% PER MONTH IS CHARGED ON PAST DUE ACCOUNTS
 PLANT MATERIAL IS GUARANTEED FOR 1 FULL YEAR

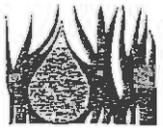
OVERSIGHT NO. 8466

PURCHASE ORDER NO. _____

DESCRIPTION PARKING LOT BERM (TROY)

MGR. OR PLANT ENTERER WML AUTHORIZED SIGNER WML

DATE 12/15/98 ORDER NO. 98652



C. J. COLEIN & ASSOCIATES, INC.
IRRIGATION DESIGN CONSULTANTS

DATE INVOICE NO.
6/11/98 98144

K Mart Corporation
International Headquarters
3100 W. Big Beaver Road
Troy, MI 48084

118729

P.O. NUMBER

7765-410

ITEM	DESCRIPTION	QTY	RATE	AMOUNT
	For irrigation design and consulting service for Headquarters Facility.			
0206	Project Meeting	2	65.00	130.00
201	Design, Drafting, Specifications	9	65.00	585.00
0104	Review Completed Drawings and Specifications	0.5	85.00	42.50
Adjustment	Contract amount not to exceed \$750.00		-7.50	-7.50

DESIGN DIVISION

Kmart Retail D.D.
 B.S. L.L. Other

Approved by:	Date

CONSTRUCTION DEPARTMENT APPROVAL

Store # 8466 Authorization # 11310
 Order # _____ Project # 98652
 Invoice # _____ Invoice Date _____
 Vendor I.D. # _____ TINS # _____
 Payment # _____ Amount % _____
 Approval [Signature] Date 6-17-98

Kmart Corporation

JUN 17 1998

Design Division

*Entered
6/24/98*

TOTAL DUE \$750.00

Task: 07 SUPPLEMENTAL SURVEY

Fee

Total Fee 11,000.00

Total Earned 11,000.00

Total Fee 11,000.00

Total this task \$11,000.00

Task: 08 SUPPLEMENTAL PRELIM ENG.

Fee

Total Fee 7,000.00

Total Earned 7,000.00

Total Fee 7,000.00

Reimbursable Expenses

PERMIT FEES

03/10/98 TROY (CITY OF)	PERMIT FEE	30.00	
04/07/98 TROY (CITY OF)	REVIEW FEE	400.00	
04/07/98 TROY (CITY OF)	REVIEW FEE	200.00	
Total Reimbursables		630.00	630.00

Total this task \$7,630.00

Task: 09 SUPPLEMENTAL FINAL ENG.

Fee

Total Fee 8,500.00

Total Earned 8,500.00

Total Fee 8,500.00

Total this task \$8,500.00

Total this invoice \$53,730.40

1136

PROVIDING LOT KRC (TROY)

10 26 98 98652



PROFESSIONAL ENGINEERING ASSOCIATES, INC.

CONSULTING CIVIL ENGINEERS / LAND SURVEYORS

2430 Rochester Court, Suite 100, Troy, MI 48083-1872
Telephone (248) 689-9090 Facsimile (248) 689-1044

October 8, 1998
Project No: 97206.SC1
Invoice No: 0028247

163907

Kmart Corporation

OCT 21 1998

Design Division

KMART CORPORATION
ATTN: MRS. ROSE NUTTALL
3100 W. BIG BEAVER
TROY MI 48084-3163

Project: 97206.SC1 KMART H.Q. PARKING LOT
CONSTRUCTION STAKING
Professional Services: THRU 09/27/98

Task: 01 ADMINISTRATION

Professional Personnel

	Hours	Rate	Amount
PRINCIPAL I	1.00	100.00	100.00
Totals	1.00		100.00
Total Labor			100.00

Total this task \$100.00

Task: 08 STAKE PARKING LOT

Professional Personnel

	Hours	Rate	Amount
	7.00	0.00	0.00
PROJECT MANAGER	1.50	84.00	126.00
ASST.CHF.SURVYR	0.50	79.00	39.50
JR. CREW CHIEF	7.00	50.00	350.00
Totals	16.00		515.50
Total Labor			515.50

Total this task \$515.50

Total this invoice \$615.50

Outstanding Invoices

Number	Date	Balance
0027908	9/11/98	2,518.30
0028064	9/22/98	2,831.40

8466 1134

INVO

KRC PARKING LOT
11/16/95 98652 (TROY)

Terms are Net-30 days. Balances subject to 1 1/2% per month service charge

payment.



