MICHIGAN STRATEGIC FUND

SPECIAL BOARD MEETING AGENDA
December 22, 2025
10:00am

I. CALL TO ORDER & ROLL CALL

II. PUBLIC COMMENT

III. COMMUNICATIONS

IV. CONSENT AGENDA

V. DEVELOP ATTRACTIVE PLACES

***NOTE:** Hyperlinked bookmarks are included on this page to aid document navigation - click on the project title to access the project memo.

MICHIGAN STRATEGIC FUND
APPROVED MEETING MINUTES
December 9, 2025

Member Present
Christin Armstrong (on behalf of Chairman Messer, designation attached)

Members Joined Remotely
Britany Affolter-Caine
Susan Corbin
Rachael Eubanks
Wesley Eklund
Dimitrius Hutcherson
Michael B. Kapp (on behalf of Director Wieferich, designation attached)
Lynda Rossi
Susan Tellier
Randy Thelen

Absent
Dan Meyering
Leon Richardson

I. CALL TO ORDER & ROLL CALL

Christin Armstrong called the meeting to order at 9:01 a.m. The meeting was held in person in the Lake Michigan Conference Room at the MEDC headquarters building in Lansing.

Christin. Armstrong introduced Natalie Davenport, MSF Administrator, who conducted the attendance roll call.

II. PUBLIC COMMENT

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

III. COMMUNICATIONS

Natalie Davenport stated that twenty-five communications were shared with the MSF Board on Friday, December 5th and Monday, December 8th.

Dimitrius Hutcherson and Dr. Britany Affolter-Caine provided updates on MSF Subcommittee activities in November.

Dr. Britany Affolter-Caine and Randy Thelen, recused, left the meeting at 9:15 a.m.

IV. CONSENT AGENDA

Resolution 2025-133, Approval of Consent Agenda Items
Christin Armstrong asked if there were any questions from Board Members regarding items under

the Consent Agenda. There being none, Susan Corbin motioned for approval of the following:

a. Proposed November 13, 2025, Meeting Minutes
b. A2 Zeeb Holdings, LLC: Act 381 Work Plan Approval **2025-134**
c. Flint Commerce Center Redevelopment Project: Act 381 Work Plan **2025-135**
d. Pulse Primary Care Holdings, LLC: MBDP Grant Amendment **2025-136**
e. 2026 University Early-Stage Proof of Concept Fund Designation and Funding **2025-137**
f. Fisher 21 Lofts LLC: MCRP Reauthorization **2025-138**
g. HM Ventures Group 6, LLC: CRP Amendment **2025-139**
h. Business Incubator Program Gateway Representative: Headwaters North Corporation **2025-140**
i. Michigander Scholars Program: Contract Extensions for Michigan State University and Wayne State University and Additional Allocation of Funding for Michigan State University **2025-141**
j. Revitalization and Placemaking Program: Delegation of Authority **2025-142**

Susan Corbin motioned for the approval of Resolution 2025-133 to approve the Consent Agenda. Dimitrius Hutcherson seconded the motion. **The motion carried: 8 ayes; 0 nays; 2 recused.**

ROLL CALL VOTE: Ayes: Christin Armstrong (on behalf of Quentin L. Messer, Jr., designation attached), Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Lynda Rossi, Susan Tellier; Nays: None; Recused: Dr. Britany Affolter-Caine, Randy Thelen.

Dr. Britany Affolter-Caine and Randy Thelen rejoined the meeting virtually at 9:18 a.m.

V. ATTRACT, RETAIN, AND GROW BUSINESS

a. Resolution 2025-143 Michigan Business Development Program Grant Award to Teradyne, Inc.

Madison Sorsen, Senior Business Development Manager, supported by Brittney Mizer, Senior Business Development Project Manager, provided the Board with information regarding the requested action. The request involves consideration of a resolution to approve a Michigan Business Development Program Grant award to Teradyne, Inc.

Lynda Rossi motioned for the approval of Resolution 2025-143 to approve the MBDP Grant Award. Christin Armstrong seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Christin Armstrong (on behalf of Quentin L. Messer, Jr., designation attached), Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Lynda Rossi, Susan Tellier, Randy Thelen; Nays: None; Recused: None.

Randy Thelen, recused, left the meeting at 9:26 a.m.

b. Resolution 2025-144 Michigan Business Development Program Grant Award to HealthBridge Financial, Inc.

Sam Sedlecky, Business Development Advisor, supported by Brittney Mizer, Senior Business Development Project Manager, provided the Board with information regarding the requested action. The request involves the consideration of a resolution to approve

Dimitrius Hutcherson motioned for the approval of Resolution 2025-144 to approve the MBDP Grant Award. Susan Corbin seconded the motion. **The motion carried: 9 ayes; 0 nays; 1 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Christin Armstrong (on behalf of Quentin L. Messer, Jr., designation attached), Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Lynda Rossi, Susan Tellier; Nays: None; Recused: Randy Thelen.

Randy Thelen rejoined the meeting virtually at 9:38 a.m.

c. **Resolution 2025-145 Michigan Business Development Program Grant and State Essential Services Assessment Exemptions to Michigan Milk Producers Association**
Kristin Schleman, Business Development Manager, supported by Brittney Mizer, Senior Business Development Project Manager, provided the Board with information regarding the requested action. The request involves consideration of a resolution to approve a Michigan Business Development Program Grant and two State Essential Services Assessment Exemptions to Michigan Milk Producers Association in the City of Ovid and Wheatland Township.

Susan Corbin motioned for the approval of Resolution 2025-145 to approve the MBDP Grant. Dimitrius Hutcherson seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Christin Armstrong (on behalf of Quentin L. Messer, Jr., designation attached), Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Lynda Rossi, Susan Tellier, Randy Thelen; Nays: None; Recused: None.

Randy Thelen motioned for the approval of Resolution 2025-146 to approve the SESA Exemption in the City of Ovid. Michael B. Kapp seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Christin Armstrong (on behalf of Quentin L. Messer, Jr., designation attached), Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Lynda Rossi, Susan Tellier, Randy Thelen; Nays: None; Recused: None.

Christin Armstrong motioned for the approval of Resolution 2025-147 to approve the SESA Exemption in Wheatland Township. Dr. Britany Affolter-Caine seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Christin Armstrong (on behalf of Quentin L. Messer, Jr., designation attached), Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Lynda Rossi, Susan Tellier, Randy Thelen; Nays: None; Recused: None.

d. **Resolution 2025-148 Michigan Business Development Program Grant and State Essential Services Assessment Exemption to Eccalon, LLC**
Dylan Luna, Senior Global Attraction Representative, supported by Brittney Mizer, Senior Business Development Project Manager, 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 and a State Essential Services Assessment Exemption to Eccalon, LLC.

Dimitrius Hutcherson motioned for the approval of Resolution 2025-148 to approve the MBDP Grant award. Dr. Britany Affolter-Caine seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Christin Armstrong (on behalf of Quentin L. Messer, Jr., designation attached), Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Lynda Rossi, Susan Tellier, Randy Thelen; Nays: None; Recused: None.

Dr. Britany Affolter-Caine motioned for the approval of Resolution 2025-149 to approve the SESA Exemption. Susan Corbin seconded the motion. **The motion carried: 10 ayes; 0 nays; 0 recused.**

ROLL CALL VOTE: Ayes: Dr. Britany Affolter-Caine, Christin Armstrong (on behalf of Quentin L. Messer, Jr., designation attached), Susan Corbin, Wesley Eklund, Rachael Eubanks, Dimitrius Hutcherson, Michael B. Kapp (on behalf of Director Wieferich, designation attached), Lynda Rossi, Susan Tellier, Randy Thelen; Nays: None; Recused: None.

VIII. INFORMATIONAL

a. Ms. Armstrong noted that the Michigan Strategic Fund Delegation of Authority Report from October 1, 2025, to October 31, 2025, was included in the meeting packet. There were no questions regarding the report.

Ms. Armstrong adjourned the meeting at 10:04 a.m.

MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

February 3, 2025

Michigan Strategic Fund
300 N. Washington Square
Lansing, MI 48913

RE: Designation of Christin Armstrong

To Whom It May Concern:

I hereby confirm my designation of Christin Armstrong as the person authorized and empowered to act in my stead as a member of the Michigan Strategic Fund Board for scheduled meetings I am unable to attend.

Sincerely,

Quentin L. Messer, Jr.
Chief Executive Officer, Michigan Economic Development Corporation

GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

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,

Bradley C. Wieferich, P.E.
Acting Director

cc: M. Kapp
Executive File

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December 8, 2025

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 following items on the Michigan Strategic Fund Board Meeting Agenda of December 9, 2025.

- HealthBridge Financial, Inc.: A resolution to approve a Michigan Business Development Program Grant

- Revitalization and Placemaking Program: Delegation of Authority

The reason for my recusal is to avoid the appearance of a conflict with these items.

Sincerely,

Randy Thelen

December 3, 2025

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 Consent Agenda because of two items that presents a potential conflict of interest during the Michigan Strategic Fund Board Meeting on Tuesday, December 9, 2025. Potential recipient Michigan State University is a member of RU4M.

- 2026 University Early-Stage Proof of Concept Fund Designation and Funding
- Michigander Scholars Program: Michigan State University Contract Extension and Additional Allocation of Funding

Many thanks –

Britany Affolter-Caine

Britany Affolter-Caine
Executive Director
Research Universities for Michigan (RU4M)

Dear MEDC board,

Please revoke funding for the proposed UM / Los Alamos data center. I implore you to think about economic development for the public good really means and keep the needs of the Ypsilanti community front and center.

"There is a sort of poverty of the spirit which stands in glaring contrast to our scientific and technological abundance. The richer we have become materially, the poorer we have become morally and spiritually" – MLK

Thank you,

Rebecca
UM student

CONGREGATIONAL CHURCH; MIDDLEBURY, VERMONT
This beautiful church was built in 1806 and overlooks the parklike Common. The elaborate, graceful 136 ft. tower rises in stages to a delicately detailed belfry surmounted by a short spire.

STOP the data centers!

V293 Photography by ALOIS MAYER

Published by Mayer Photo-graphics, Inc. Box 483, Rutland, Vermont/Printed in Spain

Post Card

U of M will pay No taxes while we pay for increased healthcare costs and deal with decreased home values

---

Michigan Strategic Fund Board,

To whom it may concern, I'm opposed to the construction of the new data center due to concerns of rising electricity rates

Sincerely, R.T.

CS0368

© Image'In - Tél : (1) 43.49.15.50

Tristan Elder

Hi there. The Data Center is not sustainable. Please heed our warnings & do not continue with this construction.

Thank you!

3 419610 000107

Les Monuments de Paris

Respect the mayor!

-U.M Underground

Michigan Strategic Fund Board
300 N. Washington Sq.
Lansing MI
48913.

METROPLEX MI 480
28 NOV 2025 PM 7 L

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SASSAFRAS

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POST CARD

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SASSAFRAS

PLz don't take up all the energy from family homes

Michigan Strategic Fund Board
300 N Washington Sq Lansing, MI.
48933

碑林
The Forest Of Tablet Stones

...tional landmark located on the south slope of Mount ...ood, Oregon. North America's only year round ski resort.
Photo by ...

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MAPLE

... environment and human impacts ... this AI supercenter ... really bad ... and we don't want it!

Madeline Finocchiaro
freshman

MSF
300 N Washington Sq
Lansing, MI 48913

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Neri da Rimini, Italian (Rimini), documented ...
Detail of a leaf from an antiphonary, ca. 1310–15
Tempera and gold leaf on parchment ...
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Published by
THE METROPOLITAN MUSEUM OF ART

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SWEETGUM

Dear MEDC board,
please heed the Ypsilanti City Council's letter asking you to revoke funding and support for the Los Alamos / U of M data center. Making profit from nuclear weapons (and wasting clean water & energy) is not the economic development that our state needs! Protect our neighbors, parks, and environment

Michigan Strategic Fund Board
300 N. Washington Square
Lansing, MI
48913

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... is anti learning ... anti-environment. It ... energy bills & ... not good

Aditya And class of ...

To: Michigan Strategic Fund

USA/POSTCARD
SWEETGUM

MSF Board –
Please revoke your support for the LANL/UM Data Center project in Ypsilanti. We do not want to be complicit in nuclear weapons development. We love our parks, our ...

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MAPLE

Michigan Strategic Fund Board
300 N Washington Sq.
...

omecoming: The Paintings of William H. Johnson
illiam H. Johnson (1901–1970)
ount Calvary, c. 1944
l on paperboard, 27¾ x 33⅜ in.

USA/POSTCARD
SWEETGUM

ear esteemed members
f the board,
s a U of M student,
oppose the development
f the Ypsilanti Data
nter by DTE. If
ou care about the
nterests of me and my
ers, do not support
is initiative.

Thank you,
Isabella Redondo Ramos
UM [redacted]
student

Michigan Strategic
Fund Board,
300 N. Washington St.,
Lansing, MI 48913

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ational Museum of American Art
nithsonian Institution
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Smithsonian Institution

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SIR CHRISTOPHER WREN BUILDING
WILLIAMSBURG, VA
The Wren Building, located within the College of William and Mary, was designed by Sir Christopher Wren. The foundation was laid in 1695, and is the oldest academic building in the United States.
Photos by Bill Gaertner

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24 NOV 2025 PM 7 L
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SASSAFRAS

U of M will pay No
taxes while we pay for
increased healthcare costs
and deal with decreased
home values.

