

**MICHIGAN STRATEGIC FUND
APPROVED MEETING MINUTES
December 10, 2024**

Member Present

Quentin L. Messer, Jr.

Members Joined Remotely

Britany L. Affolter-Caine

Susan Corbin

Wesley Eklund

Rachael Eubanks

Dimitrius Hutcherson

Michael B. Kapp (on behalf of Director Wieferich)

Dan Meyering

Leon Richardson

Charles P. Rothstein

Susan Tellier

Cindy Warner

Absent

Randy Thelen

I. CALL TO ORDER & ROLL CALL

Mr. Messer called the meeting to order at 9:00 a.m. The meeting was held in person in the Lake Michigan Conference Room at the MEDC headquarters building in Lansing.

Mr. Messer introduced Ms. Davenport, MSF Board Liaison, who conducted the attendance roll call.

II. PUBLIC COMMENT

Dr. Britany Affolter-Caine joined the meeting remotely at 9:01 a.m.

Dimitrius Hutcherson joined the meeting remotely at 9:01 a.m.

Wesley Eklund joined the meeting remotely at 9:03 a.m.

Susan Tellier joined the meeting remotely at 9:07 a.m.

Ms. Davenport explained the process for members of the public to participate. Public comment was had.

III. COMMUNICATIONS

Dimitrius Hutcherson, Chair of the MSF Finance and Investment Subcommittee, and Cindy Warner, Chair of the MSF Policy and Planning Subcommittee, provided updates on subcommittee activity.

IV. CONSENT AGENDA

Wesley Eklund left the meeting at 9:21 a.m.

Resolution 2024-168, Approval of Consent Agenda Items

Mr. Messer asked if there were any questions from Board Members regarding items under the Consent Agenda. There being none, Susan Tellier motioned for the approval of the following:

- a. Proposed October 22, 2024, Meeting Minutes
- b. 2025 MSF Board Change in Regular Meeting Schedule **2024-169**
- c. Designation of MSF Bonding Officer **2024-170**
- d. Small Business Services Program: Match on Main Funding Allocation **2024-171**
- e. Revitalization and Placemaking (RAP) 1.0 Program Grant Agreement Amendment: The Right Place **2024-172**
- f. Bridgewater Interiors, LLC: MBDP Grant Amendment **2024-173**

Susan Tellier motioned for the approval of Resolution 2024-168 to approve the consent agenda. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 11 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None.

Wesley Eklund rejoined the meeting at 9:24 a.m.

V. ATTRACT, RETAIN, AND GROW BUSINESS

- a. **Resolutions 2024-174 & 2024-175 Detroit Diesel Corporation Critical Industry Program Performance-Based Grant and State Essential Services Assessment Exemption.** Josh Hundt, Senior Project Marketing Advisor, supported by Matthew Pfaffenbach of Daimler Truck, provided the Board with information regarding this action. The request involves the consideration of two resolutions to approve a Critical Industry Program Performance-Based Grant in the amount of \$27,700,000 and a 15-year, 100% State Essential Services Assessment Exemption with an estimated value of up to \$3,294,130 for \$161,800,000 eligible investment in Eligible Personal Property to Detroit Diesel Corporation.

Following discussion, Charles P. Rothstein motioned for the approval of Resolution 2024-174 for the State Essential Services Assessment Exemption. Dimitrius

Hutcherson seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None.

Susan Corbin motioned for the approval of Resolution 2024-175 for the Critical Industry Program grant. Leon Richardson seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None.

Dr. Britany Affolter-Caine, recsued, left the meeting at 9:32 a.m.

- a. **Resolution 2024-176 University of Michigan and Los Alamos National Laboratory Strategic Site Readiness Program Grant.** Steve Bakkal, supported by Chris Kolb of the University of Michigan and Charlie Nakhleh of Los Alamos National Laboratory, provided the Board with information regarding the requested action. The request involves the consideration of a resolution to approve a Strategic Site Readiness Program Grant (SSRP) in the amount of \$100,000,000 to the University of Michigan related to site development, construction and other related Eligible Activities under the SSRP necessary to construct a new advanced computing facility in Ypsilanti, Michigan

Following discussion, Charles P. Rothstein motioned for the approval of Resolution 2024-176 to approve the Strategic Site Readiness Program Grant Award. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 11 ayes, 0 nays, 1 recused.**

ROLL CALL VOTE: Ayes: Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: Dr. Britany Affolter-Caine.

Dr. Britany Affolter-Caine rejoined the meeting at 9:55 a.m.

- b. **Resolutions 2024-177 & 2024-178 Benteler Automotive Corporation and City of Wyoming Brownfield Redevelopment Authority - Michigan Business Development Program Grant and an Act 381 Work Plan.** Samuel Sedlecky, Business Development Advisor, supported by Brittney Mizer, Senior Business

Development Project Manager, and Steve Bates of Benteler Automotive Corporation, provided the Board with information regarding this requested action. The request involves the consideration of two resolutions to approve a Michigan Business Development Program Grant in the amount of up to \$1,400,000 for Benteler Automotive Corporation and an Act 381 Work Plan for eligible activities capped at \$395,142, utilizing the current state-to-local capture ratio, for the City of Wyoming Brownfield Redevelopment Authority.