PROFESSIONAL ENGINEERING ASSOCIATES, INC.
 CONSULTING CIVIL ENGINEERS / LAND SURVEYORS

2430 Rochester Court, Suite 100, Troy, MI 48083-1872
 Telephone (248) 689-9090 Facsimile (248) 689-1044

163907

Project: 97206.SC1 KMART H.Q. PARKING LOT

Invoice No: 0028064

	Hours	Rate	Amount
PROJECT MANAGER	0.50	84.00	42.00
Totals	0.50		42.00
Total Labor			42.00

Total this task \$42.00

Task: 08 STAKE PARKING LOT
 STAKE PARKING LOT

Professional Personnel

	Hours	Rate	Amount
STAFF SURVEYOR	11.00	55.00	605.00
CREW CHIEF	14.50	53.00	768.50
Totals	25.50		1,373.50
Total Labor			1,373.50

Total this task \$1,373.50

Total this invoice / \$2,831.40

1136.

KRC PARKING LOT (TROY)
 Value 98652

INVOICE

PROFESSIONAL ENGINEERING ASSOCIATES, INC.
 CONSULTING CIVIL ENGINEERS / LAND SURVEYORS

2430 Rochester Court, Suite 100, Troy, MI 48083-1872
 Telephone (248) 689-9090 Facsimile (248) 689-1044

163907

Project: 97206.SC1 K MART H.Q. PARKING LOT

Invoice No: 0027908

Task: 06 STORM
 STORM

Professional Personnel	Hours	Rate	Amount
	2.50	0.00	0.00
CREW CHIEF	2.50	53.00	132.50
Totals	5.00		132.50
Total Labor			132.50
Total this task			\$132.50

Task: 08 STAKE PARKING LOT
 STAKE PARKING LOT

Professional Personnel	Hours	Rate	Amount
CREW CHIEF	0.50	53.00	26.50
Totals	0.50		26.50
Total Labor			26.50
Total this task			\$26.50
Total this invoice			<u>\$2,518.30</u>

1136.
 PARKING LOT RUC (TROY)
 DATE 02/26/98 98652
INVOICE

INVOICE

Name: City of Troy

Invoice No. 202

Address: 500 W. Big Beaver RD

Invoice Date 13-Oct-98

City/State/Zip: Troy, Mich 48084

Description	Location	Department	Account	Amount
Cost for Building Permit for Front Parking Lot Expansion. Permit Fee Project #98652	8466	530	1136	\$606.00

Authorization: *Ed Kendziuk*
Ed Kendziuk
Director, Building Operations
(248) 643-5331

INVOICE

Name: City of Troy

Invoice No. 200

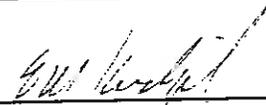
Address: 500 W. Big Beaver RD

Invoice Date 13-Oct-98

City/State/Zip: Troy, Mich 48084

Description	Location	Department	Account	Amount
Cost for Building Permit for North Parking Lot Expansion. Permit Fee Project #98652	8466	530	1136	\$933.30

Authorization:


Ed Kendziuk
Director, Building Operations
(248) 643-5331

INVOICE

Name: City of Troy

Invoice No. 180

Address: 500 W. Big Beaver RD

Invoice Date 25-Jun-98

City/State/Zip: Troy, Mich 48084

Description	Location	Department	Account	Amount
Permit for Landscape for KRC Parking Lot. Project #98652 <i>Per Louis Jarrard</i>	8466	530	1136	\$4,140.00

Authorization:



Ed Keñdziuk
Director, Building Operations
(248) 643-5331

INVOICE

Name: City of Troy

Invoice No. 180

Address: 500 W. Big Beaver RD

Invoice Date 26-Jun-98

City/State/Zip: Troy, Mich 48084

Description	Location	Department	Account	Amount
Permit for Landscape for KRC Parking Lot. Project #98652 <i>Per. Dem. to Standard</i>	8466	530	1136	\$175.00

Authorization: *Ed Kendziuk*
Ed Kendziuk
Director, Building Operations
(248) 643-5331

INVOICE

Name: City of Troy

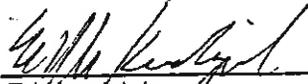
Invoice No. 182

Address: 500 W. Big Beaver RD

Invoice Date 8-Jul-98

City/State/Zip: Troy, Mich 48084

Description	Location	Department	Account	Amount
Cost for Estimate of Construction. Project #98652	8466	530	1136	\$1,500.00

Authorization: 
Ed Kenziuk
Director, Building Operations
(248) 643-5331

INVOICE

Name: City of Troy

Invoice No. 183

Address: 500 W. Big Beaver RD

Invoice Date 8-Jul-98

City/State/Zip: Troy, Mich 48084

Description	Location	Department	Account	Amount
Permit Fee for Construction of Parking Lot. Project #98652	8466	530	1136	\$91.50

Authorization: 
Ed Kendziuk
Director, Building Operations
(248) 643-5331



248-852-8696

MILLER
LANDSCAPE, INC.