Michigan Strategic
Fund Board
300 N. Washington Sq.
Lansing, MI 48913

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USA
postcard

Michigan Strategic Fund Board
300 N. Washington Sq.
Lansing, MI 48913

Hi I am [redacted] a
Student at UMich,
and I oppose
the construction of
the data
center.

California Certified Organic Farmers
VOTE WITH YOUR DOLLAR
support small organic family farms

USA/POSTCARD
SASSAFRAS

METROPLEX MI 480
18 NOV 2025PM 6 L

Dear MEDC ~~board~~

The Ypsilanti City Council's
Letter asking you to
withdraw support for the
Los Alamos/UM data center
represents the will of the
residents in our area.
Please do not force us
to be complicit in the
development of nuclear
weapons. - A concerned citizen

Michigan Strategic
Fund Board
300 N. Washington
Square
Lansing, MI
48913

Yosemite National Park was established in 1890, the 3rd among America's National Parks. In California's Sierra Nevada Mountains, the park is famous for its giant, ancient sequoia trees and waterfalls. There are 500 giant sequoias in the park, which can live up to 3,000 years. They are thought to be the largest living things on the planet. Yosemite Falls is the tallest waterfall in North America with a 2,425 foot drop.

Tourist Courts
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ASPEN
Yosemite NP

Funding the Los Alamos
weapons lab in Ypsilanti
Township would be a
mistake, Please re-consider!
People before nukes

Tourist Courts is a division of Pumpernickel's Anderson Design Group, Inc. All rights reserved.

Michigan Strategic Fund Bd
300 N. Washington St.
Lansing, Mich. 48913

Вологда
Здание обкома КПСС
Фото В. Иванова

Vologda.
Building of the regional committee of the Communist Party

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19 NOV 2025 PM 16 L
1775 ★ 2025

OAK

I is running our poor
nvironment and stealing
orking artists jobs with
our stupid slob.

Куда Michigan Strategic
Fund Board 300 N.
Washington Sq., Lansing,
MI 48913

Кому

Индекс предприятия связи и
адрес отправителя

Индекс предприятия связи места назначения

«Планета», 1984. 7/8в-6317. А03936. 300 тыс. 2 коп. 3. 257. КПК

POTSDAM

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17 NOV 2025 PM 4 L
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USA
postcard

My name is Marissa Ewald,
and I am a U of M student.
I, along with many other students,
do not support the instantiation of the
Ypsi AI Data Center. This would be
very disruptive and harmful to the
residents and environment. Please
respect the wishes of the residents
and STOP building the center.
Have a blessed day.
Best, Marissa

Michigan Strategic Fund Board
300 N Washington Sq.
Lansing, MI 48913

Preisgruppencode

48933-124400

USA/POSTCARD
ASPEN

ichigan's clean
ter is a valuable
tural resource. Our
uifers are drying.
lease don't build
e AI data center!
ave the planet.
- Sarah,
UM senior

TO
Michigan Strategic
Fund Board
300 N Washington Sq
Lansing, MI 48913

USA/POSTCARD
SWEETGUM

METROPLEX MI 480
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michigan Strategic fund
Board 300 N. Washington
Sq. Lansing, MI 48913

tu money should
should not go towards
private AI use.
families take years to
save up for college
for this unnecessary?
company shameful &
selfish

PETRA

M.OQiLi

Avignon 84000 VAUCLUSE
La cathédrale Notre-Dame des Doms et le palais des Papes
The cathedral of Notre-Dame des Doms and the Popes palace

METROPLEX MI 480
17 NOV 2025 PM 7 L
1775 ★ 2025

USA
postcard

To whoever it may concern
we would like you
to respect the people
and the mayor.

Jack

d'Art
RICANT

Michigan Strategic Fund Board
300 N. Washington Sq.
Lansing, MI 48913

Natalie Davenport (MEDC)

From: Rick Roby <rdrobysr@gmail.com>
Sent: Wednesday, November 12, 2025 7:34 PM
To: MEDC MSF Comments

The City of Muskegon should legalize gambling then the Little River Tribe can build a 18 floor Casino/Hotel Downtown Muskegon for cruise ships and visitors to increase tourism and business build a 10k seat stadium for National Arena League Football but the State Legislators disapproved the Great Lakes Downs Site that should have three 12 floor mixed use condo and retail towers near U.S.31 & I-96 ⁉️

TROPOSPHERE LEGAL

November 13, 2025

Michigan Economic Development Corporation *Via Mail*
Attn: Michigan Strategic Fund Board
300 N. Washington Sq.,
Lansing, MI 48913

RE: Enterprise Data Center Sales and Use Tax Exemption Guidelines

Dear Members of the Board,

This letter concerns the Michigan Strategic Fund's (MSF) recent guidelines regarding the expansion of tax exemptions to Michigan-based data centers. As described below, MSF's guidelines are not authorized by law and are contrary to the text of the relevant statutes. On behalf of the Michigan Environmental Council, Natural Resources Defense Council, Sierra Club, and Citizens Utility Board of Michigan, I respectfully request that MSF revise its guidelines to comply with Michigan law.

In January 2025, the State of Michigan amended its Use Tax Act, MCL 205.94cc, and General Sales Tax Act, MCL 205.54ee, (collectively, "Tax Acts") to exempt data center equipment from sales and use taxes if stored, used, or consumed in an enterprise data center. To qualify for an exemption, an applicant must demonstrate that its facility meets the criteria for classification as an enterprise data center—or that its facility *will* meet the criteria within six years of its application. MCL 205.54ee(6)(a); MCL 205.94cc(6)(a). Among other things, the Tax Acts require applicants to meet green building standards and clean energy requirements. MCL 205.54ee(10)(e); MCL 205.94cc(10)(e). On August 26, 2025, the MSF published guidance on the Tax Acts' eligibility requirements in a document titled, "Enterprise Data Center Sales and Use Tax Exemption Guidelines" (Guidelines). These Guidelines mischaracterize the Tax Acts' clean energy requirements and purport to authorize enterprise data centers to claim exemptions in circumstances not authorized by the governing statutes.

To qualify for the tax exemptions, MCL 205.54ee and MCL 205.94cc both require enterprise data centers to procure at least 90% of the facility's forecasted annual electricity usage from clean energy sources. The Tax Acts state that a data center can meet the clean energy requirement by (A) self-supply through on-site generation of renewable energy, (B) long-term contract with the electric utility, cooperative electric utility, or municipal utility serving the geographic area where the facility is located, or (C) participation in a voluntary green pricing program. MSF's Guidelines interpret this requirement as follows:

> A Qualified Entity or its Affiliate complies with this requirement if it executes a long-term contract with a utility provider that (1) is subject to and is operating under the regulatory framework set forth in Section 5 of the Clean and Renewable Energy and Energy Waste Reduction Act, 2008

> PA 295, MCL 460.1051 (the "Clean Energy Act") and (2) the utility provider is actively pursuing compliance with the requirements of Section 51 of the Clean Energy Act, including through authorized extensions, variances, or alternative mechanisms permitted by the Michigan Public Service Commission.

Michigan Strategic Fund, "Enterprise Data Center Sales and Use Tax Exemption Guidelines" (August 26, 2025), p 4.

MSF's Guidelines also state:

> If the Contracted Utility Provider is determined to be non-compliant with the requirements under Section 51 of the Clean Energy Act, a Qualified Entity or its Affiliate that procured the long-term contract with the Contracted Utility Provider in good faith and certified its intent to procure clean energy as required under these Guidelines is not subject to revocation or repayment of the exemptions claimed under the Certificate solely on this basis.

Id.

The quoted passages of the Guidelines do not appear in the text of MCL 205.54ee or MCL 205.94cc and are contrary to the Tax Acts' plain meaning and the Legislature's intent. To satisfy the clean energy requirement, applicants must affirm that their "facility has procured or will procure [within six years] clean energy as described in section 51 of the clean and renewable energy and energy waste reduction act" (Clean and Renewable Energy Act), MCL 460.1051. MCL 205.54ee(6)(c)(iii); MCL 205.94cc(6)(c)(iii). Further, the Tax Acts require MSF to deny or revoke an applicant's tax-exempt status for non-compliance with the clean energy requirement. MCL 205.54ee(6)(d); MCL 205.94cc(6)(d).

However, the Guidelines purport to allow an enterprise data center to claim tax exemptions even in circumstances where it has failed to procure the amount of clean energy required by statute. According to the Guidelines, an enterprise data center complies with the clean energy requirement merely by contracting with a utility provider that (1) is "subject to the regulatory framework set forth in Section 51" of the Clean and Renewable Energy Act and (2) is "actively pursuing compliance with [its] requirements…including through authorized extensions, variances, or alternative mechanisms permitted by the [MPSC]."

But it cannot be said that a data center procures clean energy merely by contracting with an electric utility that is subject to the Clean and Renewable Energy Act. Under the Clean and Renewable Energy Act, utility providers are not required to meet any clean energy standard until 2035, and between 2035 and 2039, electric utilities will be required to achieve 80-percent clean energy portfolios. MCL 460.1051(1). The Tax Acts require data centers to meet a higher, 90-percent clean energy standard within six years of applying for an exemption, which could be as soon as 2031 for some enterprise data centers. From now until 2040 (and longer if extensions are granted), a utility provider can comply with the Clean and Renewable Energy

Act without 90 percent of its sales consisting of clean or renewable energy as defined by that statute. Therefore, a provider's compliance with the Clean and Renewable Energy Act is not sufficient to meet the Tax Acts' requirement to procure 90-percent clean energy within six years.

Basic statutory interpretation confirms that the Tax Acts' 90-percent clean energy requirement is *in addition to* requirements imposed on utility providers through the Clean and Renewable Energy Act. Statutes should generally be interpreted to give effect to every word and every provision, and yet, MSF's Guidelines currently interpret the Tax Acts in a manner that renders the 90-percent clean energy standard meaningless. If the Legislature meant for applicants to satisfy the clean energy requirement simply by contracting with a utility provider that is subject to the Clean and Renewable Energy Act, then that is all the Tax Acts needed to state. Instead, the Tax Acts required enterprise data centers to procure 90-percent clean energy to be eligible for exemptions and then offered contracting with a provider as one of the possible options to do so. While MSF is correct that an enterprise data center may procure clean energy by contracting with a utility provider, having such a contract does not obviate the requirement to procure clean energy equivalent to 90% of the enterprise data center's forecasted electricity usage. Unless an enterprise data center has actually met the 90-percent clean energy requirement or can show that it will meet that requirement within 6 years,[1] the Tax Acts do not permit it to claim exemptions. See MCL 205.54ee(6)(d); MCL 205.94cc(6)(d).

By allowing enterprise data centers to claim tax exemptions in violation of the Tax Acts, MSF is undermining the Legislature's clear intent to mitigate the environmental harms of data centers. Though, as initially introduced, the proposed bills – 2024 S.B. 237 and 2024 H.B. 4906 – contained no real environmental provisions, they were amended to address serious concerns that were raised regarding the negative environmental impacts of data centers. During legislative sessions, representatives heard testimony about the large amounts of energy and water consumed by data centers – including testimony that "data centers consume about 3% of the world's total electric supply and produce 2% of the world's greenhouse gas emissions." Senate Legislative Analysis, SB 237, HB 4906 (July 24, 2024). The bills were specifically amended to add environmental protections, including requirements to meet clean energy and green building standards. See 2024 SB 237; 2024 HB 4906. The bills were also amended to "encourage" persons claiming exemptions to "take direct steps…to mitigate negative environmental impacts resulting from expanded use of data centers" by, for example, "procuring or contracting for power from renewable sources." MCL 205.54ee(8); MCL 205.94cc(8). The Tax Acts' final versions reflect the Legislature's intent to mitigate the environmental impacts of data centers through both voluntary and mandatory provisions. The clean energy requirement is one of the mandatory provisions that must be satisfied before an enterprise data center can qualify for tax exempt status.

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[1] Applicant data centers are not without alternatives if utility providers cannot provide sufficient clean energy to meet the Tax Acts' clean energy requirements. See MCL 205.54ee(10)(ix)(A), (C); MCL 205.94cc(10)(ix)(A), (C).

MSF's Guidelines do not adequately enforce the clean energy requirement and allow some enterprise data centers to claim tax exemptions for which they do not qualify under the Tax Acts. The Guidelines must therefore be revised to comply with the Tax Acts' plain meaning and the legislature's intent to impose clean energy requirements on enterprise data centers.

Sincerely,

Christopher M. Bzdok (P53094)
(231) 709-4700
chris@tropospherelegal.com

Natalie Davenport (MEDC)

From: craig lechowicz <craig.lechowicz@sbcglobal.net>
Sent: Wednesday, November 19, 2025 2:47 PM
To: MEDC MSF Comments
Subject: MSF grossly flawed interpretation of Sales & Use tax laws for data centers.

The recent change to Michigan's Sales and Use Tax statutes to require data centers to use 90% clean energy to qualify for tax relief is extremely clear. They must use 90% clean energy. If our elected representatives intended to include in that law that the MSF had discretion to arbitrarily avoid this standard they would have included that intent in the statute as written.

MSF does an excellent job of throwing away taxpayer's money without breaking the law. They really don't need to become lawbreakers to further this goal.

Angry taxpayer and Michigan resident,
Craig Lechowicz

Sent from my iPad

City of Flint

Department of Business & Community Services

Sheldon A. Neeley
Mayor

Charles Donaldson
Managing Director, Regional Development (Regions 3/5/6)
Michigan Economic Development Corporation
300 N. Washington Square
Lansing, MI 48913

RE: Flint Commerce Center Brownfield Amendment

Mr. Donaldson:

On behalf of the Office of Business and Community Services for the City of Flint, please accept this letter of support for Ashley Capital's submittal of the Act 3581 Work Plan for 10001 Leith Street, Flint, MI 48505." As a city with a rich history in traditional manufacturing with an intentional focus on next generation technical manufacturing, I strongly support the adaption of the Work Plan and the subsequent development it will produce.