Following discussion, Leon Richardson motioned for the approval of Resolution 2024-177 for the Michigan Business Development Program Grant. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None.

Dimitrius Hutcherson motioned for the approval of Resolution 2024-178 for the Act 381 Work Plan. Leon Richardson seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None.

- c. Resolutions 2024-179 & 2024-180 Howmet Corporation Michigan Business Development Program Grant and State Essential Services Assessment Exemption.** Darryl Todd, Business Development Manager, supported by Dan Neebes, Business Development Project Manager, and Ben Squires of Howmet Aerospace, provided the Board with information regarding the requested actions. The request involves the consideration of two resolutions to approve a Michigan Business Development Program Grant in the amount of up to \$5,100,000 and a 15-year, 100% SESA Exemption with an estimated value of up to \$1,649,375 for its \$72,500,000 eligible investment in Eligible Personal Property to Howmet Corporation.

Following discussion, Leon Richardson motioned for the approval of Resolution 2024-179 for the Michigan Business Development Program Grant. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None;

Recused: None.

Following discussion, Dr. Britany Affolter-Caine motioned for the approval of Resolution 2024-180 for the State Essential Services Assessment Exemption. Susan Tellier seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None.

- d. Resolution 2024-181 HTC Global Services, Inc. Michigan Business Development Program Grant.** Nicole Black, Managing Director of Regional Development, supported by Jennifer Wood, Business Development Project Manager, and Mark Adams with the City of Troy, provided the Board with information regarding the requested action. The request involves the consideration of a resolution to approve a Michigan Business Development Program Grant in the amount of \$1,520,000 to HTC Global Services, Inc.

Following discussion, Dimitrius Hutcherson motioned for the approval of Resolution 2024-181 for the Michigan Business Development Program Grant. Susan Corbin seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None.

- e. Resolution 2024-182 Landscape Forms, Inc. Michigan Business Development Program Grant.** Brenda Stewart, Senior Business Development Manager, supported by Dan Neebes, Business Development Project Manager, and Margie Simmons of Landscape Forms provided the Board with information regarding this requested action. The request involves the consideration of a resolution to approve a Michigan Business Development Program Grant in the amount of up to \$2,500,000 to Landscape Forms, Inc.

Following discussion, Quentin L. Messer, Jr. motioned for the approval of Resolution 2024-182 to approve the Michigan Business Development Program Grant. Susan Corbin seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None;

Recused: None.

VI. DEVELOP ATTRACTIVE PLACES

- a. **Resolutions 2024-183 & 2024-184 Talbot Bridge, LLC Michigan Community Revitalization Program Other Economic Assistance Loan Participation and Act 381 Work Plan.** Rachel Elsinga, Community Development Manager, supported by Ryan Talbot of Talbot Development, and Sarah Rainero with the City of Grand Rapids, provided the Board with information regarding this requested action. This request involves the consideration of two resolutions to approve a Michigan Community Revitalization Program Other Economic Assistance Loan in the amount of up to \$5,950,000 for Talbot Bridge, LLC, and an Act 381 Work Plan for eligible activities capped at \$2,220,353, utilizing the current state to local capture ratio, for the City of Grand Rapids Brownfield Redevelopment Authority.

Following discussion, Susan Tellier motioned for approval of Resolution 2024-183 for the Michigan Community Revitalization Program Loan. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None.

Following discussion, Dr. Britany Affolter-Caine motioned for the approval of Resolution 2024-184 for the Act 381 Work Plan. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None.

VII. CAPITAL ACCESS

- a. **Resolution 2024-185 Three Rivers Renewables, LLC Private Activity Bond Inducement.** Amber Westendorp, Capital Project and Portfolio Manager, supported by C.W. Alexander of Freehold Energy RNG, provided the Board with information regarding the requested action. The request involves the consideration of a resolution to approve a Private Activity Bond Inducement for Three Rivers Renewables, LLC. The project will produce renewable natural gas for transportation fuel sourced from biomethane from dairy farms.

Following discussion, Dr. Britany Affolter-Caine motioned for the approval of

Resolution 2024-185 for the Private Activity Bond Inducement. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None.

Dimitrius Hutcherson left the meeting at 10:57 a.m.

- a. Resolution 2024-186 Newaygo Renewables, LLC Private Activity Bond Inducement.** Amber Westendorp, Capital Project and Portfolio Manager, supported by C.W. Alexander of Freehold Energy RNG and Julie Burrell of The Right Place, Inc., provided the Board with information regarding this requested action. This action involves the consideration of a resolution to approve a Private Activity Bond Inducement for Newaygo Renewables, LLC. The project will produce renewable natural gas for transportation fuel sourced from biomethane from dairy farms.

Following discussion, Dr. Britany Affolter-Caine motioned for the approval of Resolution 2024-186 for the Private Activity Bond Inducement. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 11 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None; Recused: None.