2575 AUBURN ROAD, ROCHESTER HILLS, MICHIGAN 48309

DATE

Ed Kendziuk
Kmart Corporation
3100 West Big Beaver
Troy, Mi. 48084

LANDSCAPE COSTS FOR BERM NORTH SIDE OF DATA CENTER

Quantity	Description	Cost	Total
40	Dw. Burning Bush	\$36.00	\$1,440.00
17	Tartarian Dogwood	\$30.00	\$510.00
8	Austrian Pine	\$650.00	\$5,200.00
43	Spruce	\$750.00	\$32,250.00
50	topsoil	\$25.00	\$1,250.00
50	Mulch	\$35.00	\$1,750.00
Total			\$42,400.00

April 28, 1998

Floyd Hall, CEO
Kmart Corporation
3100 West Big Beaver
Troy, Michigan 48084-3163

Dear Mr. Hall:

The City of Troy is pleased that Kmart is considering constructing their corporate data center on the site of their world headquarters in Troy. From discussions with Kmart staff and the State of Michigan, it is understood that the total project is \$107 million including approximately \$27 million in new construction and \$80 million of equipment in the building. The proposed project would create over 425 jobs.

The State has agreed to provide a package of incentives to Kmart to secure their commitment to build the new corporate data center in Troy. This State commitment includes a 100% personal income tax withholding credit for 20 years for the 425 new positions, 100% SBT credit for 20 years, and a workforce training grant for the new employees. It is our understanding that in addition, a taxable bond program for plant and equipment has been offered.

The Michigan Economic Growth Alliance (MEGA) package requires a local commitment by law. Kmart has indicated that the local commitment is critical in reaching a decision to stay in Michigan with the project, given the competitive nature of the situation.

Kmart personnel outlined a combination of local incentives that they felt was sufficient to obtain Kmart's commitment to stay in Troy with this project. The local commitment included waiving the cost of permits, financially assisting with required parking lot changes and landscaping, as well as, assisting with the construction of a power line from the headquarters building to the new facility. After carefully reviewing the request, the City of Troy offers to Kmart the following local commitment to meet the State MEGA package of incentives if the project is built in Troy:

The Troy Downtown Development Authority (TDDA) will, upon completion of the project, provide to Kmart \$450,000 as reimbursement for landscaping and surface parking expansion in public easement and credit for required fee payments for new construction or new equipment associated with the project. Maintenance of all landscaping and parking will be the responsibility of Kmart.

This offer also would require that an agreement include language to assure that there is a floor to the assessed value of the new property and the corporate data center remains in Troy for at least ten years.

Troy is committed to working with its local businesses to assure the retention of those businesses in Troy.

Sincerely,

James C. Bacon, Jr.
City Manager

JCB/ln

April 28, 1998

To: The Mayor and City Council

From: Peter A. Letzmann, City Attorney

The purpose of the closed session to deliberate the purchase or lease of property: To wit the parking lot behind the current K-mart building.

The manager, Doug Smith, and I met today and discussed the K-mart request to participate in the financial incentives offered by the state of Michigan. The specific incentive, MEGA, requires that the local unit of government demonstrate their commitment to the business and the program.

It is proposed that the City would be willing to reimburse K-mart, up to \$450,000.00 of verified and legitimate public improvements, e.g., landscaping, fees, and the like via the DDA at the time that the DDA can make the reimbursement, after the current obligations and when the incremental taxes provide the funds. The tax tribunal issue would be considered a separate issue but K-mart would be told that Council would appreciate K-mart withdrawing their appeal. That the manager is authorized to negotiate with K-mart along these lines.

Any final commitment will require action by the City Council and the DDA.

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN ENGLER
GOVERNOR

FOR IMMEDIATE RELEASE
May 12, 1998

CONTACT: John Truscott
(517) 335-6397

717 New Jobs for Troy!

Engler says MEGA project will also retain 300 existing jobs

Governor John Engler announced today that the Kmart Corporation has accepted a proposal that will create 717 new jobs, 425 created directly by the company in Troy. Under the agreement, Kmart Corporation, Michigan's largest retailer, will invest approximately \$103 million to construct a new Data Center located in Troy.

Engler said that the City of Troy was in competition with Kentucky for the project.

"Kmart's move today is proof positive that companies have faith in the workforce, the business climate and the future of Troy," Engler said. "I'm proud to announce these new, good paying jobs today from a corporation that could have gone anywhere, but chose this community."

Kmart Corporation will create up to 425 new jobs in the City of Troy because of the new Data Center. Its investment also will generate an estimated 292 additional jobs in the state, primarily from increased purchases from Michigan suppliers and spending by people who receive income from the jobs at Kmart, according to an economic analysis done by the University of Michigan.

Engler also announced the approval of a tax credit for Kmart worth an estimated \$14,366,000, voted on today by the Michigan Economic Growth Authority, which closed the financial advantage held by competitor Kentucky. The credit will also help retain 300 existing jobs in the area that were at risk of being moved to Kentucky.