Ashley Capital leadership has worked intentionally with the City of Flint, including staff, community groups, and individuals, during the totality of this project to date. Ashley Capital has proven to be an astonishing example of public/private partnerships when managing large-scale developments, especially considering the rich history of their location. The City of Flint is buoyed largely through intersectional relationships with stakeholders; Ashley Capital's enthusiasm and willingness to collaborate across the board is exactly what we hope to see in our corporate partners.

This development is slated to create hundreds of new career opportunities for the residents of the greater Flint area, serving as an economic lightning rod for opportunity for a community that has long struggled to rebound from economic uncertainty. The opportunity this project has provided, and will continue to provide, will be transformative for the people of Flint.

Sincerely,

Tyler Bailey
Deputy Director of Business and Community Services
City of Flint

December 5, 2025

Michigan Economic Development Corporation
Attn: Michigan Strategic Fund Board
300 N. Washington Square
Lansing, MI 48913

Re: Enterprise Data Center Sales and Use Tax Exemption Guidelines

Dear Members of the Board:

Please accept this letter as the comments of the Michigan Energy Innovation Business Council ("Michigan EIBC") and Advanced Energy United ("United") on the Michigan Strategic Fund's (the "Fund") recent "Enterprise Data Center Sales and Use Tax Exemption Guidelines" published on August 26, 2025 (the "Guidelines"). Michigan EIBC and United represent the business voice of the advanced energy economy in Michigan and throughout the country. For more information on our organizations and members, please see our websites at https://www.mieibc.org/ and https://advancedenergyunited.org/.

As you know, in January 2025 the Michigan legislature enacted amendments to the state's Use Tax Act and General Sales Tax Act, respectively, which provided exemptions from sales and use tax for equipment stored, used or consumed in "enterprise data centers." See MCL 205.94cc and MCL 205.54ee. The amendments contain a list of requirements that data centers wishing to qualify as enterprise data centers—and thus for the tax exemptions—must fulfill, either at the time of their application or within six years of their application for the exemption. Among these is a clean energy procurement requirement. See MCL 205.54ee(10)(e)(ix) & MCL 205.94cc(10)(e)(ix). This requirement specifically requires an enterprise data center to certify that "the facility will have procured or will procure clean energy . . . equivalent to 90% of the facility's forecasted electricity usage on an annual basis."

After stating this requirement, the statutes present three options for the enterprise data centers to meet it and direct relevant utilities to "identify and, if necessary, develop tariffs, contracts, and other mechanisms that support the enterprise data center in making this demonstration." These three options include (1) self-supply through on-site renewable generation; (2) a long-term contract with a utility serving the geographic area where the facility is located, which ensures no costs to serve the facility are passed onto other customers; or (3) participation in a voluntary green pricing program as set forth in section 61 of the clean and renewable energy and energy waste reduction act. See MCL 205.54ee(10)(e)(ix)(A)–(C) & MCL 205.94cc(10)(e)(ix)(A)–(C).

The Fund's Guidelines provide detail via footnote as to how the Fund proposes to implement the clean energy procurement requirement, explaining:

> A Qualified Entity or its Affiliate complies with this requirement if it executes a long-term contract with a utility provider that (1) is subject to and is operating under the regulatory framework set forth in Section 51 of the Clean and Renewable Energy and Energy Waste Reduction Act, 2008 PA 295, MCL 460.1051 (the

> "Clean Energy Act") and (2) the utility provider is actively pursuing compliance with the requirements of Section 51 of the Clean Energy Act, including through authorized extensions, variances, or alternative mechanisms permitted by the Michigan Public Service Commission (the "Contracted Utility Provider").

Guidelines at p. 4, n. 15.

Michigan EIBC and United believe the Fund's Guidelines fail to properly interpret the statute's clean energy requirements, and, in fact, have the effect of illegally lowering the statutorily required percentage of clean energy an enterprise data center must acquire before the year 2040. Simply put, the tax amendments require enterprise data centers to certify that they will procure at least **90%** of their facility's forecasted electricity usage on an annual basis from clean energy sources. If a data center is merely required to contract with a utility "subject to and . . . operating under the regulatory framework set forth in . . . MCL 460.1051," even if that utility is "actively pursuing compliance with the requirements of Section 51 of the Clean Energy Act," the earliest such a utility would be required to ensure that at least 90% of the data center's energy procurements are from clean energy sources would be the year **2040**. Any "authorized extensions, variances, or alternative mechanisms permitted by the Michigan Public Service Commission" would potentially push this date out further. This wipes out the 90% requirement explicitly stated in the relevant tax provisions for at least the next fifteen years, without any clear authority to do so. This is clearly contrary to the plain language of the tax provisions.

More to the point, the Guidelines' proposal simply to require an enterprise data center to procure energy from a utility subject to and pursuing compliance with MCL 460.1051 renders a specific clean energy requirement applicable to enterprise data centers surplusage, contrary to the established canon of statutory construction that every word of a statute be given full force and effect. Put plainly, *every* utility customer, not just data centers, *automatically* procures energy from a utility subject to MCL 460.1051. Simply requiring a data center to contract with such a utility imposes no additional requirement on the data center to achieve enterprise data center status under the law and renders the specific requirement in subsection (10)(e)(ix) of the relevant provisions nugatory.

This portion of the Guidelines (*i.e.*, the first sentence of footnote 15) thus both requires **less** than what MCL 205.54ee(10)(e)(ix) and MCL 205.94cc(10)(e)(ix) require and in fact reads the operative requirements of both provisions clean out of the text of the statute.

Doing so is neither legally justifiable nor practically necessary or compelling. The options provided to data centers to qualify with this requirement include both self-supply of renewable energy and participation in a utility's voluntary green pricing programs under Section 61 of Public Act 295 of 2008, the latter of which can contain renewable energy credit ("REC")-only options through which an enterprise data center can satisfy any short- or medium-term shortfall in clean energy procurement that arises in any given year or years.

Because the Guidelines undermine the requirements clearly present in the plain language of the relevant amendments to the sales and use tax statutes and permit data centers to claim enterprise data center status simply by virtue of being customers of a utility subject to Section 51 of Public Act 295 of 2008 rather than by meeting the higher threshold set forth in those statutes, the

Guidelines fail to correctly implement these provisions. The Guidelines should therefore be modified to comply with the plain language of MCL 205.54ee(10)(e)(ix) & MCL 205.94cc(10)(e)(ix).

Sincerely,

Dr. Laura Sherman

President, Michigan EIBC

John Albers

Policy Director, Advanced Energy United

Public Comment from the Michigan League of Conservation Voters
Regarding MSF Data Center Tax Exemption Guidelines

Chair and members of the Board,

Thank you for the opportunity to speak today. My name is **Ben Poulson**, and I serve as the **State Government Affairs Director for the Michigan League of Conservation Voters**. Michigan LCV is a statewide, nonpartisan organization representing members from every corner of the state, dedicated to protecting Michigan's air, land, water, and communities through sound public policy.

I am here today to urge the Board to revise its current interpretation of the clean-energy requirements in the Enterprise Data Center tax exemption guidelines.

The Legislature was clear: data centers receiving tax breaks must procure 90% of their energy from clean sources. That standard exists because these facilities bring enormous new energy needs. Without guardrails, **this demand can make it significantly harder for utilities to reach their own clean-energy goals**. The solution the Legislature adopted was simple: data centers receiving tax exemptions must be committed to securing the clean energy needed to support their operations.

Unfortunately, the current guidance severely weakens that requirement by allowing data centers to qualify by signing a long-term contract with a utility, regardless of if the facility will meet the 90% clean-energy threshold. These contracts do not guarantee the procurement of clean energy within the statutory timeframe, nor does it account for the additional difficulty of meeting the clean energy standard, due to the data center's energy load. Treating Enterprise Data Centers the same as other utility ratepayers shifts responsibility away from the data center and undermines the intent and letter of the law.

Michigan LCV believes deeply in economic development that strengthens and accelerates our clean-energy future. The data center industry can be part of that future, but only if the rules reflect what the law actually requires. We respectfully urge the Board to revise the guidelines to ensure that clean-energy procurement is real, measurable, and enforceable, and that exemptions are granted only to facilities that meet the statutory standard.

Thank you for your consideration and for your work stewarding Michigan's economic and energy future.

MICHIGAN STRATEGIC FUND
RESOLUTION

2025-150

APPROVAL OF THE DECEMBER 22, 2025, CONSENT AGENDA FOR THE MICHIGAN STRATEGIC FUND BOARD

WHEREAS, on November 20, 2013, Michigan Strategic Fund ("MSF") approved use of consent agendas at MSF Board meetings, pursuant to defined consent agenda guidelines (the "Consent Agenda");

WHEREAS, on February 25, 2014, the MSF Board approved Guidelines for Preparation and Approval of Consent Agendas for the MSF, which were subsequently amended and restated by the MSF Board on October 24, 2023,

WHEREAS, the Michigan Economic Development Corporation (the "MEDC") provides administrative services to the MSF and

WHEREAS, pursuant to the recommendation of the MEDC, the MSF Board wishes to approve the Consent Agenda items listed below.

NOW, THEREFORE, BE IT RESOLVED, the MSF approves the Consent Agenda items listed below and identified in the final Consent Agenda for this MSF Board meeting:

Consent Agenda Items:

a. Proposed December 9, 2025, Meeting Minutes

Ayes:	Dr. Britany Affolter-Caine, Rachael Eubanks, Dimitrius Hutcherson, Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Lynda Rossi, Susan Tellier, Randy Thelen
Nays:	None
Recused:	None

Lansing, Michigan
December 22, 2025

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

Date: December 22, 2025

To: Michigan Strategic Fund Board

From: Rachel Elsinga, Community Development Manager
Julius L. Edwards, Managing Director, Real Estate Investment and Underwriting
Rachel Young, Senior Program Specialist

Subject: Request for Approval of a Transformational Brownfield Plan (TBP)
City of Grand Rapids Brownfield Redevelopment Authority (BRA)
Fulmar Development Partners, LLC
Project GR Riverfront Transformational Brownfield Plan

Project Summary & Request

Fulmar Development Partners, LLC (the "Developer" or "Applicant") and the City of Grand Rapids Brownfield Redevelopment Authority ("BRA") are requesting the approval of a TBP incentive package in the aggregate amount of $560,899,268 reimbursed over 30 years, and divided by revenue type as follows:

- Local and school property tax capture in the amount of $245,678,151, with state capture limited to $115,867,377.
- A maximum of $12,960,221 in construction period tax capture revenues.
- A maximum of $21,148,264 in construction period sales and use tax exemptions.
- A maximum of $281,112,632 in income tax capture revenues and withholding tax capture revenues and sales and use tax revenues (post-construction) to be reimbursed over 20 years.

The proposed Transformational Brownfield Plan (the "Plan") is contained within 10 parcels on the Fulton and Market Site. The project is located on eligible property of approximately 6.9 acres and will invest approximately $795,829,626 to transform a surface parking lot and vacant land into three new-construction mixed-use towers. The development will include a riverwalk pathway and supporting amenities throughout the entirety of the riverfront to enhance connectivity within the area. Additional public infrastructure investments include a promenade area, lookout post, and riverfront steps. The need for the incentive has been evaluated through independent third-party underwriting in accordance with the statute and the developer returns (unleveraged IRR) after the recommended incentive are anticipated to be between 8.8% and 9.2% which is in line with return benchmarks.

This TBP investment is an extension of the Grand Action 2.0 TBP approved by the MSF in 2024. The proposed scope directly correlates to the future market needs in response to the significant investment of a soccer stadium and riverfront amphitheater. Collectively, the combined mixed-use infill developments will invest approximately $1.5 billion across 26 acres, transforming underutilized property into vibrant areas. The total taxable value will increase from $2.4M to nearly $283M upon completion and add nearly 1,400 new housing units ranging from workforce housing to high-end market rate. Additionally, the project sites are located in Neighborhoods of Focus that are prioritized by the City of Grand Rapids for targeted reinvestment, and reflective of the master plan and related Area Specific Plans.

Fulton and Market Office Tower

The Office Tower on the Fulton and Market block is a new construction, mixed-use development. The building will be developed on the South end of the Fulton and Market site, bound by the residential tower to the north, Market Avenue SW to the east, the Grand River to the west, and US-131 to the south. The 21-story building totaling 916,400 square feet includes integrated parking. An additional 40,000-square foot rooftop terrace is planned for the 8th floor. The first floor includes a 10,900 square-foot common area office lobby, with 21,000 square feet of retail and 1,297 parking spaces. The balance of the building will be dedicated to a single-tenant office user totaling 420,000-net rentable square feet. This includes 18,000 square feet of executive offices on the 21st floor. The total development is expected to offer eight floors of parking and 13 floors of office, including amenity, conference, and executive space for a total of 21 floors. The project is expected to add 1,725 direct permanent jobs. These jobs will earn an average annual wage of $87,000, and represent 1,650 office jobs, 73 retail jobs and 2 property management jobs. The total annual labor impact is projected to be $150,364,768. The private investment for the office tower is estimated at $274,262,257. Construction is set to begin in the summer of 2026, and eligible activities are expected to be completed by the fall 2028.