Dimitrius Hutcherson rejoined the meeting at 11:04 a.m.

- b. Resolution 2024-187 The Washtenaw Pace, Inc. dba Huron Valley Pace Private Activity Bond Authorization.** Amber Westendorp, Capital Project and Portfolio Manager, supported by Steve Fetuko of Brio Living Services, provided the Board with information regarding this requested action. The request involves the consideration of a resolution to approve a Private Activity Bond Authorization not to exceed \$4,500,000 for The Washtenaw Pace, Inc. dba Huron Valley Pace. The project will expand the Huron Valley Program of All-Inclusive Care for the Elderly (PACE) Program.

Following discussion, Dr. Britany Affolter-Caine motioned for the approval of Resolution 2024-187 for the Private Activity Bond Authorization. Quentin L. Messer, Jr. seconded the motion. **The motion carried: 12 ayes, 0 nays, 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Quentin L. Messer, Jr., Dan Meyering,

Leon Richardson, Charles P. Rothstein, Susan Tellier, Cindy Warner; Nays: None;
Recused: None.

VIII. INFORMATIONAL

Mr. Messer noted that the meeting packet included the Michigan Strategic Fund Delegation of Authority Report from October 1, 2024, to November 30, 2024. There were no questions regarding the report. Mr. Messer adjourned the meeting at 11:11 a.m.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

BRADLEY C. WIEFERICH, P.E.
ACTING DIRECTOR

January 3, 2023

Ms. Rhonda Bishop
Board Relations Liaison
Michigan Strategic Fund Office
300 N. Washington Square
Lansing, Michigan 48913

Dear Ms. Bishop:

I hereby confirm and ratify my designation of Michael B. Kapp, Administrator, Michigan Department of Transportation, as the person authorized and empowered to act in my stead for Michigan Strategic Fund meetings that I am unable to attend.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bradley C. Wieferich".

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File



November 25, 2024

MSF Fund Manager
MEDC
300 N. Washington Square
Lansing, Michigan

Dear Fund Manager,

This is to advise that I am recusing myself from voting and excuse myself during the discussion of the Strategic Site Readiness Program (SSRP) Grant to the University of Michigan because it is a potential conflict of interest during the Michigan Strategic Fund Board Meeting on Tuesday, December 10, 2024.

Many thanks –

A handwritten signature in black ink that reads 'Britany Affolter-Caine'.

Britany Affolter-Caine
Executive Director
Michigan's University Research Corridor



Driving Smart Economic Growth in Service of Prosperity for All
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December 2024

Michigan Strategic Fund Board
Michigan Economic Development Corporation
300 North Washington Square
Lansing, MI 48913

Support for the U-M and Los Alamos National Laboratory Research Facility in Washtenaw County

Dear Members of the Michigan Strategic Fund Board,

On behalf of Ann Arbor SPARK, I am writing to express our enthusiastic support for the establishment of a groundbreaking research facility in Washtenaw County, a collaboration between the University of Michigan (U-M) and Los Alamos National Laboratory (LANL). This initiative aligns with our mission to advance economic growth and innovation in Southeast Michigan, and we believe it will serve as a transformative asset for the region and the state.


By enabling collaboration between LANL researchers, U-M faculty, and students, the project will drive advancements in fields like AI, advanced materials, and energy solutions, while addressing global challenges such as climate change and national security.

The development of this facility at the strategically selected site in Ypsilanti Township showcases the region’s ability to attract and support high-impact projects. Ann Arbor SPARK was proud to provide key assistance in the site selection process, ensuring the project’s alignment with regional resources and infrastructure. This initiative exemplifies the strength of public-private-academic partnerships and demonstrates our community’s readiness to support cutting-edge research and innovation.

Beyond the immediate research benefits, the facility promises to bring substantial economic and educational opportunities to Michigan. It will catalyze job creation, workforce development, and the growth of small businesses while expanding the state’s AI and high-tech ecosystem.

Board of Directors

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- Peter Mertens**
Sartorius
- David Parsigian**
Honigman LLP
- Trish Reilly**
Pittsfield Charter Township
- Paul Roney**
Domino’s Farms
- Christine Sing**
Rehmann
- Rich Sheridan**
Menlo Innovations
- Brenda Stumbo**
Ypsilanti Township
- Robert Young**
Toyota NA R&D
Headquarters



We strongly believe that this project deserves the full support of the Michigan Strategic Fund Board. It represents a critical investment in Michigan's future as a global leader in AI and advanced computing, while also enhancing the region's ability to attract and retain talent and fostering meaningful collaborations across industries and academia.

Thank you for considering this letter of support. We look forward to working alongside U-M, LANL, and state and local stakeholders to ensure the success of this transformative initiative.

Sincerely,



Paul Krutko
President and CEO
Ann Arbor SPARK



Natalie Davenport (MEDC)

From: Maryann Zelasko <zelaskojmk@sbcglobal.net>
Sent: Sunday, December 8, 2024 10:56 AM
To: MEDC MSF Comments
Subject: Public Comment Submittal
Attachments: archive (7).zip

I registered for the Public Comment period for the next MSF meeting to be held on December 10.

