

LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE VILLAGE OF DUNDEE

AMENDMENT
TO
DEVELOPMENT PLAN AND TAX INCREMENT FINANCING PLAN
FOR DISTRICT NO. 3

Plan Approved May 20, 2003
Plan Amended March 16, 2004

INTRODUCTION

The Village of Dundee (the "Village") created the Local Development Finance Authority of the Village of Dundee (the "Authority" or the "LDFA") pursuant to Act 281, Public Acts of Michigan, 1986, as amended ("Act 281") on February 20, 1990. The purpose of the Authority is to prevent conditions of unemployment and promote economic growth through the use of tax increment financing to finance infrastructure and other public facilities.

There are three different districts within the Authority. District No. 3 (the "District") was created to pay part of the cost of public infrastructure improvements to facilitate the development of an engine manufacturing plant on a 242 acre site to be constructed by Global Engine Manufacturing Alliance, LLC (the "Company"), a manufacturer of automobile engines for the global automobile manufacturing market, which is a joint venture between Daimler Chrysler Corporation, Mitsubishi and Hyundai. Pursuant to the plan as approved (the "Original Plan"), the LDFA planned to undertake to acquire, construct and install various infrastructure improvements, including roads, sanitary sewer lines, water mains, storm sewer improvements, wastewater treatment plant improvements, curb, gutter and sidewalk improvements, electric utility improvements and other necessary public facilities ("Phase I").

The Authority and the Village are ready to proceed with additional projects not currently outlined in the Original Plan to facilitate an additional investment of approximately \$323,000,000 by the Company, including an expansion plant within the District (the "2004 Amendments"). To facilitate the investment by the Company in the expansion plant, the Authority intends to make additional improvements not currently identified in the Original Plan, including installation of an industrial pretreatment facility at an estimated cost of \$2,000,000, additional electrical utility infrastructure and other infrastructure improvements ("Phase II"). It is estimated that the cost of the Phase II improvements will be approximately \$3,625,000.

2004 Amendments Supplements Original Plan

The 2004 Amendments are an extension of the Original Plan and must be read in concert. The 2004 Amendments refer to certain sections of the Original Plan but do not repeal or abrogate any provision of the Original Plan unless expressly stated.

AMENDMENTS TO DEVELOPMENT PLAN

Amendments to the Development Plan of the Original Plan are as follows:

1. The description of the public facilities to be acquired for the property to which the plan applies, corresponding to Section 15(2)(d) of Act 281, shall now include an industrial pretreatment facility, which is expected to be completed by February, 2005.
2. The description of the location, extent, character and estimated cost of the public facilities for the property to which the plan applies, and an estimate of the time required for completion, corresponding to Section 15(2)(e) of Act 281, shall be amended by:

A. The addition of:

10. Industrial Pretreatment Facility: Phase II of the project will include the construction and installation of an industrial pretreatment facility. This portion of the project includes the land, building and equipment, and will treat the industrial waste

discharged from the District so that there is no negative effect on the public sewer system. The estimated cost of the industrial pretreatment facility is \$2,000,000.

B. The addition of:

Construction identified as Phase II public improvements are expected to be begin in spring of 2004 and be completed by February 2005.

C. The amendment and replacement of:

7. Utility Improvements: Phase I of the project will include the construction and installation of various utility improvements, including the construction of electric transmission lines. The estimated cost of Phase I of the utility improvements and related work is \$500,000. Phase II of the project includes the cost and expense of installing electric transmission lines, a switchgear house and related circuitry, transformers and equipment. The estimated cost of the Phase II utility improvements and related work is \$1,200,000.

D. The amendment of cost estimates as follows:

8. Other Public Facilities: The estimated cost of the other public facilities improvements is \$800,000.

9. Other Related Costs: The estimated cost of these costs is \$325,000.

The grid representing the Estimated Costs of Improvements shall be amended consistent with this Amended Plan, thereby reflecting a total estimated cost of improvements of \$13,245,000.

3. The statement of the construction or stages of construction planned, and the estimated time of completion of each stage, corresponding to Section 15(2)(f) of Act 281, shall be amended with the addition of:

Construction on projects identified as Phase II are expected to begin in spring 2004 and be completed by early 2005.

4. The estimate of the cost of the public facility or facilities, statement of proposed method of financing the public facility or facilities, and the ability of the Authority to arrange financing, corresponding to Section 15(2)(i) of Act 281, shall be amended as follows:

The estimated cost of the public facilities, as shown above, is \$13,245,000.

AMENDMENTS TO TAX INCREMENT FINANCING PLAN

1. The statement of the reasons that the Plan will result in the development of captured assessed value that could not otherwise be expected, corresponding with Section 12(1)(a) of Act 281, shall be amended to include the following:

In addition to the engine manufacturing facility within the District, the Company has indicated that its decision to build the expansion plant is based upon a variety of financial incentives from the

Village and State of Michigan, including the payment of the cost of constructing public facilities described in this Plan, as amended.

2. The estimate of the captured assessed value for each year of the Plan, corresponding with Section 12(1)(b) of Act 281, shall be amended at Exhibit C to the Plan.

3. The maximum amount of bonded indebtedness to be incurred, corresponding with Section 12(1)(e) of Act 281, shall be amended to a not to exceed of \$12,000,000.

3. The estimate of the number of jobs to be created as a result of the implementation of the tax increment financing plan, corresponding to Section 12(1)(k) of Act 281, shall be amended from 400 full time jobs to 650 full time jobs.

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