Fulton and Market Hotel Tower

The Hotel Tower on the Fulton and Market block is a planned new construction, mixed-use development. The building will be developed at the north end of the Fulton and Market site, bound by Fulton Street W to the north, Market Avenue SW to the east, and the Grand River to the west, replacing an existing surface parking lot. The 130-room hotel tower is projected to include approximately 137,006 square feet of hotel space and 76 owner-occupied residential condominium units totaling 106,628 square feet of leasable residential space. This project will be constructed on top of a parking podium that will offer 490 shared parking spaces between the hotel tower and residential tower. This project is expected to create 155 direct permanent jobs earning an average wage of roughly $59,000 per year, comprised of 153 hotel jobs and 2 residential property management jobs. The total annual labor impact of is expected to be $9,073,619. The anticipated private investment for this Project is $193,313,089, with construction planned for the summer of 2027 and eligible activities to be completed in 2030.

Fulton and Market Residential Tower

The Residential Tower on the Fulton and Market block is a planned new construction, mixed-use development at the center of the Fulton and Market site. The building replaces an existing surface parking lot and will be constructed on the same parking podium that the hotel tower will sit upon. The residential tower is a proposed 43-story building of approximately 476,350 square feet across 595 residential units. The development anticipates 118 studio apartments, 350 one-bedroom apartments, 117 two-bedroom apartments, and 10 three-bedroom apartments. There will be an estimated 35,698 square feet of common area, elevators, escalators, lobbies, corridors, mechanical rooms, and janitor closets. There will be an additional 16,880 square feet of ground-level retail contained within this building. This development adds 723 new parking spaces dedicated to the residential tower contained within the shared parking podium. This Project is expected to create 61 direct permanent jobs earning an average wage of roughly $48,000 per year, comprised of 59 retail jobs and 2 residential property management jobs. The total annual labor impact of permanent jobs at the residential tower is projected to be $2,963,062. The anticipated private investment for this project is $328,254,280. Construction of this project is anticipated to start in the summer of 2027 and eligible activities for the project are expected to be completed in 2030.

A project map and project renderings are included in **Appendix C**.

PROJECT SUMMARY	
Project Eligibility	Facility
Total Approximate Private Square Feet Revitalized	1,241,834
Total Approximate Public Square Feet Activated	68,200
Total Approximate Acres Activated	6.92
Estimated # of Residential Units	671
Estimated Full-Time Equivalent Jobs Created	1,941
Estimated Commercial Square Footage	37,880
Estimated Residential Square Footage	582,978
Current Taxable Value	$2,345,694
Projected Taxable Value at Completion	$205,160,972
Total Anticipated Capital Investment	$795,829,626
Transformational Brownfield Revenue Request	$560,899,268

The site location is within a high priority area for the City of Grand Rapids that is targeting high density development to create a more vibrant and accessible downtown area. The delivery of an office headquarters, new hotel, and residential units will continue Grand Rapids' position as one of the fastest growing cities in the State of Michigan. This investment will support the momentum of growth that is expected to have a lasting impact for years to come. Due to geotechnical and engineering challenges on the site, cost of debt, and high costs of construction within current market conditions, the project cannot be financed and brought to fruition without incentive assistance, including real property tax increment financing (TIF), transformational tax increment financing, and additional incentives. When completed, the project will have a transformational impact on local economic vibrancy and community revitalization.

Through an Affordable Housing Agreement between the Developer and the City of Grand Rapids, the Developer will commit an annual contribution to the Grand Rapids Affordable Housing Fund for the duration of time that residential income tax capture revenues are flowing to the Developer.

Following construction completion and occupancy of the completed buildings, the project will undergo a re-evaluation based on the certified construction costs which may require the incentive to be adjusted down ("true up"). The incentive award will be decreased if the actual construction costs are less than 90 percent of the amount estimated in the Act 381 Combined Transformational Brownfield Plan. The associated MSF Board resolution includes the authorization for this modification per Section 14a(8) of Act 381.

Statutory and Policy Considerations

Act 381 of 1996 (the "Act"), as amended, authorizes the MSF to approve Transformational Brownfield Plans that include state and local property tax capture in conjunction with the Local Unit of Government, sales and use tax exemptions, construction period tax capture revenues, income tax capture revenues, withholding tax capture revenues, and sales and use tax capture revenues for the purpose of supporting projects statewide. On July 25, 2017, the MSF Board approved the Transformational Brownfield Program Guidelines ("Guidelines"). The Guidelines have been amended by the MSF Board most recently on December 12, 2023. As required under the Act, all statutory criteria for the project have been considered when making the recommendations in this memo. The project meets the Guidelines and programmatic requirements, and an underwriting analysis has been completed by SB Friedman Development Advisors, LLC ("SB Friedman"). A summary of the completed underwriting analysis is included in **Appendix A**. An MSF Eligible Activities Table, Transformational Brownfield Program ("TBP") Revenue Summary, and key statutory criteria are included in **Appendix D**.

The project qualifies as a TBP as defined under Act 381 as it exceeds the threshold for capital investment based on the population of the city (which in this case is $100 million) and will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment that will result from the plan. The project is a mixed-use development with planned integration of retail, residential, and commercial uses.

The request includes the use of up to 100% of income tax capture revenues, which is allowed under statute and Guidelines, subject to a written affordable housing agreement between the local governmental unit and the developer. This agreement will be fully executed at a later date following MSF consideration. As a result, only 50% of projected income tax revenue will be available for capture until the executed affordable housing agreement between the Developer and local governmental unit is received by the MEDC. Once the affordable housing agreement is received and determined to be in keeping with programmatic requirements by MEDC staff, the full 100% of projected income tax revenue will be available for capture.

The request also includes a safe harbor calculation for income and withholding tax capture revenues, which may be elected for an individual project or the entire series of projects. The developer must elect whether to use the safe harbor calculation prior to the first disbursement of income tax capture revenues for each particular project. Once disbursement of income and withholding tax capture revenues commences, the developer may not change the election for that individual project.

Financial Highlights

- Total Development Cost ranges from $473 to $608 per square foot.
- Residential rental rates are expected to exceed the current top of the market rent averages by 36%-92%.
- Anticipated debt financing equal to between 53%-65% of total development costs for each of the Project Components.
- Anticipated equity contribution of between 32%-40% of total development costs for each of the Project Components.
- Average debt service coverage ratios are anticipated to be between 1.52-1.95.
- Projected Unleveraged Internal Rate of Returns (IRRs) of between 8.8% and 9.2%

An MSF Eligible Activities and Tax Capture Summary are included in **Appendix D**.

Demonstrated Need

An independent underwriting analysis was completed by SB Friedman to determine the need for the requested TBP assistance. As part of their review, they performed several sensitivity analyses to account for adjustments to variables that were outside of market ranges or unable to be verified by SB Friedman. Based on those analyses with TBP assistance, the project's unleveraged IRR is projected between approximately 8.8% and 9.2% which is in line with return benchmarks of 8.2% to 9.2% for projects of a similar nature. The level of TBP assistance requested appears reasonable and appropriate to ensure the financial feasibility of the proposed project. The underwriting analysis was guided by the MSF approved TBP Guidelines which are listed below.

Underwriting Criteria per TBP Guidelines:

1. Evaluation of specific underwriting criteria, including at a minimum the following:
    a. Assessment of how much traditional debt the project should be able to support/attract.
    b. Developer and consultant fees limited to 4% of the total development cost of the project.
    c. Reasonableness assessment of any related-party costs and expenses.
    d. Minimum Owner Equity Investment: 20% of Total Development Costs (net of developer and consulting fees). Deferred fees will not be counted in the calculation.
    e. Minimum Debt Service Coverage Ratio: 1.20:1.00, calculated based on all scheduled debt service requirements following stabilization and conversion to permanent financing.
    f. Returns in relation to the land use mix, location, size and complexity of the project and the risk involved. Unleveraged IRR and yield on cost will be evaluated if financing is preliminary. If financing term sheets are provided, leveraged IRR and cash on cash return will be evaluated. Average annual return metrics will be for the first three years following project stabilization.
2. Reasonableness assessment of the proposed rental structure and assumptions.
3. Reasonableness assessment of the proposed operating expenses.
4. Reasonableness assessment of the proposed development costs.
5. Process conducted to analyze and determine the project's economic viability.

TBP Program Guidelines state that unleveraged return metrics should be used for reviewing projects in which financing is preliminary. Therefore, the underwriting conclusions are based on unlevered return metrics, including unleveraged IRR. The underwriting summary is included in **Appendix A**.

Local Support

The City of Grand Rapids is anticipated to approve a 12-year Commercial Rehabilitation Act ("CRA") tax abatement valued at approximately $5,585,924 in Summer 2026; a 15-year Neighborhood Enterprise Zone ("NEZ") tax abatement valued at $16,780,792 in Summer 2026; and support through the local portion of the property tax capture component of the TBP valued at $129,810,774.

Applicant Background / Qualifications

Fulmar Development Partners LLC is a joint venture partnership between MBW Grand Rapids, LLC and Fulmar Property Holdings, LLC. MBW Grand Rapids, LLC represents Magellan Development, Fulmar Property Holdings LLC is a partnership between individual members of the DeVos and VanAndel families, and 63 Market Avenue LLC is owned by members of the DeVos family. Projects developed jointly by the DeVos and VanAndel families include the JW Marriott, Plaza Towers, and The Amway Grand Plaza. These projects represent approximately $320 million in total investment in downtown Grand Rapids.

Separately, DeVos family members have been involved in development projects totaling over $1 billion throughout the United States, with most projects occurring within the City of Grand Rapids. This includes a $250 million investment in 740,000 square foot medical office buildings and 2,300 underground parking spaces, and $500 million for the planned development of the Orlando Sports and Entertainment District that includes offices, retail, hotel and residential uses.

The individuals that comprise the ownership of F&M have been deeply committed to the Grand Rapids community for decades, continuously supporting philanthropic contributions that have propelled entertainment venues and community vibrancy throughout the Grand Rapids area, including the Helen DeVos Children's Hospital, Van Andel Institute, DeVos Place, Amway Stadium, DeVos Performance Hall, and Van Andel Arena.

Magellan Development Group has been selected to lead this project in partnership with the owners. Founded in 1996, Magellan Development Group specializes in complex, best-in-class, mixed-use real estate developments. From conception to completion, Magellan looks after all aspects of the development process and has extensive experience in design, financing, construction management, leasing, sales and marketing, asset management, and property management. Since its founding, Magellan has completed 35 large-scale, residential and mixed-use projects in Austin (Texas), Boston (Massachusetts), Chicago (Illinois), Miami (Florida), Minneapolis (Minnesota), and Nashville (Tennessee). This portfolio of developments includes 3,400 condominiums, 8,500 rental apartments, 1,500 hotel rooms, 200,000 square feet of life science office space, and 615,000 square feet of retail.

Related scope of experience includes Chicago's Lakeshore East. This investment transformed a challenging former railroad site into one of the crown jewels of Chicago, resulting in a $5 billion, 28-acre neighborhood that interweaves open green space throughout the master plan. To date, Lakeshore East is home to approximately 10,000 residents, along with hotels, a school, a high-end grocery store, restaurants, and a variety of retail shops and services. The multi-phased project has transformed the Chicago skyline and redefined a new urban living model. Magellan boasts a diversified national portfolio of completed projects and a robust pipeline of future projects throughout the nation that includes hotels, for-sale and rental residential, retail, and office.

Organizational Charts for Fulmar Development Partners, LLC and MBW Grand Rapids, LLC are provided in **Appendix B**. The background review process was completed in accordance with the MSF Background Review Policy on September 23, 2025.

<u>Recommendation</u>

MEDC staff recommends approval of the following (the "Recommendation"):

a) Approval of a TBP in the aggregate amount of $560,899,268 reimbursed over 30 years, which consists of the following revenue maximums:
   a. Local and school property tax capture in the amount of $245,678,151, to be reimbursed over 30 years.
   b. A maximum of $12,960,221 in construction period withholding tax capture revenues.
   c. A maximum of $21,148,264 in construction period sales and use tax exemptions.
   d. A maximum of $281,112,632 in income tax capture revenues and withholding tax capture revenues and sales and use tax revenues (post-construction) to be reimbursed over 20 years.

a) Approval of the factors that will be used to calculate the safe harbor amounts for income tax capture and withholding tax capture if elected by the developer. This election may be made on an individual project site or all project sites and must be made prior to the first distribution of income tax or withholding tax revenues. This information is included in **Appendix E**.

APPENDIX A – Underwriting Analysis Executive Summary

Underwriting Analysis

The Developer requested assistance under the Transformational Brownfield Plan (TBP) amendment to the Michigan Brownfield Redevelopment Financing Act. SB Friedman Development Advisors, LLC (SB Friedman) was engaged by the Michigan Economic Development Corporation (MEDC), on behalf of the Michigan Strategic Fund (MSF), to conduct an independent third-party financial and underwriting review of the Project, as required by state statute.

The underwriting analysis was guided by the MSF approved TBP Guidelines which include the following assessment criteria:

- Assessment of how much traditional debt the project should be able to support/attract.
- Developer and consultant fees limited to 4% of the total development cost of the project.
- Reasonableness assessment of any related-party costs and expenses.
- Minimum Owner Equity Investment: 20% of Total Development Costs (net of developer and consulting fees).
- Minimum Debt Service Coverage Ratio: 1.20:1.00, calculated based on all scheduled debt service requirements following stabilization and conversion to permanent financing.
- Returns in relation to the land use mix, location, size and complexity of the project and the risk involved. Unleveraged IRR and yield on cost are to be evaluated if financing is preliminary.
- Reasonableness assessment of the proposed rental structure and assumptions.
- Reasonableness assessment of the proposed operating expenses.
- Reasonableness assessment of the proposed development costs.
- Process conducted to analyze and determine the project's economic viability.