I think it is important for the Executive Board to be made aware of certain non-compliance issues associated with the resolutions that they have approved and violations of Act 381.

I believe that the information provided in Item 3 should be of particular interest to the Board.

Thank you. Please let me know if there is a problem with the attached zip file. If needed, I can send the attachments separately.

Maryann Zelasko

I have tried for over two years to get the City of Dearborn and the Brownfield Redevelopment Authority (BRA) to review the various BRA plans and exam their adherence to MI Act 381 and other agreements. Unfortunately, I have been unsuccessful.

I then contacted the Michigan Economic Development Corporation (MEDC) and was told that this matter would be handled by the State Attorney General's office. Therefore, I am now turning to your department for assistance.

Listed below are some of my concerns regarding the incorrect capture and potential misuse of taxpayer money. I have substantial back-up documentation, but I am including a minimal amount with this initial correspondence. I am hoping that this email will be assigned to a specific individual for review who can contact me and request additional back-up documentation or clarification.

GENERAL ADMINISTRATIVE CONCERNS

1. MI Act 381 (Section 13b(7)(c)) allows for the following: "In each fiscal year of the authority, the amount of tax increment revenues attributable to local taxes that an authority may use for the purposes described in subdivisions (a) and (b) is determined as follows: For authorities that have 5 or fewer active projects, \$125,000." This was amended in 2023 from the original cap of \$100,000.

The City of Dearborn's BRA has been capturing \$100,000 annually from its three active projects (Redico \$40,000; AK Steel \$40,000; and Ford \$20,000). However, the annual operating expenditures are substantially less than the capture. Refer to Attachment A (Columns 1, 2, 3). How can the BRA legitimately keep this over capture? This has occurred for several fiscal years (2020-2023). If the statute requires each year's capture for administrative purposes be properly expended in the same year, how can this money be kept and not returned to the various taxing entities?

2. MI Act 381 was recently amended to include additional administrative and operating expenses. According to Section 13b(7)(a)(i) this includes "Reasonable and actual administrative and operating expenses **of the authority**, including costs to implement, monitor, and maintain compliance with the income and price monitoring responsibilities **associated with housing development activities.**" As defined in the statute (Section 2(x)), housing development activities pertain to specific housing projects or specific tasks, such as demolition, site prep, etc.

In November 2023 (fiscal year 2024), the BRA agreed to be the funding source for the City's Housing Market Analysis. According to the Contract Award summary (Attachment B), this is "a citywide analysis of housing demand, absorption rate, and financial analysis." This contract appears to be a general City activity that should be funded from the City's General Fund. This broad analysis appears to be outside the scope of eligible BRA activities. **Please review this procurement for services and explain what provision of Act 381 allows for this activity to be funded by the BRA. Why should other taxing agencies cover the cost for a general City contract?**

PROJECT SPECIFIC CONCERNS

- BRA Plan #7 Redico (Former Montgomery Ward Redevelopment):** According to the terms of the Michigan Economic Growth Authority (MEGA) Board resolution 2008-099 (Attachments C1 and C2), the Redico project was expected “to utilize various sources of state and local assistance.” Since this project was located in a Downtown Development Authority (DDA) district, the East DDA “entered into a resolution pledging its tax increment revenue to support the public parking deck.” The City indicated that “all of the estimated \$13,344,552 in EDDDA capture will be utilized toward this project.” **MEGA staff approved school tax capture stipulating that “the authorization is based on the Authority capturing all available local operating mills for the term of the capture period.”**

According to the proposed FY2025 budget, the BRA will be capturing the entire school millage, but will be transferring only a portion of the local tax capture. **How can the terms of the MEGA resolution be ignored? Why should the school carry a larger burden than was originally approved?**

When and what occurred to create this tax capture imbalance (school versus local)? According to the response to my FOIA request, the BRA/City decided to adjust the amount of tax capture passed through from the EDDDA for support of this project. From project inception through FY2021, the BRA followed the various agreements. This meant that school capture was applied to eligible activities, and the **entire** EDDDA capture was to be used for bond financing (interest) and BRA operating expenses. Please refer to Attachment C3 (page 11 of the Bra Act 381 Work Plan) that lists the MEGA eligible activities that were approved for school capture while the bond financing (interest) was to be paid by the local tax capture (Attachment C3, page 13).

In the event that the project did not generate sufficient tax revenue, the project owner was invoiced as outlined in the Special Assessment Agreement. In the event that the project generated more tax revenue than what was needed for its annual commitments, the amount of uncommitted tax increment revenues was paid to the owner according to the terms of the Infrastructure Reimbursement Agreement (due to size, this document is not attached).

When the bonds were refinanced in FY2022, the annual bond payment was reduced. At this point, the BRA/City decided to reduce the amount of tax capture passed through from the EDDDA. Please refer to the Tax Capture worksheet (Attachment D) that I received in response to my FOIA request.