"By approving this credit, we are not only bringing hundreds of new jobs to the area, but we are keeping 300 good jobs right here in town. Encouraging these types of projects is why

(more)



Kmart MEGA Announcement
Page Two

Michigan is the number one state in the nation for new business facilities and why this area will continue to see so many new opportunities in the future," Engler said.

"The Kmart Data Center reaffirms our commitment to developing state-of-the-art information systems and facilities which enhance our productivity while enriching the service we offer shoppers and the quality of jobs our associates enjoy," said Floyd Hall, Kmart Chairman, President and CEO. "This investment will help ensure the continued vitality and retail leadership of the State of Michigan, the City of Troy and Kmart well into the 21st century."

"I am proud to join Governor Engler and Floyd Hall in the announcement that Kmart will construct a new worldwide corporate Data Center at their Troy headquarters," said Troy Mayor Jeanne M. Stine. "Today's announcement is one more clear step in building a strong future for Kmart and is a good example of how state and local government can work together to ensure a vibrant economic future for our state's cities."

The Kmart Corporation project will provide more than \$50 million in revenue to the state over the life of the agreement, resulting in a net positive gain to the state of \$35 million after the MEGA credit. The project is expected to generate over \$627 million in personal income.

Kmart officials accepted the credit today, and announced that they expect the new facility to be operational by June 2000.

KMART CORPORATION
MEGA ANALYSIS
SUMMARY ESTIMATES
(All estimates in 1998 dollars)

TOTAL JOBS CREATED	717
Direct	425
Indirect	292
NET POSITIVE STATE REVENUE IMPACT	\$35,823,000
Revenue Forgone	\$14,366,000
Revenue Gain	\$50,189,000
Average Wage	\$855/week
Personal Income Generated Over Life of MEGA Agreement	\$627,353,000

###

**ATTACHMENT
C**

RESOLUTION

Be it resolved that the TDDA re-elect the following officers for a one year term, Alan Kiriluk as Chairperson, Garry Carley as Vice Chairperson, and John Lamerato as Secretary and Treasurer.

ENCLOSURE

STATE OF MICHIGAN



CANDICE S. MILLER, Secretary of State
MICHIGAN DEPARTMENT OF STATE
LANSING, MICHIGAN 48918

February 29, 2000

Richard Red Hughes
1321 Roger Ct.
Troy, MI 48083

Dear Mr. Hughes:

Thank you writing Secretary of State, Candice S. Miller.
Enclosed per you request is a copy of Ordinance No. 78 creating a Downtown Development Authority in the City of Troy.

Sincerely,

Office of the Great Seal

cc: Secretary of State, Candice S. Miller



City of Troy - Great Seal

City of Troy

RECEIVED
Mich. Dept. of State

AUG 04 1993

Office of the Great Seal

July 26, 1993

Mr. Richard Austin
Secretary of State
State of Michigan
Lansing, Michigan 48909

Dear Mr. Austin,

Please find enclosed for filing in your office, a certified copy of Ordinance No. 78 creating a Downtown Development Authority in the City of Troy.

Please send a letter of acknowledgement.

Sincerely,


Kenneth L. Courtney
City Clerk

JUL 30 1993
MR 55
RICHARD H. AUSTIN
SEC. OF STATE
IM#
9303996

500 W. BIG BEAVER ROAD TROY, MICHIGAN 48064

Bldg. Inspections	524-3344	Dept. of Public Works	524-3370	Library	524-3545	Purchasing	524-3338
City Assessor	524-3311	Engineering	524-3383	Museum	524-3570	Recreation (Parks)	524-3484
City Attorney	524-3320	Finance	524-3411	Personnel	524-3339	Traffic Engineer	524-3379
City Clerk	524-3316	Fire	524-3419	Planning	524-3364	Treasurer	524-3334
City Manager	524-3330	Information	524-3300	Police Dept.	524-3443		



August 16, 1993

Kenneth L. Courtney, Clerk
City of Troy
500 W. Big Beaver Road
Troy, MI 48084

Dear Mr. Courtney:

This will acknowledge receipt and filing on August 4, 1993, a copy of Ordinance No. 78, establishing a Downtown Development Authority for the City of Troy.

Sincerely,

A handwritten signature in cursive script that reads "Helen Kruger".

Helen Kruger, Supervisor
Office of the Great Seal
(517) 373-2531

HK:ds

City of Troy

ORDINANCE 78

AN ORDINANCE CREATING A DOWNTOWN DEVELOPMENT AUTHORITY FOR THE CITY OF TROY, DESIGNATING BOUNDARIES OF THE DOWNTOWN DISTRICT, AND PROVIDING FOR OTHER MATTERS RELATED THERETO.

THE CITY OF TROY ORDAINS:

Section 1. Title

This ordinance shall be known as the "Downtown Development Authority Ordinance" of the City of Troy.