TBP Program Guidelines state that unleveraged return metrics should be used for reviewing projects in which financing is preliminary. Therefore, the underwriting conclusions are based on unleveraged return metrics, including unleveraged IRR and yield on cost.

Conclusions and Recommendations

To account for the mix of Project uses, SB Friedman established a range of market-appropriate, risk-adjusted rates of return for each land use, which were then weighted based on each land use's percentage of overall Project net operating income (NOI) during the first year in which all components generate stabilized cash flow. The following ranges were established for the Project: 7.2-8.2% for stabilized yield on cost and 8.2-9.2% for unleveraged IRR. Sensitivity analyses with TBP assistance were conducted to account for assumptions that were considered to be outside of market ranges or unable to be verified by SB Friedman. With those analyses the project's unleveraged IRR is projected to be between approximately 8.8% and 9.2% which is in line with return benchmarks.

SB Friedman used a variety of sources to conduct its evaluation, including data from the Development Team, SB Friedman's in-house database with detailed underwriting metrics for similar projects we have reviewed, industry sources (e.g., CoreLogic, HVS, Institute for Real Estate Management (IREM), National Association of Home Builders (NAHB), Zillow), and subscription data sources (e.g., CoStar, PwC, Real Estate Research Corporation (RERC), RS Means). Additional clarifying information was provided by the Development Team and its consultants through correspondence, conversations and written materials.

In addition, SB Friedman evaluated the Development Team's TBP tax revenue projection assumptions using data prepared by the Development Team's consultant, as well as data obtained from the City of Grand Rapids (the "City"), CoStar, the Kent County Assessor, Lightcast, Placer.ai, the State, U.S. Bureau of Labor Statistics (BLS), U.S. Census Bureau, and discussions with the Development Team and the MEDC.

The Project is currently in conceptual design, meaning costs are likely to adjust as the Project moves further through predevelopment. The Development Team's various costs for the Project generally appear reasonable relative to comparable projects reviewed by SB Friedman (adjusted to account for location and construction year). However, the expected hard costs for the Residential Tower are approximately 25% higher than the high end of the benchmark range established by SB Friedman. The Development Team suggested that a loss factor associated with common areas could be one driver of the cost premium but did not provide updated SF estimates to confirm. SB Friedman accepted the costs for the purpose of this analysis.

Uncertainty exists regarding the overall financing given that the Project is early in predevelopment and Project characteristics are likely to evolve as the Project moves closer to development. The Development Team is anticipating financing the Project with a combination of conventional debt, cash equity, condo pre-sales and TBP revenues. Based on the stabilized DCR, it appears that the Development Team is maximizing debt for the Office Tower, but leverage is somewhat low for the Residential Tower and Hotel Tower. While interest rates are dynamic in the current market and there is uncertainty regarding interest rates going forward, the interest rate and amortization assumptions generally appear reasonable.

Third-party market studies have been conducted to establish anticipated rents and absorption for the residential, office, hotel and retail space in the Project. However, the pro forma assumptions in several instances did not align with market study conclusions. Furthermore, there has not been a market study to support the residential condominium sales assumptions or the specific demand for residential rental units at the price points anticipated. Rather, the residential market study focused on conclusions regarding characteristics of the current Downtown Grand Rapids market. SB Friedman reviewed general information available through the 2022 Housing Needs Assessment and recent multifamily development in Grand Rapids. While the study identified unmet demand for multifamily units serving higher-income residents in the city, only site-specific market studies can identify the appropriate unit mix, pricing and absorption for particular development sites. The Development Team is assuming office and residential rents, as well as hotel ADRs and occupancy rates, that reflect a premium relative to the existing market. In some cases, those premiums are significant, particularly with studio and one-bedroom residential rents and hotel occupancy rates. Furthermore, there is limited evidence that suggests that the pace of condo sales at the assumed price point is achievable.

Approximately 27% of the estimated TBP revenues for the Project are generated by residential income tax capture. While the share of income spent on rent for Project residents appears reasonable in early years, residents' incomes correlate with rent levels. The Development Team projects consistently high wage growth for residents and workers in the Project over the entire duration of the TBP period at a level that exceeds rent growth. Therefore, there is uncertainty regarding potential residential income tax capture. In the event the development team elects to use safe harbor the maximum amount of income tax capture would be limited to $130,498,208 as opposed to $144,998,009, mitigating the risk to the State of Michigan related to the uncertainty regarding income tax capture.

Many of the Development Team's key assumptions in the final iterations of their TBP models — including construction costs, sales volume and taxable values — were determined to be reasonable. Employee wage assumptions, which inform the construction period income tax capture and withholding tax capture, while generally considered reasonable, did not account for any reduction in taxable income from the State personal exemption. SB Friedman incorporated income tax exemptions into the underwriting analysis as a baseline adjustment. SB Friedman also incorporated the Development Team's latest estimate for total office hard costs of $209M, a reduction from $210M in the Development Team's model. Finally, after discussions with the Development Team, SB Friedman adjusted the labor/materials construction cost share.

Due to the early stage of design for multiple Project Components, SB Friedman recommended that the TBP assistance structure and redevelopment agreement require a "true up" to right-size public TBP assistance at the time costs are solidified. Staff is recommending that a single post construction re-evaluation be conducted per Section 14a(8) of Act 381 to adjust for the actual construction costs. The incentive award will be decreased if the actual construction costs are less than 90 percent of the amount estimated in the Act 381 Work Plan. The Reimbursement Agreement for this project will further detail the post construction cost certification and conditions that would require specific modifications.

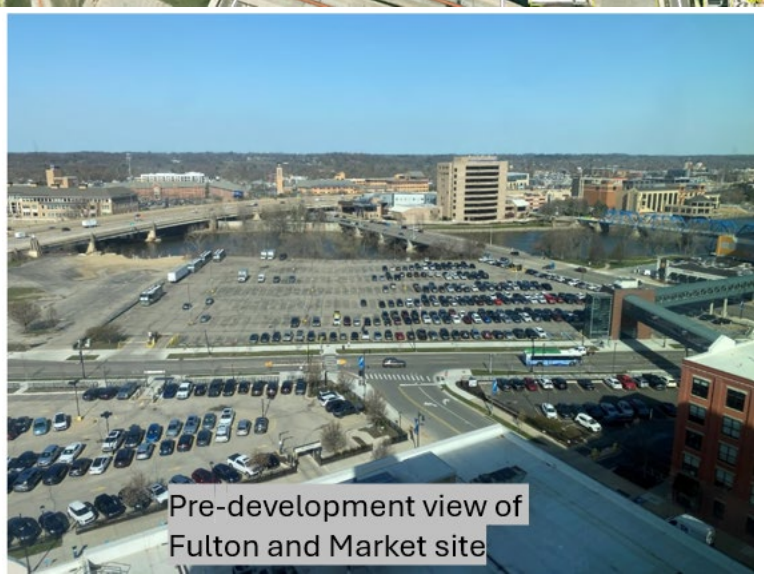
APPENDIX B – Organizational Charts

Organizational Structure

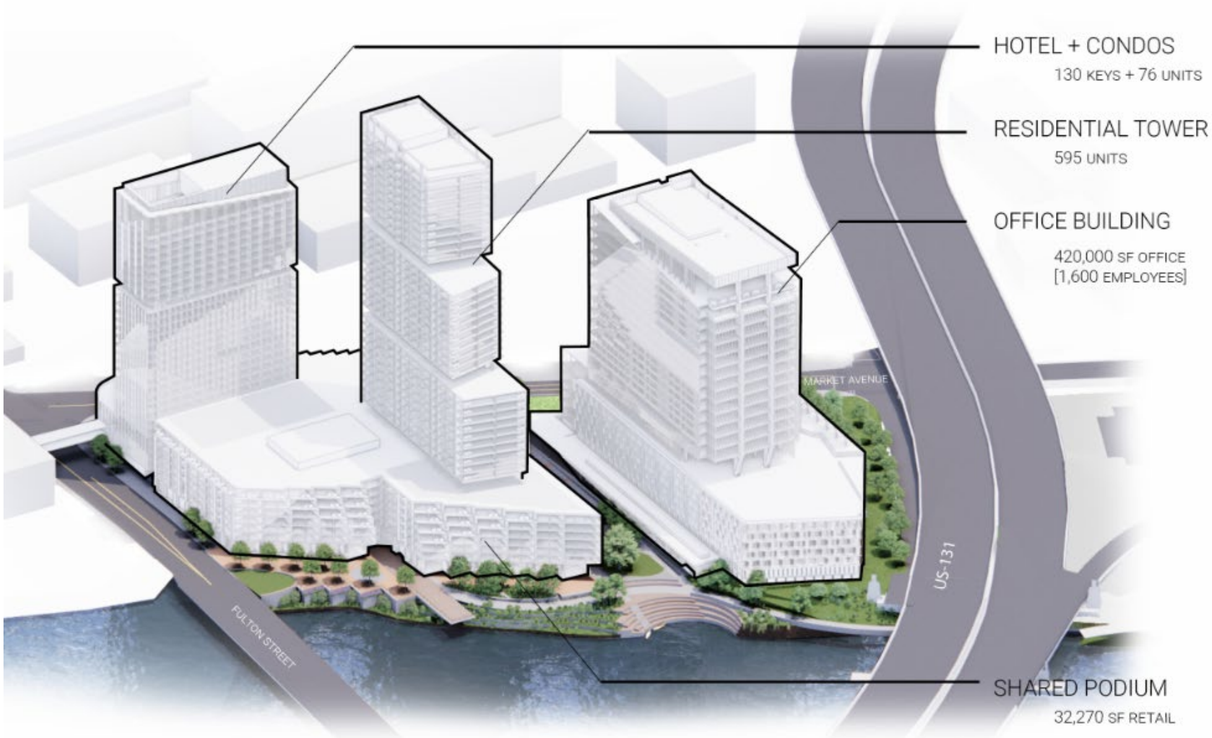
Company Name: Fulmar Development Partners LLC
Employer Identification Number: 39-3882207
MANAGER: Member Managed 50/50 by MBW Grand Rapids LLC and Fulmar Property Holdings

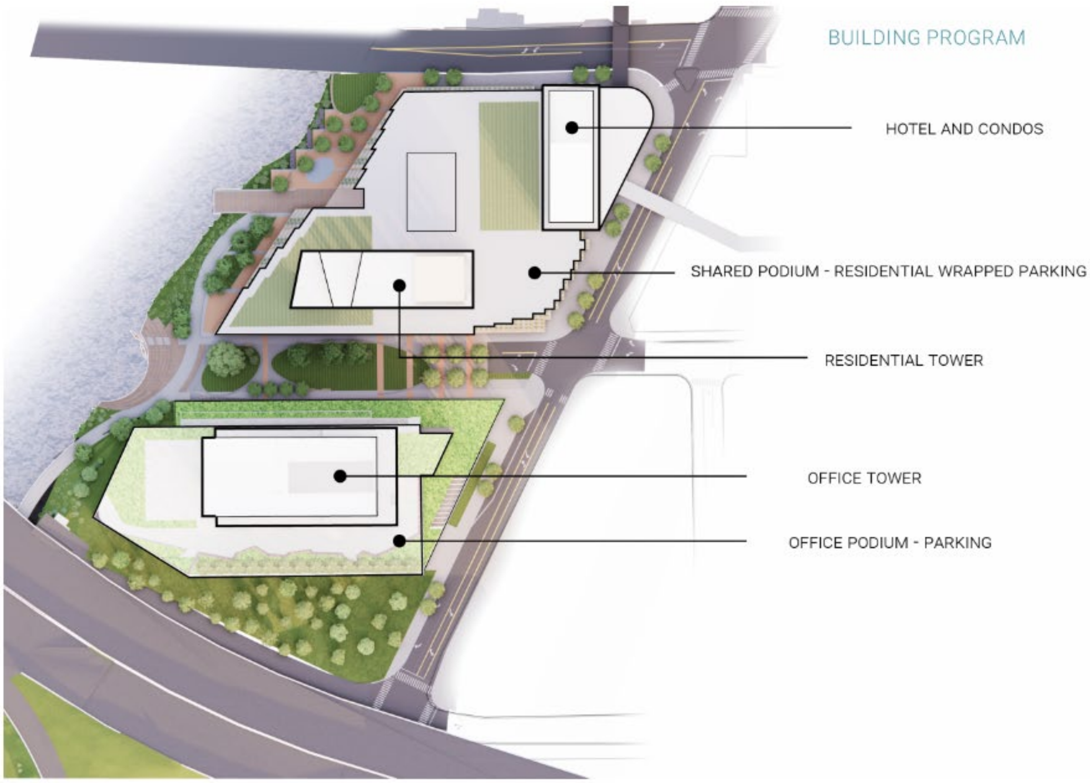
Member			Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
Member: [MBW Grand Rapids LLC], Manager: [Louie CLP Grand Rapids LLC]			**50.00%**	39-3954074	Delaware
[Par 3 Capital Management PropCo II LLC]		6.25%			
	Manager: J.R. Berger				
[Louie CLP Grand Rapids LLC]		6.25%			
	Manager: David J. Carlins				
[WP MDG Grand Rapids LLC]		18.75%			
	Managing Member: Winter Magellan LLC				
[ICMC DRE MDG Grand Rapids LLC]		18.75%			
	Sole Member: ICMC DRE MDG PropCo 2 LLC				
Member: Fulmar Property Holdings, LLC, Manager :	**Member Managed 50/50 by Fulmar G2 LLC and G2 GR LLC**		**50.00%**	39-3857308	Michigan
G2 GR LLC					
	Manager: RDV Corporation	25.00%			
Fulmar G2 LLC					
	Manager: VA Enterprises, LLC	25.00%			
			100.00%		