This spreadsheet clearly illustrates the total disregard for the guidelines established in the MEGA resolution. Specifically, the resolution was based on the Authority capturing 100% of local operating mills. The actual amount of EDDDA capture passed through for this project was \$187,056.09 which equates to only 44.1%. However, the entire SET, School Operating, and Intermediate School capture was used for bond and interest repayment. I find this to be outrageous. **How can the EDDDA pass through amount be less than half of the required percentage stated in the MEGA resolution?**

It appears that the BRA is violating the MEGA Board resolution and the Infrastructure Reimbursement Agreement. **Who has the authority to adjust the EDDDA capture that was previously pledged to this project? Who is responsible for the balance between school and local capture? Is it legal/ethical to adjust the tax capture in order to circumvent the reimbursement agreement?**

4. **BRA Plan #9 AK Steel:** From both a financial and redevelopment point of view, this was the most extensive BRA Plan for this community involving tax increment financing. Unfortunately, a large percentage of the work was never completed. Although the required submittal date for all eligible activities occurred over three years ago, a closeout report was never prepared. **Why?**

The FY2025 BRA budget indicates that the plan “is in its final year of reimbursements for approved expenses and will receive \$89K in FY25” (Attachment A, Note 1). I am skeptical about this statement. This was a very complex project. It included an amended Brownfield Plan and an adopted Act 381 Work Plan that expanded the number of eligible parcels and activities. The Work Plan allowed for school capture on Table 2 activities only. Table 1 activities were local capture only. **If there is only \$89K in remaining reimbursement, then the City/BRA has captured over \$2.5M of school taxes for activities that had been approved for local capture only. This is too much taxpayer money to go unchecked.**

This brownfield work plan was approved by the MEGA Board in Resolution 2011-045.

5. **BRA Plan #11 UrbCam (Union at Dearborn):** Sec. 8(1)(b)(i) allows for the excess capture to occur “for not more than 5 years after the time that capture is required for the purpose of paying the costs permitted under section 13(4).” The BRA completed developer reimbursement in 2019, and the excess capture should have gone into the Local Brownfield Revolving Fund (LBRF).

The approved BRA budget for FY25 shows capture associated with this project. How is that possible? Five full years should have occurred in 2024. Please review this project to ensure correct capture. Did the BRA capture the correct taxes as outlined in the Plan? Who is responsible to look into this matter?

This project was approved by the MEGA Board in Resolution 2011-113.

I encourage you to review the status of the various plans and to keep me updated on the results of your review. If needed, I can provide additional documentation. **What department/division is responsible for holding the BRA and City Administration accountable? What department/division will investigate violations of Michigan statute (Act 381) and the MEGA Board resolutions?**

Thank you for your assistance.

Maryann Zelasko
zelaskojmk@sbcglobal.net
734-283-8538

and warehousing operations (approximately 60,000 square feet) to support the company's planned new and improved light manufacturing activities.

ENA's total estimated capital investment for this project is \$59,818,083, all of which is eligible investment. Approximately 171 Michigan jobs will be retained and approximately 105 new jobs will be created as a result of this project, with average wages ranging from \$15-17 per hour. Without the brownfield credit this facility is at risk of closure, and the jobs would be lost. The project will also apply for a Property Tax Abatement under PA 198 through the City of Brighton for up to 12 years. *This project is described further in Resolution 2008-097.*

Recommendation: MEDC staff recommends approval of a MEGA MBT Brownfield Redevelopment Credit of 12.5% of the eligible investment not to exceed a \$7,477,260 credit.

Board Discussion: *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield MBT Credit request and recommends approval.* Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2008-097. Director Cooley seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

BROWNFIELD MBT & WORK PLAN APPROVAL: *Plan # 7*

Resolution 2008-098: REDICO Holdings, LLC (Former Montgomery Ward Redevelopment Project) City of Dearborn – Brownfield MBT Credit

Resolution 2008-099: REDICO Holdings, LLC (Redico) (Former Montgomery Ward Redevelopment Project)

City of Dearborn – Work Plan Approval

Van Adams, MSHDA CATEam Program Consultant, introduced the guest presenters who provided background information on the company and this project: Lynn Gandhi, Partner at Honigman Miller Schwartz and Cohn, LLP; Ken Till, Vice President of REDICO; Barry Murray, Director of Economic and Community Development and Amina El-Hussein, Senior Economic Development Assistant, both of the City of Dearborn.

Work Plan Request: \$14,228,881

Brownfield MBT Credit Request: \$9,600,000

The Montgomery Ward Redevelopment Project is located in the East Dearborn Downtown Commercial District on one of the City of Dearborn's main thoroughfares at 13551 Michigan Avenue. The Project is a mixed-use development consisting of medical, commercial and senior living residential facilities. A new three level Class A medical facility with integrated, complementary retail will be built on the property. It will consist of approximately 168,000 square feet of space. The medical facility will specialize in the treatment of pediatrics, women, and the elderly, with imaging, rehabilitation, treatment, pharmaceutical and other medical support services integrated within the facility. To the immediate east of the medical facility, bordered by Schaefer Road and Osborn Street, will be a six-level public parking deck that will provide 650 spaces.