Section 2. Determination of Necessity; Purpose

The City Council hereby determines that it is necessary for the best interests of the public to create a public body corporate which shall operate to halt property value deterioration, eliminate the causes of that deterioration, increase property tax valuation where possible in the business district of the City, and promote economic growth, pursuant to Act 197 of the Public Acts of Michigan, 1975, as amended.

Section 3. Definitions

The terms used in this ordinance shall have the same meaning as given to them in Act 197 or as hereinafter in this section provided unless the context clearly indicates to the contrary. As used in this ordinance:

"Authority" means the Downtown Development Authority of the City of Troy created by this ordinance.

"Act 197" means Act No. 197 of the Public Acts of Michigan of 1975, as amended.

"Board" or "Board of Directors" means the Board of Directors of the Authority, the governing body of the Authority.

"Chief Executive Officer" means the Mayor of the City.

"City" means the City of Troy, Michigan.

"Council" or "City Council" means the City Council of the City.

"Downtown District" means the downtown district designated by this ordinance, as now existing or hereafter amended, and within which the Authority shall exercise its powers.

500 W. BIG BEAVER ROAD TROY, MICHIGAN 48084

Bldg. Inspections	524-3344	Dept. of Public Works	524-3370	Library	524-3545	Purchasing	524-3338
City Assessor	524-3311	Engineering	524-3383	Museum	524-3570	Recreation (Parks)	524-3484
City Attorney	524-3320	Finance	524-3411	Personnel	524-3339	Traffic Engineer	524-3379
City Clerk	524-3316	Fire	524-3419	Planning	524-3364	Treasurer	524-3334
City Manager	524-3330	Information	524-3300	Police Dept.	524-3443		

Section 4. Creation of Authority

There is hereby created pursuant to Act 197 a downtown development authority for the City. The Authority shall be a public body corporate and shall be known and exercise its powers under title of the "Downtown Development Authority of the City of Troy." The Authority may adopt a seal, may sue and be sued in any court of this State and shall possess all of the powers necessary to carry out the purposes of its incorporation as provided by this ordinance and Act 197. The enumeration of a power in this ordinance or in Act 197 shall not be construed as a limitation upon the general powers of the Authority.

Section 5. Termination.

On December 31, 2024 or upon the retirement of all bonded debt, whichever shall later occur, the Authority shall be dissolved by the Council. The property and assets of the Authority, after dissolution and satisfaction of its obligations, shall revert to the City.

Section 6. Description of Downtown District

The Downtown District shall consist of the territory in the City described in Exhibit A, attached hereto and made a part hereof, subject to such changes as may hereinafter be made pursuant to this ordinance and Act 197.

Section 7. Board of Directors

The Authority shall be under the supervision and control of the Board. The Board shall consist of the Mayor and twelve (12) members. Members shall be appointed by the Chief Executive Officer, subject to approval by the Council. Not less than a majority of the members shall be persons having an interest in property located in the Downtown District. Not less than 1 of the members shall be a resident of the Downtown District, if the Downtown District has 100 or more persons residing within it. Members shall be appointed to serve for a term of four years, except that of the members first appointed, an equal number, as near as is practicable, shall be appointed for terms of 1 year, 2 years, 3 years and 4 years. A member shall hold office until the member's successor is appointed and qualified. Before assuming the duties of office, a member shall qualify by taking and subscribing to the constitutional oath of office. An appointment to fill a vacancy shall be made by the Chief Executive Officer for the unexpired term subject to approval by the Council. Members of the Board shall serve without compensation, but shall be reimbursed for actual and necessary expenses. The chairperson of the Board shall be elected by the Board. The Boards shall adopt Bylaws governing its procedures subject to the approval of the Council. In the event that the Board determines to employ a Director of the Authority, such Director shall furnish a bond in a penal sum as determined by the Authority payable to the Authority for use and benefit of the Authority and shall file the same with the City Clerk of the city.

Section 8. Powers of Authority

Except as specifically otherwise provided in this ordinance, the Authority shall have all powers provided by law subject to the limitations imposed by law and herein.

Section 9. Fiscal Year; Adoption of Budget

- (a) The fiscal year of the Authority shall begin on July 1st of each year and end on June 30 of the following year, or such other fiscal year as may hereafter be adopted by the Council.
- (b) The Board shall prepare annually a budget and shall submit it in the manner provided by the City Charter.
- (c) The Authority shall submit financial reports to the Council and shall be audited annually in the manner provided by the City Charter.

Section 10. Section Headings; Severability; Repealer

Section headings are provided for convenience only and are not intended to be part of this ordinance. If any portion of this ordinance shall be held to be unlawful, the remaining portions shall remain in full force and effect. All ordinances and parts of ordinances in conflict herewith are hereby repealed.