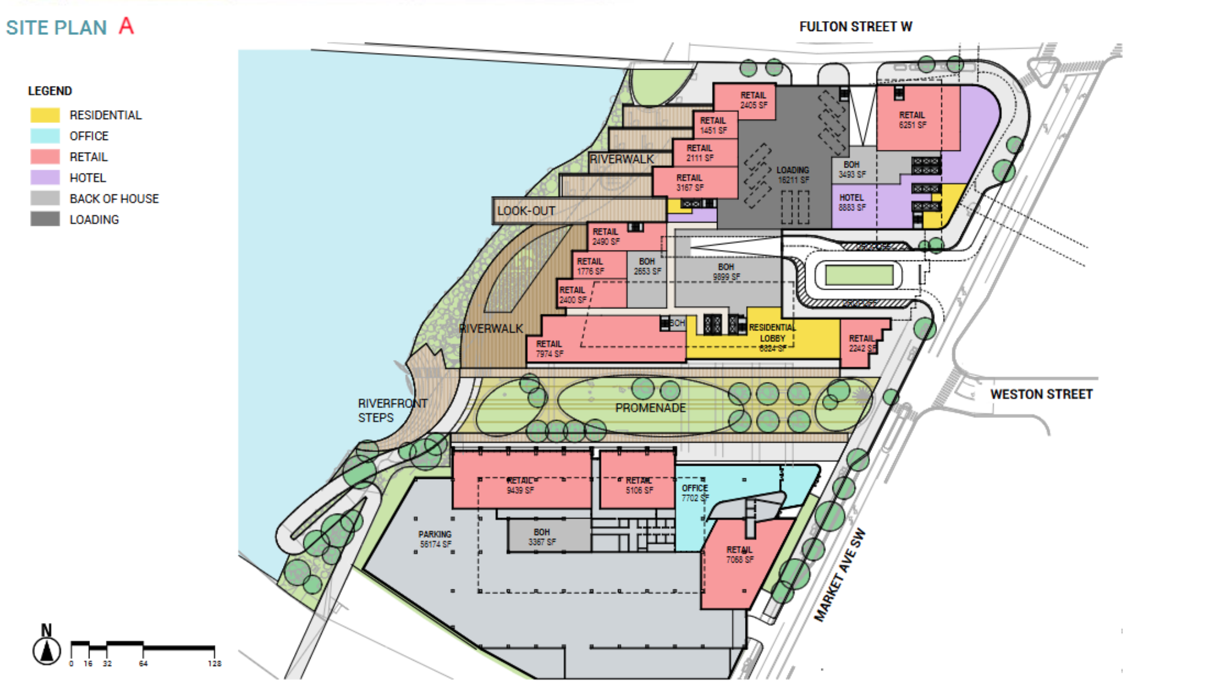
APPENDIX C – Project Maps and Renderings



Pre-development view of
Fulton and Market site


HOTEL + CONDOS
130 KEYS + 76 UNITS
RESIDENTIAL TOWER
595 UNITS
OFFICE BUILDING
420,000 SF OFFICE
[1,600 EMPLOYEES]
MARKET AVENUE
US-131
FULTON STREET
SHARED PODIUM
32,270 SF RETAIL


BUILDING PROGRAM
HOTEL AND CONDOS
SHARED PODIUM - RESIDENTIAL WRAPPED PARKING
RESIDENTIAL TOWER
OFFICE TOWER
OFFICE PODIUM - PARKING


SITE PLAN A
LEGEND
RESIDENTIAL
OFFICE
RETAIL
HOTEL
BACK OF HOUSE
LOADING
FULTON STREET W
WESTON STREET
MARKET AVE SW
RIVERWALK
LOOK-OUT
RIVERWALK
RIVERFRONT STEPS
PROMENADE
RESIDENTIAL LOBBY
LOADING
PARKING
OFFICE
N
0 16 32 64 128

APPENDIX D – MSF Eligible Activities Summary

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Grand Rapids, has duly approved a Transformational Brownfield Plan for these properties on December 3, 2024. The property has been determined to be to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on May 19, 2025.

There are 64.65 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 24 mills (37.12%) and local millage equaling 40.65 mills (62.88%). Tax increment capture will begin in 2027 and is estimated to continue for 30 years for each project. The state tax capture is recommended to be capped at $115,867,377, which is the amount of tax increment revenue anticipated to be generated in 32 years. Total MSF eligible activities are estimated at $560,899,268. The tax capture ratio is impacted by the CRA and NEZ tax abatements, and the blended ratio is shown below. The property tax reimbursement only represents a portion of the award needed to fully reimburse the developer for eligible activity costs. MSF eligible activities break down as follows:

Tax Capture Summary:

State tax capture	(47.16%)	$	115,867,377
Local tax capture	(52.84%)	$	129,810,774
TOTAL		**$**	245,678,151

Total TBP Revenue Breakdown

Property Tax Capture	$	245,678,151
Construction Period Sales and Use Tax Exemption		21,148,264
Construction Period Tax Capture		12,960,221
Income Tax Capture (post-construction)		144,998,009
Withholding Tax Capture (post-construction)		87,371,701
Sales and Use Tax Capture (post-construction)	+	48,742,922
ANTICIPATED TOTAL	**$**	**560,899,268**

The project is not requesting EGLE Work Plan support for this project to assist with environmental eligible activities.

Statutory Criteria

It is the role of the Project Management staff (MEDC Staff) to review the information provided by the applicant for eligibility, completeness, and adherence to program guidelines, and to manage the MSF's investment. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from materials submitted by the applicant, and, as applicable, from other relevant third-party sources utilized by staff.

As required under Act 381, the following statutory criteria is being considered by the MSF:

A. The importance of the project to the community in which it is located:

The riverfront, fulfilling some of the City's demand for housing, creating more development in the core central business district, creating new job opportunities, and increasing the City's long-term tax base. Additionally, this project will bolster the success and strength of development already occurring downtown. This project is also adjacent to the planned Acrisure Amphitheater on the riverfront, and the location of a new hotel and residential units under a quarter mile from the Amphitheatre will ensure the success of that development. The creation of a new soccer stadium and amphitheater, as well as robust programming at the DeVos Place and Van Andel arena will create additional demand for hotel units for visitors to Grand Rapids. The Development will also bring new jobs to the core central business district in Grand Rapids. The job mix will include retail jobs, residential and hotel property management jobs, and office jobs. Creating new job opportunities for citizens in Grand Rapids and new residential opportunities will result in sustainable prosperity for the community.

B. If the project will act as a catalyst for additional revitalization of the community in which it is located:

The development of this site will contribute greatly to the City's long-term tax base and will also contribute greatly to the tax base of Kent County and the State of Michigan, allowing the municipalities to further strategic initiatives and priorities for the City. Additionally, this site will greatly increase the density of the area. The conversion of surface parking lots into multi-story, mixed-use development will elevate this site and the area as an attractive and pedestrian-friendly development. The activation of the Grand River riverfront is a high priority for the City of Grand Rapids, and this development will include a pedestrian river walk, a promenade extending from Weston Street to the river, and public outdoor spaces that will create a more inviting core central business district for visitors and residents alike.

C. The amount of local community and financial support for the project:

The City of Grand Rapids is anticipated to approve a 12-year Commercial Rehabilitation Act ("CRA") tax abatement valued at approximately $5,585,924 in Summer 2026; a 15-year Neighborhood Enterprise Zone ("NEZ") tax abatement valued at $16,780,792 in Summer 2026; and support through the local portion of the property tax capture component of the Brownfield TIF valued at $129,810,774.

D. The applicant's financial need for a community revitalization incentive:

The TBP proposes that the development team will invest over $795 million for the development of 6.92 acres into 3 towers to include residential, commercial, hospitality, and integrated structured parking. With the proposed TBP support the project is anticipated to generate unleveraged IRRs between approximately 8.8% and 9.2% which is in line with return benchmarks of 8.2% to 9.2% for projects of a similar nature.

E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:

Not applicable.

F. Creation of jobs:

In total, the project is projected to generate 1,941 full-time equivalent jobs at an average hourly wage of $40.23.

G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:

Total investment for the Project is anticipated to be approximately $796 million. It anticipated that the project will be financed primarily with a combination of debt, condo presales, and equity financing. Equity contributions for each of the Project Components are anticipated to be between 32-40% of total development costs. Financing is not anticipated to consist of any federal funding or tax credits.

H. Whether the project is financially and economically sound:
The project has undergone a third-party review underwriting review. Although there is some uncertainty that exists it is believed to be financially and economically viable.

I. Whether the project increases the density of the area:
The Fulton and Market project will convert existing surface parking lots into high density housing, commercial, office, and hotel space. Additionally, the development of the promenade, Riverwalk, and other public features will increase the pedestrian use of this property and revitalize it from its current use as just a surface parking lot.

J. Whether the project promotes mixed-use development and walkable communities:
The development of the Fulton and Market site will enhance the walkability and connectivity of downtown Grand Rapids. The Project converts an underutilized surface parking lot to a high-density mixed-use development and contemplates open public spaces between the buildings that will activate the riverfront and provide outdoor open spaces to visitors and residents alike.

K. Whether the project converts abandoned public buildings to private use:
Not applicable

L. Whether the project promotes sustainable development:
The development will include several sustainable elements, including LED lighting, building design that reduces energy loss, and a reduction in impervious parking lot surface. Project design currently contemplates energy efficient electrical and mechanical systems, use of recycled and sustainable building materials, live and green roofs on building terraces, and improved indoor air quality.

M. Whether the project involves the rehabilitation of a historic resource:
Not applicable

N. Whether the project addresses area-wide redevelopment:
The vision of the GR Forward Community Plan and Investment Strategy identifies multiple goals that pave a road map for future growth and prosperity in the City, and this project will help realize many of the goals identified herein. For example, the GR Forward Vision has a goal of restoring the river and creating a connected and equitable river corridor. This project contemplates activating the riverfront with a promenade open for residents and visitors alike to enjoy the river front. This project will also help connect the Acrisure Amphitheater project to this development through the creation of walking paths under the US-131 interchange, allowing for the free flow of pedestrians throughout the downtown's core business district. Another goal identified in this vision is to expand job opportunities and ensure vitality of the local economy. This project will secure the headquarters of a major business in the Grand Rapids market that will be a statement of Grand Rapids' thriving business community.

O. Whether the project addresses underserved markets of commerce:
Kent County and the City of Grand Rapids in particular face a severe shortage of housing at all price points and this Plan will make significant strides in addressing this shortage. The housing

supply in the City of Grand Rapids is extremely depleted and an underserved market. This Plan will add an additional 671 residential units to the housing stock in the core central business district downtown.

P. The level and extent of environmental contamination:
Soil and groundwater contamination from urban fill and historical uses on the site is present throughout the subject properties. Demolition and construction activities, which include excavation of unsuitable soils, will result in necessary remediation.

Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67):
Not applicable

R. Whether the project will compete with or affect existing Michigan businesses within the same industry:
This Project will not compete with or affect existing Michigan businesses within the same industry.

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:
This Project will have a transformational impact on the City of Grand Rapids. The residential tower on the site will be the tallest building constructed in the City of Grand Rapids, and the three buildings together will have a transformational impact on the Grand Rapids skyline. Additionally, it cannot be overstated the need for housing in the central business district of Grand Rapids. The plurality of units needed in Kent County are needed in the downtown district, and this Project would deliver 671 residential units to the central business district, creating a more attractive and vibrant downtown community. Additionally, this project will create 1,941 permanent jobs for the City that will spur economic activity throughout the area. Finally, this project represents a decades long effort to activate the downtown riverfront and increase the public's access to the recreational opportunities it represents.

T. Describe how does the TBP includes provisions for affordable housing:
The affordable housing agreement provides for an annual contribution to the Grand Rapids Affordable Housing Fund for the duration of time that residential income tax capture revenues are flowing to the Developer.