Immediately adjacent to the medical facility on the north side, will be a new senior living residence of approximately 100,000 square feet, with 96 units and capacity for approximately 116 residents. Additionally, there will be approximately 22,000 square feet of retail and office in a stand-alone two-story building to meet the needs of the residents of the senior living facility and those frequenting the medical facility. The retail will be open to the local community.

Approximately 200 newly created full-time jobs are anticipated at the site, not including any full or part-time employees associated with the retail space, with an average hourly wage of \$22. The total capital

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investment is anticipated to be \$68 million, with the eligible investment of \$48 million. The total MEGA Eligible Activities are anticipated to be \$14,228,881.

The project is expected to utilize various sources of state and local assistance including the Local Site Remediation Revolving Fund (\$594,980) and a zero interest loan from the Downriver Community Conference (\$900,000). The East Dearborn Downtown Development District Authority (EDDDA) has already entered into a resolution pledging its tax increment revenue to support the public parking deck for this project. This support was approved by the EDDDA on April 10, 2008. The City of Dearborn has also indicated that all of the estimated \$13,344,552 in EDDDA capture will be utilized towards this project. *This project is described further in Resolutions 2008-098 and 2008-099*

Recommendation: MEDC staff recommends approval of school tax capture for the eligible activities totaling \$14,228,881 described above. Utilizing the state to local capture ratios described above, the amount of school tax capture for this project is estimated at \$12,892,789. The Brownfield Redevelopment staff also recommends approval of an Urban Development Area Project designation and a MEGA MBT Brownfield Redevelopment Credit of 20% of the eligible investment, not to exceed a \$9,600,000 credit.

Board Discussion: *Ms. Nelson gave the Executive Committee report. The MEGA Executive Committee reviewed both the proposed Brownfield MBT Credit request and also the Work Plan Approval request and recommends approval of both.* Mr. Epolito asked if there were any questions from the Board. *Discussion ensued about the need to ensure some source of public transportation is available for those seniors and new business people. Mr. Murray confirmed that two of their buses already currently have routes that include stops to that area. Being no more discussion, Director Cooley made a motion for approval of Resolution 2008-098. Ms. Nelson seconded the motion.* The motion carried unanimously – 7 ayes; 0 nays; 0 recused. **Mr. Garcia made a motion for approval of Resolution 2008-099. Ms. Shinn seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused.

WORK PLAN APPROVAL:

Resolution 2008-100: Harris Milling Redevelopment Project Work Plan – City of Cadillac
Tom Durkee MSHDA CATeam Program Consultant, introduced the guest presenters who provided background information on the company and this project: Precia Garland, Assistant City Manager of the City of Cadillac; and Donna Koltuniak, Project Engineer of Otwell Mayby.

Work Plan Request: The City of Cadillac's Brownfield Redevelopment Authority has submitted a work plan request for the approval of \$255,750 in local and school tax capture.

The proposed project by the developer, Chemical Bank, has proposed to demolish the existing, vacant structure on the property, conduct all necessary due care activities and construct a new 5,000 square foot building for retail and commercial banking operations. This project is located in the traditional downtown area of the City of Cadillac, on the former YMCA, Harris Milling, and Basseur sites. The project is expected to create 2 new jobs, the exact wages are unknown at this time. The total capital investment for new construction is anticipated at \$1.2 million. This development is part of a larger project being undertaken by the City of Cadillac to link the downtown to the shore of Lake Cadillac. Eligible activities include a public parking lot, road repair, and the installation of sidewalks.

Project is likely to benefit from a DEQ grant of up to \$849,275 and a DEQ loan of up to \$280,025. Besides the Local TIF, the City and DDA are contributing an estimated \$1.1 million for improvements to West Chapin Street. This project is adjacent to West Chapin Street and will benefit directly from these improvements. *This project is described further in Resolution 2008-100.*

RESOLUTION 2008-099
MICHIGAN ECONOMIC GROWTH AUTHORITY

City of Dearborn Brownfield Redevelopment Authority
Redevelopment of the Former Montgomery Ward
Dearborn, Michigan

At the meeting of the Michigan Economic Growth Authority ("MEGA") held on August 19, 2008 in Lansing, Michigan.