Section 11. Publication, Recording and Filing

This ordinance shall be published once after its adoption in full in a newspaper of general circulation in the City of Troy and the City Clerk shall file a certified copy of the ordinance with the Michigan Secretary of State promptly after its adoption.

Section 12. Effective Date

This Ordinance shall become effective ten (10) days from the date hereof or upon publication, whichever shall later occur.

This Ordinance is enacted by the Council of the City of Troy, Oakland County, Michigan, at a Regular meeting of the City Council held on the 12th day of July, 1993.

Jeanne M. Stine, Mayor

Kenneth L. Courtney, City Clerk

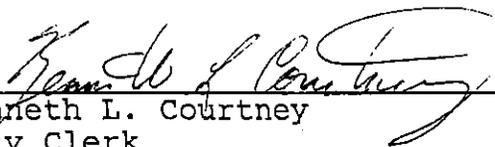
CERTIFICATES

I hereby certify that the foregoing is a true and complete copy of Ordinance No. 78, duly adopted by the City Council of the City of Troy, County of Oakland, State of Michigan, at a regular meeting held on July 12, 1993, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, as amended, and that the minutes of said meeting were kept and will be or have been made available as required by such Act.

I further certify that the following members were present at said meeting: Gosselin, Husk, Pallotta, Pryor, Stevens, and Stine, and that the following member was absent: Allemon.

I further certify that Councilman Stevens moved adoption of said Ordinance and Councilman Pryor supported the motion.

I further certify that the following Council members voted for adoption of said Ordinance: Gosselin, Pryor, Stevens, and Stine and that the following Council members voted against adoption of said Ordinance: Husk, Pallotta.


Kenneth L. Courtney
City Clerk

City of Troy

Note Letter sent To
Mi State, Creation
of TODA year 1993

ORDINANCE 78

ORDINANCE CREATING A DOWNTOWN DEVELOPMENT AUTHORITY FOR THE CITY OF TROY, DESIGNATING BOUNDARIES OF THE DOWNTOWN DISTRICT, AND PROVIDING FOR OTHER MATTERS RELATED THERETO.

TROY ORDAINS:

Section 1. Title

This ordinance shall be known as the "Downtown Development Authority Ordinance" of the City of Troy.

Section 2. Determination of Necessity; Purpose

The City Council hereby determines that it is necessary for the best interests of the public to create a public body corporate which shall operate to halt property value deterioration, eliminate the causes of that deterioration, decrease property tax valuation where possible in the business district of the City, and promote economic growth, pursuant to Act 197 of the Public Acts of Michigan, 1975, as amended.

Section 3. Definitions

The terms used in this ordinance shall have the same meaning as given to them in Act 197 or as hereinafter in this section provided unless the context clearly indicates to the contrary. As used in this ordinance:

"Authority" means the Downtown Development Authority of the City of Troy created by this ordinance.

"Act 197" means Act No. 197 of the Public Acts of Michigan of 1975, as amended.

"Board" or "Board of Directors" means the Board of Directors of the Authority, the governing body of the Authority.

"Chief Executive Officer" means the Mayor of the City.

"City" means the City of Troy, Michigan.

"Council" or "City Council" means the City Council of the City.

"Downtown District" means the downtown district designated by this ordinance, as now existing or hereafter amended, and within which the Authority shall exercise its powers.

500 W. BIG BEAVER ROAD TROY, MICHIGAN 48084

Eng. Inspections	524-3344	Dept. of Public Works	524-3370	Library	524-3545	Purchasing	524-3338
City Assessor	524-3311	Engineering	524-3383	Museum	524-3570	Recreation (Parks)	524-3484
City Auditor	524-3300	Finance	524-3411	Personnel	524-3339	Traffic Engineer	524-3379
City Clerk	524-3301	Fire	524-3412	Planning	524-3384	Treasurer	524-3334
City Engineer	524-3302	Police	524-3413	Public Sect.	524-3443		

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STATE OF MICHIGAN
FRANK J. KELLEY, ATTORNEY GENERAL

Opinion No. 6558

January 18, 1989

DOWNTOWN DEVELOPMENT AUTHORITY:

Establishment upon finding of property value determination

MUNICIPALITIES:

Establishment of a downtown development authority

WORDS AND PHRASES:

"Deterioration"

A municipality may establish a downtown development authority upon a factual finding of a deterioration in value of a significant number of parcels in the downtown district within which the authority is to exercise its powers.

Honorable Margaret O'Connor

State Representative

The Capitol

Lansing, MI 48913

You have requested my opinion on a question relating to the downtown development authority act, MCL 125.1651 et seq; MSA 5.3010(1) et seq (the "DDA Act").

The question may be stated as follows:

Whether Sec. 3(1) of the DDA Act permits a municipality to create a downtown development authority in a geographical area where property values are not declining?