APPENDIX E – Income and Withholding Tax Capture Safe Harbor Revenue Tables

MICHIGAN GROWTH ADVISORS

Safe Harbor Calculation Table
Table 7
Grand Rapids Riverfront TBP
All Projects
Grand Rapids, MI
November 2025

Year	Total Portfolio							
	Constr. Sales/Use Tax Exemption	Constr. PIT Capture	Residential Income Tax Capture - Safe Harbor	Commercial Withholding Capture - Safe Harbor	Incr. Property Tax Capture - SCHOOL	Incr. Property Tax Capture - LOCAL	Sales Tax Capture	Total TBP Benefit
2025	$0	$0	$0	$0	$0	$0	$0	$0
2026	$1,414,999	$925,191	$0	$0	$0	$0	$0	$2,340,190
2027	$7,299,909	$4,594,766	$0	$0	$0	$0	$0	$11,894,674
2028	$8,139,155	$4,888,010	$0	$0	$0	$0	$0	$13,027,166
2029	$4,294,202	$2,552,253	$0	$2,865,364	$1,293,995	$1,360,388	$182,900	$12,549,102
2030	$0	$0	$4,757,198	$3,143,886	$2,420,743	$2,894,343	$1,734,364	$14,950,533
2031	$0	$0	$5,118,300	$3,275,749	$2,471,263	$2,954,047	$1,983,288	$15,802,647
2032	$0	$0	$5,457,999	$3,404,563	$2,522,775	$3,014,948	$2,125,510	$16,525,795
2033	$0	$0	$5,649,029	$3,523,722	$2,575,357	$3,077,067	$2,189,275	$17,014,451
2034	$0	$0	$5,846,745	$3,647,053	$2,628,973	$3,140,430	$2,254,954	$17,518,155
2035	$0	$0	$6,051,382	$3,774,699	$2,683,660	$3,205,062	$2,322,602	$18,037,405
2036	$0	$0	$6,263,180	$3,906,814	$2,739,443	$3,270,989	$2,392,280	$18,572,706
2037	$0	$0	$6,482,391	$4,043,552	$2,796,341	$3,338,234	$2,464,049	$19,124,567
2038	$0	$0	$6,709,275	$4,185,077	$2,854,379	$3,406,827	$2,537,970	$19,693,528
2039	$0	$0	$6,944,100	$4,331,554	$2,913,577	$3,476,793	$2,614,109	$20,280,133
2040	$0	$0	$7,187,143	$4,483,159	$2,973,962	$3,548,160	$2,692,532	$20,884,956
2041	$0	$0	$7,438,693	$4,640,069	$3,035,555	$3,620,955	$2,773,308	$21,508,581
2042	$0	$0	$7,699,047	$4,802,472	$3,914,987	$4,370,145	$2,856,508	$23,643,159
2043	$0	$0	$7,968,514	$4,970,558	$3,996,284	$4,510,953	$2,942,203	$24,388,512
2044	$0	$0	$8,247,412	$5,144,528	$4,079,208	$4,655,669	$3,030,469	$25,157,286
2045	$0	$0	$8,536,071	$5,324,586	$4,163,792	$4,520,373	$3,121,383	$25,666,206
2046	$0	$0	$8,834,834	$5,510,947	$4,250,067	$4,613,303	$3,215,025	$26,424,175
2047	$0	$0	$9,144,053	$3,352,085	$4,338,071	$4,708,092	$3,048,176	$24,590,477
2048	$0	$0	$6,162,841	$304,095	$4,427,835	$4,804,780	$2,262,017	$17,961,569
2049	$0	$0	$0	$0	$4,519,394	$4,903,403	$0	$9,422,797
2050	$0	$0	$0	$0	$4,612,786	$5,004,001	$0	$9,616,787
2051	$0	$0	$0	$0	$4,708,048	$5,106,612	$0	$9,814,660
2052	$0	$0	$0	$0	$4,805,214	$5,211,279	$0	$10,016,493
2053	$0	$0	$0	$0	$4,904,327	$5,318,040	$0	$10,222,367
2054	$0	$0	$0	$0	$5,005,422	$5,426,939	$0	$10,432,361
2055	$0	$0	$0	$0	$5,108,540	$5,538,019	$0	$10,646,559
2056	$0	$0	$0	$0	$5,213,721	$5,651,322	$0	$10,865,043
2057	$0	$0	$0	$0	$5,321,009	$5,766,894	$0	$11,087,903
2058	$0	$0	$0	$0	$5,430,443	$5,884,778	$0	$11,315,221
2059	$0	$0	$0	$0	$3,158,206	$3,507,929	$0	$6,666,135
TOTAL (30 Yrs)	$21,148,264	$12,960,221	$130,498,208	$78,634,531	$115,867,377	$129,810,774	$48,742,922	$537,662,297

MICHIGAN STRATEGIC FUND

RESOLUTION 2025-152

APPROVAL OF A BROWNFIELD ACT 381 COMBINED TRANSFORMATIONAL BROWNFIELD PLAN
CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY
THE PROJECT GR RIVERFRONT TRANSFORMATIONAL BROWNFIELD PLAN

WHEREAS, the Michigan Economic Growth Authority ("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 ("Act 381"), 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, Executive Order 2012-9 transferred all the authority, powers, duties, functions, responsibilities, records, personnel, property, unexpended balances of appropriations, allocations or other funds of the MEGA to the Michigan Strategic Fund ("MSF");

WHEREAS, Public Act 46 of 2017 amended Act 381 to allow a governing body and the MSF to approve transformational brownfield plans)"TBP") and was further amended by Public Act 135 of 2021 modifying criteria for transformational brownfield plans;

WHEREAS, The MSF Board adopted the Transformational Brownfield Plan Guidelines (the "TBP Guidelines") by Resolution 2017-109

WHEREAS, the MSF Board amended the TBP Guidelines by Resolution 2017-152 on September 26, 2017, by Resolution 2019-062 on April 23, 2019, by Resolution 2022-055 on March 22, 2022, by Resolution 2023-132 on July 25, 2023, and by Resolution 2023-194 on December 12, 2023;

WHEREAS, captured school operating tax revenues, construction period tax capture revenues, sales and use tax exemption, income tax capture revenues, withholding tax capture revenues, sales and use tax capture revenues may be used under 1996 PA 381 as amended, for demolition, construction, restoration, alteration, renovation or improvement of buildings, or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property, or for lead, asbestos, or mold abatement, and for demolition and that are not response activities under the Natural Resources and Environmental Protection Act, 1994 PA 451;

WHEREAS, the City of Grand Rapids Brownfield Redevelopment Authority (the "Authority") has submitted a combined transformational brownfield plan (the "Plan") for property located at 63 Market Avenue SW, 53 Market Avenue SW, 47 Market Avenue SW, 41 Market Avenue SW, 45 Market Avenue SW, 37 Market Avenue SW, 21 Market Avenue SW, 17 Market Avenue SW, 3 Market Avenue SW, and 216 Fulton Street W within the City of Grand Rapids, known as The Project GR Riverfront Transformational Brownfield Plan (the "Project");

WHEREAS, the City of Grand Rapids is a "qualified local governmental unit" and is eligible to provide for a) demolition; b) lead, asbestos, or mold abatement; c) public infrastructure improvements; d) site preparation; e) brownfield and work plan preparation; f) brownfield and work plan implementation and g) interest as provided under 2007 PA 204;

WHEREAS, the Authority and Fulmar Development Partners, LLC (the "Developer") are requesting MSF approval of the following actions:

1) capture of $245,678,151 in local and school property tax capture revenues, with state tax capture limited to $115,867,377;
2) a sales and use tax exemption of up to $21,148,264 during the construction period of the Project;
3) capture up to $12,960,221 in construction period tax capture revenues; and
4) capture up to $281,112,632 in post-construction income tax capture revenues, post-construction withholding tax capture revenues, and post-construction sales and use tax capture.

(the aforementioned, collectively, the "Transformational Brownfield Plan Designation");

WHEREAS, the safe harbor calculation for income and withholding tax capture revenues may be elected for an individual project site prior to the first distribution of income tax or withholding tax revenues, but once disbursement of income and withholding tax capture revenues commences, the Developer shall use the safe harbor calculation for that project site until disbursement is complete;

WHEREAS, the factors that will be used to calculate the safe harbor amounts for income tax capture and withholding tax capture, if elected by the developer, are included in Appendix A;

WHEREAS, capture of up to 100% of income tax capture revenues may occur subject to a written binding affordable housing agreement between the local governmental unit and the Developer;

WHEREAS, following construction completion and occupancy of the completed buildings, the project will undergo a re-evaluation based on the certified construction costs which may require the incentive to be adjusted down ("true up"). The incentive award will be decreased if the actual construction costs are less than 90 percent of the amount estimated in the Act 381 Transformational Brownfield Plan; and

WHEREAS, the Michigan Economic Development Corporation ("MEDC") provides administrative services to the MSF, and has reviewed the application and recommends approval of the Transformational Brownfield Plan Designation by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Transformational Brownfield Plan Designation; and

BE IT FURTHER RESOLVED, that no taxes levied for school operating purposes shall be used to reimburse interest costs related to the eligible activities for the Project; and

BE IT FURTHER RESOLVED, the MSF Fund Manager is authorized to negotiate all final terms and conditions and execute all documents necessary to effectuate the Transformational Brownfield Plan Designation in accordance with the terms set forth in this Resolution and consistent with the requirements of Act 381, as amended.

Ayes:	Dr. Britany Affolter-Caine, Rachael Eubanks, Dimitrius Hutcherson, Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Lynda Rossi, Susan Tellier, Randy Thelen
Nays:	None
Recused:	None

Lansing, Michigan
December 22, 2025

APPENDIX A - Income and Withholding Tax Capture Safe Harbor Revenue Tables

MICHIGAN GROWTH ADVISORS

Safe Harbor Calculation Table
Table 7
Grand Rapids Riverfront TBP
All Projects
Grand Rapids, MI
November 2025

Year	Total Portfolio							
	Constr. Sales/Use Tax Exemption	Constr. PIT Capture	Residential Income Tax Capture - Safe Harbor	Commercial Withholding Capture - Safe Harbor	Incr. Property Tax Capture - SCHOOL	Incr. Property Tax Capture - LOCAL	Sales Tax Capture	Total TBP Benefit
2025	$0	$0	$0	$0	$0	$0	$0	$0
2026	$1,414,999	$925,191	$0	$0	$0	$0	$0	$2,340,190
2027	$7,299,909	$4,594,766	$0	$0	$0	$0	$0	$11,894,674
2028	$8,139,155	$4,888,010	$0	$0	$0	$0	$0	$13,027,166
2029	$4,294,202	$2,552,253	$0	$2,865,364	$1,293,995	$1,360,388	$182,900	$12,549,102
2030	$0	$0	$4,757,198	$3,143,886	$2,420,743	$2,894,343	$1,734,364	$14,950,533
2031	$0	$0	$5,118,300	$3,275,749	$2,471,263	$2,954,047	$1,983,288	$15,802,647
2032	$0	$0	$5,457,999	$3,404,563	$2,522,775	$3,014,948	$2,125,510	$16,525,795
2033	$0	$0	$5,649,029	$3,523,722	$2,575,357	$3,077,067	$2,189,275	$17,014,451
2034	$0	$0	$5,846,745	$3,647,053	$2,628,973	$3,140,430	$2,254,954	$17,518,155
2035	$0	$0	$6,051,382	$3,774,699	$2,683,660	$3,205,062	$2,322,602	$18,037,405
2036	$0	$0	$6,263,180	$3,906,814	$2,739,443	$3,270,989	$2,392,280	$18,572,706
2037	$0	$0	$6,482,391	$4,043,552	$2,796,341	$3,338,234	$2,464,049	$19,124,567
2038	$0	$0	$6,709,275	$4,185,077	$2,854,379	$3,406,827	$2,537,970	$19,693,528
2039	$0	$0	$6,944,100	$4,331,554	$2,913,577	$3,476,793	$2,614,109	$20,280,133
2040	$0	$0	$7,187,143	$4,483,159	$2,973,962	$3,548,160	$2,692,532	$20,884,956
2041	$0	$0	$7,438,693	$4,640,069	$3,035,555	$3,620,955	$2,773,308	$21,508,581
2042	$0	$0	$7,699,047	$4,802,472	$3,914,987	$4,370,145	$2,856,508	$23,643,159
2043	$0	$0	$7,968,514	$4,970,558	$3,996,284	$4,510,953	$2,942,203	$24,388,512
2044	$0	$0	$8,247,412	$5,144,528	$4,079,208	$4,655,669	$3,030,469	$25,157,286
2045	$0	$0	$8,536,071	$5,324,586	$4,163,792	$4,520,373	$3,121,383	$25,666,206
2046	$0	$0	$8,834,834	$5,510,947	$4,250,067	$4,613,303	$3,215,025	$26,424,175
2047	$0	$0	$9,144,053	$3,352,085	$4,338,071	$4,708,092	$3,048,176	$24,590,477
2048	$0	$0	$6,162,841	$304,095	$4,427,835	$4,804,780	$2,262,017	$17,961,569
2049	$0	$0	$0	$0	$4,519,394	$4,903,403	$0	$9,422,797
2050	$0	$0	$0	$0	$4,612,786	$5,004,001	$0	$9,616,787
2051	$0	$0	$0	$0	$4,708,048	$5,106,612	$0	$9,814,660
2052	$0	$0	$0	$0	$4,805,214	$5,211,279	$0	$10,016,493
2053	$0	$0	$0	$0	$4,904,327	$5,318,040	$0	$10,222,367
2054	$0	$0	$0	$0	$5,005,422	$5,426,939	$0	$10,432,361
2055	$0	$0	$0	$0	$5,108,540	$5,538,019	$0	$10,646,559
2056	$0	$0	$0	$0	$5,213,721	$5,651,322	$0	$10,865,043
2057	$0	$0	$0	$0	$5,321,009	$5,766,894	$0	$11,087,903
2058	$0	$0	$0	$0	$5,430,443	$5,884,778	$0	$11,315,221
2059	$0	$0	$0	$0	$3,158,206	$3,507,929	$0	$6,666,135
TOTAL (30 Yrs)	**$21,148,264**	**$12,960,221**	**$130,498,208**	**$78,634,531**	**$115,867,377**	**$129,810,774**	**$48,742,922**	**$537,662,297**

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

Date: **December 22, 2025**

To: **Michigan Strategic Fund Board**

From: **Sarah Snoeyink, Community Development Manager**
Debbie Stehlik, Senior Commercial Real Estate Investment Manager
Simon Verghese, Incentive Structuring & Underwriting Analyst
Rachel Young, Senior Program Specialist

Subject: **Request for Approval of a Transformational Brownfield Plan (TBP)**
City of Kalamazoo Brownfield Redevelopment Authority (BRA)
Plazacorp Realty Advisors, Inc.
Plazacorp Kalamazoo Transformational Brownfield Plan

Project Summary & Request

Plazacorp Realty Advisors, Inc. (the "Developer" or "Applicant") and the City of Kalamazoo Brownfield Redevelopment Authority ("BRA") are requesting the approval of a TBP incentive package in the aggregate amount of $54,603,986 reimbursed over 30 years, and divided by revenue type as follows:

- Local and school property tax capture in the amount of $16,105,554, with state capture limited to $5,788,893.
- A maximum of $1,657,237 in construction period tax capture revenues.
- A maximum of $1,517,168 in construction period sales and use tax exemptions.
- A maximum of $35,324,027 in income tax capture revenues, withholding tax capture revenues, and sales and use tax revenues (post-construction) to be reimbursed over 20 years.