WHEREAS, MEGA has been established by 1995 PA 24, as amended (the "Act");

WHEREAS, 2002 PA 727 amended 1996 PA 381, MCL 125.2651 et seq, to empower local brownfield redevelopment authorities to request the MEGA Board to approve a brownfield project work plan and, thereby, capture taxes levied for school operating purposes for the project;

WHEREAS, captured school operating tax revenues may be used under 1996 PA 381 as amended, for infrastructure improvements that directly benefit eligible property, for lead or asbestos abatement, and for structure demolition and site preparation that are not response activities under the Natural Resources and Environmental Protection Act, 1994 PA 451;

WHEREAS, the City of Dearborn Brownfield Redevelopment Authority (the "Authority") has submitted a work plan for property located within the City of Dearborn, known as the Redevelopment of the Former Montgomery Ward Property (the "Project");

WHEREAS, the City of Dearborn is a "qualified local governmental unit" and is eligible to provide for: a) demolition, b) site preparation, c) lead and asbestos removal, and d) infrastructure improvement activities for the project; and

WHEREAS, the Authority is requesting MEGA approval to capture additional taxes levied for school operating purposes to provide for the reimbursement of the cost of eligible activities on an eligible property; and

NOW, THEREFORE, BE IT RESOLVED, that the MEGA Board authorizes the Authority to capture taxes levied for school operating purposes in substantially the same proportion as the 91% to 9% ratio currently existing between school and local taxes for the real property to reimburse the cost of demolition, site preparation, infrastructure improvements, and preparation of Work Plan and brownfield plan as presented in the revised work plan dated August 1, 2008. Any change in millage that increases the capture percentage of school operating taxes by more than 5 percentage points must be approved by the MEGA Board. The authorization is based on the Authority capturing all available local operating mills for the term of the capture period. The authorization for the capture of taxes levied for school operating purposes is based on a maximum of \$14,228,881 for the principal activity costs of non-environmental eligible activities, with the capture of taxes levied for school operating purposes being approximately \$12,892,789.

Provided that:

- (a) The East Dearborn Downtown Development Authority supports the costs related to the Project by contributing tax increment revenues, estimated at \$13,344,552, during the duration the associated brownfield plan in order to reimburse eligible expenses.

BE IT FURTHER RESOLVED, that the MEGA Board authorizes the staff of the MEGA, to provide written notification to the Authority, in the form of a letter which incorporates the terms set forth in this Resolution and consistent with the limitations of the Act, and that this approval is further conditioned upon the City of Dearborn or the Authority, as appropriate, maintaining adequate records regarding: a) all taxes captured for the project; and b) receipts or other appropriate documentation of the cost of eligible activities. The records shall be made available for review upon request by MEGA staff. Eligible activities authorized by this resolution must be completed within three (3) years.

Adopted.

Aves: Keith Cooley; Cullen DuBose; James Epolito; Baldomero Garcia; Faye Nelson; Scott Schrage (acting on behalf of Robert Kleine, authorization attached); Jackie Shinn (acting on behalf of Kirk Steudle, authorization attached)

Navs: None

Recused: None

August 19, 2008

Dearborn, Michigan

4.2 Estimated Costs

a. MEGA Eligible Activities Costs

This Plan provides for reimbursement of the costs of eligible activities in an amount up to \$14,228,881 from taxes levied for school operating purposes and local taxes. These costs consist of the following:

Table 2: MEGA Eligible Activities Costs

Category	Activity	Unit Cost	Amount
Demolition/Site Preparation	Demolition of existing structures and asphalt; backfill of excavated areas	Bid amount	\$352,790
Site Preparation	Land balancing and grading (required after excavation of impacted soil)	1.19 acres x \$51,643/acre	\$61,455
Infrastructure Improvements	Construction of parking structure	650 cars x \$18,000/car	\$11,700,000
Infrastructure Improvements	Installation of water and sewer lines in the public rights-of-ways		\$250,000
Subtotal			\$12,364,245
Contingency (15%)			\$1,854,636
Work Plan Prep			\$10,000
Total			\$14,228,881

Table 3: Sources and Uses of Funds

Sources of Funds: (based upon minimum 30-year capture period)

Local Resources	
EDDDA Capture - City	\$ 7,443,922
EDDDA Capture - County	4,378,096
EDDDA Capture - College	1,522,535
Local Site Remediation Revolving Fund for Environmental Remediation (local TIF only)	600,000
DBRA - Intermediate School	1,758,171
State Resources	
State Education Tax - Non-Homestead	12,180,270
Total Sources	\$ 27,882,994

13,344

Uses of Funds :

Preliminary Work	
MEGA work plan review and approval	✓ \$ 10,000
Site Preparation	
Environmental Remediation (fund from Local Site Remediation Revolving Fund not supported by MEGA)	547,210
Demolition of structure and backfill	✓ 352,790
Land balancing and grading after excavation of impacted soil (1.19 acres x \$51,643/acre)	✓ 61,455
Infrastructure Improvements	
Installation of water and sewer lines in the public rights-of-way	✓ 250,000
Public parking deck (650 cars x \$18,000 per car)	✓ 11,700,000
Contingency (15%)	1,936,718
Bond Financing (interest)	9,467,359
BRA Plan Administration (\$40,000 year, 30 year max.) Local funds only	1,200,000
Total Uses	\$ 25,525,532

✓

5.2 Limitations

None.