Section 3(1) of the DDA Act defines the requirements for a downtown development authority as follows:

"When the governing body of a municipality determines that it is necessary for the best interests of the public to halt property value deterioration and increase property tax valuation where possible in its business district, to eliminate the causes of that deterioration, and to promote economic growth, the governing body of that municipality may, by resolution, declare its intention to create and provide for the operation of an authority." (Emphasis added.)

*Copied May 16, 2000
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Language similar to the foregoing Sec. 3(1) of the DDA Act is set forth in Sec. 3(1) of the Tax Increment Finance Authority Act, MCL 125.1801 et seq; MSA 3.540(201) et seq (the "TIFA Act"). Section 3(1) of the TIFA Act provides:

"If the governing body of a municipality determines that it is in the best interests of the public to halt a decline in property values, increase property tax valuation, eliminate the causes of the decline in property values, and to promote growth in an area in the municipality, the governing body of that municipality may declare by resolution its intention to create and provide for the operation of an authority." (Emphasis added.)

Based on the requirements of Sec. 3(1) of the TIFA Act, OAG, 1985-1986, No 6335, p 208 (January 16, 1986), concluded that a municipality may not establish a tax increment finance authority in an area unless it contains a significant number of parcels of property experiencing a decline in value. Thus, a tax increment finance authority may not be established in an area where property values are not declining.

While Sec. 3(1) of the TIFA Act requires a "decline in property values," Sec. 3(1) of the DDA Act requires "property value deterioration." There does not appear to be any significant difference between these two formulations.

In OAG, 1985-1986, No 6335, supra, at p 210, it was noted that the term "decline" has been defined as meaning "a falling off or downward tendency." In *Laxson v Scarborough*, 221 SW 1029, 1030 (Tex Civ App, 1920), the court observed that "deteriorate" is sometimes used as a synonym for "decline." Black's Law Dictionary, 5th Ed (1979) defines "deterioration" to mean: "With respect to values or prices, a decline." Thus, in the context of the DDA Act, the term "property value deterioration" means a decline in property values.

It was also concluded in OAG, 1985-1986, No 6335, supra, at p 210, that a decline in the value of one or two parcels would not satisfy the requirements of Sec. 3(1) of the TIFA Act:

"In view of these broad powers to deal with urban deterioration and to promote the growth of an area of a municipality, the legislative intent is manifest that a significant number of parcels of property in the area of the municipality must be found to be falling off in value in order to warrant the establishment of an authority possessed of wide powers to accomplish the beneficial purposes intended. One or two parcels of property suffering declining property values would not suffice to set in motion the establishment of a tax increment finance authority in a municipality."

The conclusion in OAG, 1985-1986, No 6335, supra, that a decline in value of one or two parcels would not meet the requirements for establishment of a tax increment finance authority is equally applicable to the provisions of Sec. 3(1) of the DDA Act which similarly require property value deterioration as a prerequisite to the establishment of a downtown development authority.

It is noted that various legislative changes impacting on OAG, 1985-1986, No 6335, supra, occurred in 1986. 1986 PA 280 added Sec. 29 to the TIFA Act which eliminated in subsection (1) the availability of the Act for the formation of new tax increment finance authorities after December 30, 1986, and specified in subsection (2) the suspension in certain instances of the requirement regarding declining property values of Sec. 3(1) of the Act to tax increment finance authorities established prior to December 30, 1986:

"(1) Beginning January 1, 1987, a new authority or authority district shall not be created and the boundaries of an authority district shall not be expanded to include additional land.

"(2) A tax increment finance authority, authority district, development area, development plan, or tax increment financing plan established under this act before December 30, 1986 shall not be invalidated pursuant to a claim that based on the standards set forth in section 3(1), a governing body improperly determined that the necessary conditions existed for the establishment of a tax increment financing authority under this act, if, at the time the governing body established the authority, the governing body could have determined that establishment of an authority under this

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act would serve to create jobs or promote economic development growth.

"(3) A development area created or expanded after December 29, 1986 shall be subject to the requirements of section 3(1)."

The Legislature also enacted 1986 PA 281, the local development finance act, MCL 125.2151 et seq; MSA 3.540(351) et seq, which provides for local development finance authorities in place of tax increment finance authorities. The local development finance act took effect on February 1, 1987. The Act was considered in Advisory Opinion on Constitutionality of 1986 PA 281, 430 Mich 93; 422 NW2d 186 (1988).

It is my opinion, therefore, that Sec. 3(1) of the downtown development authority act, MCL 125.1653(1); MSA 5.3010(3)(1), authorizes a municipality to establish a downtown development authority upon a factual finding of a deterioration in value of a significant number of parcels in the downtown district within which the authority is to exercise its powers. It is further my opinion that a municipality is not authorized by the Act to establish a downtown development authority based on a deterioration of one or two parcels of property within the downtown district.