Component Unit Tax Capture

Tax Capture FY2023	Dis-Vendor B/DIA	Warren B/DIA	BR A #7 Redico	BR A #9 AK Steel	BR A #11 UrbCan	BR A #13 Ford	West DDDA	Taxr DDDA	Total	BR A
City Operating	21,543.76	137,994.21	-	81,393.96	19,521.05	-	506,020.27	394,247.49	1,460,720.74	100,915.01
City Voted Operating	-	-	-	10,364.15	2,485.65	-	64,432.49	50,199.73	147,794.55	12,849.80
City Rubbish	2,743.04	17,569.49	-	8,356.43	2,004.13	-	51,950.76	40,474.87	119,163.38	10,360.56
City Library	2,211.61	14,165.58	-	-	-	-	-	-	387,652.92	387,652.92
DBN Operating	-	-	242,714.76	-	-	144,938.16	-	-	-	-
DBN Supplemental	-	-	-	-	-	-	-	-	-	-
H/CC	5,744.87	36,797.12	-	21,705.05	5,205.60	32,434.66	-	105,132.01	207,019.31	59,345.31
WC Operating-Summer	4,028.55	25,802.11	-	30,441.26	7,300.73	48,651.92	189,247.41	147,444.91	404,264.77	37,741.99
WC SET-DBN	-	-	80,944.92	-	-	775.17	-	-	129,596.84	129,596.84
WC R/SA Oper	-	-	1,289.71	518.73	124.38	775.17	-	-	2,707.99	2,707.99
WC R/SA Spec Educ	-	-	45,117.34	18,147.50	4,352.25	27,117.72	-	-	94,734.81	94,734.81
RESA ENIT	-	-	26,814.34	10,785.21	2,586.64	16,116.75	-	-	56,302.94	56,302.94
WC Voted Operating	679.49	4,351.22	-	5,135.40	1,231.61	-	31,925.75	24,873.07	68,196.54	6,367.01
WC Soldier Relief	25.97	165.31	-	198.51	47.48	-	1,230.48	958.02	2,625.77	245.99
WC HCMA	-	-	-	1,123.21	269.35	-	6,082.25	5,439.15	13,813.96	1,392.56
WC WC/TA (S/LARL)	1,428.78	9,150.77	-	5,399.05	1,294.74	-	33,561.84	26,147.71	76,982.89	6,693.79
WC Public Safety (Inf)	671.82	4,302.56	-	5,077.86	1,217.82	-	31,568.05	24,594.42	67,432.53	6,295.68
WC Parks	175.14	1,121.25	-	1,325.07	317.78	-	8,237.21	6,417.12	17,393.57	1,642.85
WC Zoo	-	-	-	-	-	-	-	-	-	-
DBN SET-LET	-	-	-	-	-	-	-	-	-	-
DBN Operating-ITP	-	-	-	-	-	-	-	-	-	-
DBN Supplemental-ITP	-	-	-	-	-	-	-	-	-	-
RESA Spec Educ-ITP	-	-	-	-	-	-	-	-	-	-
DDA Tax Report	39,252.83	251,419.62	396,881.07	199,971.39	47,959.21	270,034.38	925,156.51	825,928.50	2,956,603.51	914,846.05
Taxable Value	9,110,178	57,218,494	13,490,820	53,564,576	16,508,298	9,340,155	44,855,710	35,409,452	92,903,849	92,903,849
Base Value	7,673,921	48,018,808	-	196,244,862	1,600,000	1,290,600	11,121,012	9,126,250	199,135,462	199,135,462
Capture Value	1,436,257	9,199,686	13,490,820	10,166,914	14,908,298	8,108,655	33,734,698	26,283,202	46,674,687	46,674,687

DDA / BRA Transfer	Rates	Redico	EDDDA	Lead	WDDDA
H/CC	4.0000	Taxable Value	53,963.28	23,810.07	X
Wayne Co Oper	5.6099	Base Value	75,682.15	33,393.03	45,488.74
City Oper	15.0000	-	202,362.30	89,287.77	121,629.83
City Voted Oper	1.9100	Capture Value	25,767.47	11,369.31	15,487.53
City Rubbish	1.5400	-	20,775.86	9,166.88	12,487.33
Wayne Co Voted Op	0.9464	-	12,767.71	5,633.46	7,674.03
WC Soldiers	0.0365	-	492.41	217.27	295.97
WC Public Safety	0.9358	-	12,624.71	5,570.37	7,588.08
Wayne Co Parks	0.2442	-	3,294.46	1,453.60	1,980.13
WC/TA (S/LARL)	0.9949	-	13,422.02	5,922.16	8,067.30
H/CCA	0.2070	-	2,792.60	1,232.17	1,678.49
Bond Principal	-	-	423,944.97	187,056.09	222,377.43

Bond Interest	395,000.00
Administrative Fee	161,187.50
Total Needed	40,000.00
Less: Direct Capture	596,187.50
Less: L/CA Revenue	(396,581.07)
Pastthrough amount needed to cover BR A expenses	(4,878.76)

EDDDA Total Capture \$423,944.97

EDDDA Actual Pastthrough \$187,056.09

44.1% of EDDDA Capture for Period

Total highlighted cells	\$1,324,279.57
Total	\$1,324,279

Updated Pastthrough amount needed 187,056.09

7,371.58

194,427.67

1,192

Required 100% of EDDDA capture)