Frank J. Kelley

Attorney General

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<http://AGWebSite/opinion/datafiles/1980s/op06558.htm>
State of Michigan, Department of Attorney General
Last Updated Thursday, March 16, 2000 11:44:35

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Fact or Fiction

I first became curious with the Troy Downtown Development Authority (TDDA) last year. What was this entity? It was mentioned at city council meetings. It was mentioned in discussions I had with individuals outside of city council meetings. Questions were raised as to its legality. Questions were raised as to its function and use of tax payers dollars. Not having a good understanding of what it was, I began to ask questions. First to understand its taxing authority. How was it financed? Then I read in the Troy Civic Center Master Plan that it was considered to play an important role in the plans implementation. Wanting to better understand it and how it could play such an important role, I began looking into what it was.

First I looked into its legal being. I read the Michigan Compiled laws that related to it. This made me wonder how such an entity could have legally been created in Troy. Not that Troy may not have had some deteriorating business areas. But that the area selected, the Big Beaver corridor, legally met the criteria for the creation of such an entity.

As I looked into it further, the more I became convinced that the facts did not justify its' creation. In fact, there was more fiction than facts that led to its' creation. The people at city hall know that I have been looking into this matter.

The city clerks office has shown me some of the ordinances that deal with the TDDA. Did you know that the TDDA is violating ordinance #80 of 1993 concerning the audit report it is to create on an annual basis. Section 7 that deals with creating an annual report within 90 days of the end of the fiscal year, specifies not only that the council is to get a copy of this report, but it is supposed to be printed in its entirety in a newspaper of general circulation. Has this ever occurred? No one remembers this having been done. Is this the responsibility of the city attorneys office to enforce this ordinance. Why hasn't it been enforced? Is it necessary for me to contact the Oakland County prosecutors office since the city attorney's office may have a conflict of interest?

The building department knows I've been looking into this matter. I was curious as to when certain buildings were built in the area under the TDDA jurisdiction. If this was truly a deteriorating business district, I shouldn't see many new buildings or new construction occurring. Boy was I surprised. There was a lot of new construction in the years just prior to the TDDA creation.

This led me to contact the city assessing department. Surely they would have done some preliminary work that would **LEGALLY** justify the creation of the TDDA. I was curious as to the assessed value of the property in the TDDA area to determine if in fact it was deteriorating. They pulled out a thick hanging file folder on the TDDA. Unfortunately, as we looked through the information, it was concerned with assessing information after the fact. The gentleman was sure that there had to be something that was presented to the city council. He left and after a short while, came back with one item. It was an item dealing

YEAR UNCERTAIN?
Troy Council Agenda - E-16

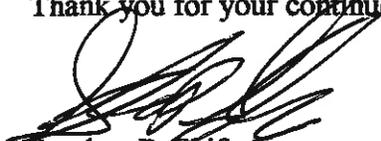
E L A I N E ' S
BAGELS
CAN'T BAKE A BETTER BAGEL

June 13, 2000

To our valued customers:

Due to the rising cost of delivery services, including but not limited to fuel prices, we are now forced to pass a portion of these costs to our customers. Effective with June 19, 2000 deliveries, we will be adding a delivery charge of \$1.00 per delivery.

Thank you for your continued business and understanding in this matter.



Stephen P. Shifman
Vice President

DOWNTOWN DEVELOPMENT AUTHORITY
MEMBER LIST

Garry G. Carley

Michael Culpepper

Stuart Frankel

Philip Goy

William Kennis

Alan M. Kiriluk

Clarke B. Maxson

Carol Price

Douglas Schroeder

Jeanne Stine

Thomas York

Daniel MacLeish

Ernest C. Reschke

ELAINE'S BAGELS

CAN'T BAKE A BETTER BAGEL

June 30, 2000

ELAINE'S BAGELS INVOICE

City of Troy
Real Estate & Development Office
500 W. Big Beaver Rd.
Troy, MI 48084
248/524-3330
Attn: Laurel

June 21, 2000 2.5 DOZEN BAGELS 3 CREAM CHEESE 16 JUICE

Total	2.5 Dozen Bagels @ \$3.60=	\$9.00
	3 Cream Cheese @ 2.49=	7.47
	16 Drinks @ .99=	15.84
	Delivery Charge =	1.00
	Total Due	\$33.31

Please remit payment to:

Elaine's Bagels Tax Id: 38-3149396
13201 Cloverdale
Oak Park, MI 48237

Please remit within seven days. If you have any questions please contact Brian at 248/546-8411. Thank you.

Account # 740.7962
Date 7-14-00
Approved by _____
Reason for purchase DDA meeting

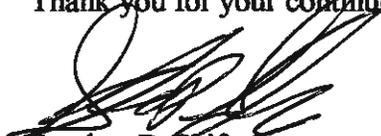
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