The proposed Transformational Brownfield Plan (the "Plan") includes the redevelopment of three eligible properties totaling approximately 3.4 acres within downtown Kalamazoo and is estimated to result in approximately $96,513,695 in total investment. Based on the comprehensive underwriting analysis, it is anticipated that the full TBP request is required for the Plan to be financially feasible. After the recommended incentives, an unlevered IRR of 3.9% is anticipated, which is less than programmatic benchmarks. The redevelopment consists of the scope detailed below:

Michigan Avenue Courthouse (The MAC) | 227 West Michigan Avenue

This site will involve the renovation and repurposing of the historic Michigan Avenue Courthouse (MAC), which was constructed in 1937 and vacated in 2023 when court operations moved to a new building. The property is a contributing building within the Bronson Park Historic District, which is listed on the National Register of Historic Places. The developer intends to leverage federal historic preservation tax credits and redevelopment is expected to adhere with Secretary of the Interior Standards for Historic Rehabilitation. The project will include interior and exterior rehabilitation to create a 127-key, 100,501 square-foot boutique hotel in the heart of downtown Kalamazoo. Proposed amenities included within the hotel include a lobby bar, restaurant, speakeasy, grab-n-go convenience store, valet, fitness center, and meeting and business rooms.

619 Porter Street
This site will involve new construction on both the property at 619 Porter Street and 314/316 E. North Street. The project will include the demolition of a vacant industrial building and construction of an approximately 60,741 square foot, five-story mixed-use building. The building will include approximately 5,000 square feet of commercial space and 58 residential units. Six residential units will be leased to 120% or below Area Median Income (AMI) households, 11 residential units will be rented at an amount that does not exceed 80% AMI, and 1 residential dwelling unit will be rented at an amount that does not exceed 60% AMI.

The Speareflex Building | 261 E Kalamazoo Avenue
This site will involve the rehabilitation of an existing 51,150-square foot building within what was originally part of the Shakespeare Company, a manufacturer of fishing rods and reels. This project will include the conversion from office to 57 residential unit. At least 6 residential units will be leased to 120% or below Area Median Income households, 10 residential units will be rented at an amount that does not exceed 80% AMI, and 1 residential dwelling unit will be rented for an amount that does not exceed 60% AMI.

A project map and project renderings are included in **Appendix C**.

PROJECT SUMMARY	
Property Eligibility	Facility, Historic Resource, and Blighted
Total Approximate Private Square Feet Revitalized	212,392
Total Approximate Public Square Feet Activated	12,660
Total Approximate Acres Activated	3.4
Estimated # of Residential Units	115
Estimated Full-Time Equivalent Jobs Created	93
Estimated Commercial Square Footage	8,442
Estimated Residential Square Footage	81,336
Current Taxable Value	$23,126
Projected Taxable Value at Completion	$12,303,146
Total Anticipated Capital Investment	$96,513,695
Transformational Brownfield Revenue Request	$54,603,986

Upon completion, the three proposed projects will not only revitalize the individual buildings included within the Transformational Brownfield Plan, but they will also deliver a mix of residential, commercial and hospitality spaces which will support growth of the downtown residential population and foot traffic by visitors and thereby increase the prosperity of downtown businesses.

Both Kalamazoo County and the City of Kalamazoo have identified the expansion of housing as a key priority and essential to supporting economic vitality in the area. The County's housing plan sets an ambitious goal to construct 7,750 new housing units by 2030 and 700 permanent new affordable housing units at 80% of area median income or below; this TBP will make meaningful strides in pursuit of that goal and model how the reinvention and revitalization of challenging properties can be transformational within the community.

Following construction completion and occupancy of the completed buildings, the Plan will undergo a re-evaluation based on the certified construction costs which may require the incentive to be adjusted down ("true up"). The incentive award will be decreased if the actual construction costs are less than 90 percent of the amount estimated in the Act 381 Combined Transformational Brownfield Plan. The associated MSF Board resolution includes the authorization for this modification per Section 14a(8) of Act 381.

Statutory and Policy Considerations
Act 381 of 1996 (the "Act"), as amended, authorizes the MSF to approve Transformational Brownfield Plans that include state and local property tax capture in conjunction with the Local Unit of Government, sales and use tax exemptions, construction period tax capture revenues, income tax capture revenues, withholding tax capture revenues, and sales and use tax capture revenues for the purpose of supporting projects statewide. On July 25, 2017, the MSF Board approved the Transformational Brownfield Program Guidelines ("Guidelines"). The Guidelines have been amended by the MSF Board most recently on December 12, 2023. As required under the Act, all statutory criteria for the Plan have been considered when making the recommendations in this memo. The Plan meets the Guidelines and programmatic requirements, and an underwriting analysis has been completed by MEDC underwriting staff and Anderson Economic Group. A summary of the completed underwriting analysis is included in **Appendix A**. An MSF Eligible Activities Table, TBP Revenue Summary, and key statutory criteria are included in **Appendix D**.

The Plan qualifies as a TBP as defined under Act 381 as it exceeds the threshold for capital investment based on the population of the city (which in this case is $50 million) and will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment that will result from the Plan. The Plan is a mixed-use development with planned integration of retail, residential, and commercial uses.

The request includes the use of up to 100% of income tax capture revenues, which is allowed under statute and Guidelines, subject to a written affordable housing agreement between the local governmental unit and the developer. This agreement will be executed prior to MSF consideration.

The request also includes a safe harbor calculation for income and withholding tax capture revenues, which may be elected for an individual project or the entire series of projects. The developer must elect whether to use the safe harbor calculation prior to the first disbursement of income tax capture revenues for a particular project. Once disbursement of income and withholding tax capture revenues commences, the Developer may not change the election for that individual project.

Financial Highlights

- Total Development Cost ranges from $194 to $363 per square foot with an average of $298.
- Residential rental rates range between $998 and $1,803 with an average of $2.05 per square foot, including 20% affordable units. These rates fall between 60% and 100% of Kalamazoo County AMI. Per the affordability agreement, 20% of units will be reserved and rented at affordable rates

equal to 80% of AMI with one unit in each residential component rented at 60% of AMI. This will result in a total of 23 affordable units.

- Projected commercial rents average $16 per square foot with triple net lease terms.
- Projected Average Daily Rate (ADR) for the hotel rooms is $249.
- Anticipated equity contribution of 24.7%.
- Projected levered Internal Rate of Return (IRR) on average of 2.2% and a Return on Equity (ROE) and Cash on Cash return of 6.6%, both over a 20-year horizon. Unlevered IRR is projected at 3.9% and Yield on Cost at 6.5%.

An MSF Eligible Activities and Tax Capture Summary are included in **Appendix D**.

Demonstrated Need

This complex, combined adaptive re-use and new construction development is not projected to generate returns sufficient to attract the necessary level of investment required to finance, complete and maintain project financial viability, without incentive assistance. This financial need is driven by a combination of environmental conditions, existing building conditions, the high cost of construction, cost of debt, and area rents. Furthermore, the Plan will help to address a critical housing shortage throughout the region, which has been documented and quantified in detail within the 2022 W.E. Upjohn Institute Kalamazoo County Housing Plan, including increasing access to affordable housing in the City of Kalamazoo with the planned inclusion of affordability via the affordability agreement with the City.

The Plan will rehabilitate an existing, underutilized office building, reactivate a vacant, purpose-built courthouse, and create a new mixed-use property on a site with a blighted and vacant industrial building. The successful completion of the Plan will have a transformational impact, creating broader residential, retail and hospitality uses in the areas surrounding the Plan's components, bringing development and activity to a currently underutilized area within the downtown, acting as a catalyst for greater revitalization of the community, and eliminating the health and safety concerns associated with a vacant, partially collapsed former industrial building.

The underwriting and financial analysis was completed by MEDC staff to evaluate the reasonableness of Plan assumptions, the financial feasibility of the Plan, and the amount of TBP assistance required to make the Plan financially feasible under TBP guidelines. Specifically, staff evaluated the Plan against TBP underwriting criteria included in the MSF-approved guidelines summarized below and evaluated the reasonableness of key pro forma assumptions by benchmarking the Developer's assumed costs, revenues, expenses and financing assumptions against industry standards and similar projects in the City of Kalamazoo and Kalamazoo County and throughout the larger MSF portfolio. In addition, staff evaluated the Developer's TBP tax revenue projection assumptions with Anderson Economic Group completing a review of the post-construction Sales and Use Tax capture assumptions. Staff determined that the full approximately $54.6 million in TBP assistance is required after conducting this thorough analysis of the Plan.

Underwriting Criteria per TBP Guidelines:

TBPs will be awarded based on financial need for the incentive and the award amount will be determined based on a demonstrated gap in financing. Financial and underwriting review includes the following:

1. Evaluation of specific underwriting criteria, including at a minimum the following:
    a. Assessment of how much traditional debt the project should be able to support/attract.
    b. Developer and consultant fees limited to 4% of the total development cost of the project.
    c. Reasonableness assessment of any related-party costs and expenses.
    d. Minimum Owner Equity Investment: 20% of Total Development Costs (net of developer

and consulting fees). Deferred fees will not be counted in the calculation.

e. Minimum Debt Service Coverage Ratio: 1.20:1.00, calculated based on all scheduled debt service requirements following stabilization and conversion to permanent financing.
f. Returns in relation to the land use mix, location, size and complexity of the project and the risk involved. Unleveraged IRR and yield on cost will be evaluated if financing is preliminary. If financing term sheets are provided, leveraged IRR and cash on cash return will be evaluated. Average annual return metrics will be for the first three years following project stabilization.

2. Reasonableness assessment of the proposed rental structure and assumptions.
3. Reasonableness assessment of the proposed operating expenses.
4. Reasonableness assessment of the proposed development costs.
5. Process conducted to analyze and determine the project's economic viability.

Staff considers a projected levered average cash on cash return (over a 20-year time horizon) of 15% or less and an unlevered return of under 9% to be acceptable for projects of this size, scope and complexity. Using the assumptions provided during the underwriting of the Plan, it was determined that the Developer could achieve a projected levered Internal Rate of Return (IRR) on average of 2.2% and a Return on Equity (ROE) and Cash on Cash return of 6.6%, both over a 20-year horizon with the requested financial support. Unlevered IRR is projected at 3.9% and Yield on Cost at 6.5%. These returns would be considered below the market appropriate rate of return identified for a project of this size and complexity. Any sensitivity analysis performed by staff did not provide an impact that would increase the returns above the 15% or 9% thresholds considered acceptable. Staff also ran scenarios based on a reduced level of assistance to assess impact on cash flow and return numbers in order to support the current request and determined the proposed level of assistance appears necessary to be able to attract the required investment and keep the Plan financially feasible. The underwriting analysis executive summary is included in **Appendix A**.

Local Support

For the MAC, the City of Kalamazoo approved a 12-year Commercial Redevelopment Act ("CRA") tax abatement valued at approximately $2,152,778 in October 2025.

For 619 Porter Street, the City of Kalamazoo approved a 15-year Neighborhood Enterprise Zone ("NEZ") tax abatement valued at $1,268,064 in October 2025; a local allocation of $600,000 in American Rescue Plan Act (ARPA) funds were committed in October 2021; and an award of $990,000 was committed in Revitalization and Placemaking (RAP) 2.0 funds through a local subgrant award through Southwest Michigan First; and a loan from the City of Kalamazoo Brownfield Redevelopment Authority Local Brownfield Revolving Fund of $600,000.

For the Speareflex Building, the City of Kalamazoo approved a 10-year Commercial Redevelopment Act abatement ("CRA") valued at $ 462,547 in October 2025.

The City of Kalamazoo is also supporting the Plan with the local property tax capture component of the plan, valued at $10,316,661.

Applicant Background / Qualifications

Founded in 1988 by Jeffrey Nicholson, PlazaCorp is a real estate development company that develops, leases, and manages commercial and residential properties throughout the United States. The properties are majority owned by Mr. Nicholson as single asset real estate entities. PlazaCorp is based in Kalamazoo, and its more than 50 properties are primary located in Southwest Michigan.

In total, PlazaCorp has developed more than 2.5 million square feet of residential, office, mixed-use, and retail properties. PlazaCorp has led the redevelopment of approximately 400,000 square feet of brownfield-qualifying manufacturing and warehouse facilities in downtown Kalamazoo alone, and the team has led a number of projects which have been successfully completed through the support of Michigan Economic Development Corporation incentives. A sampling of these state-supported projects include:

- Lofts at Ironworks, Kalamazoo (CRP/TIF): This project will convert a former office building into a mixed-use development featuring 82 new residential units and new retail space. Completion in early 2026 is expected; project is underway and currently has conditional certificate of occupancy for some portions of the building.
- The Exchange Building, Kalamazoo (CRP/TIF/Michigan Brownfield Tax Credits): This project redeveloped a former contaminated parking lot to create a 15-story mixed-use building totaling approximately 335,000 square feet.
- 303 North Rose Street, Kalamazoo (CRP/TIF): This project involved the renovation of an existing six-story building and the construction of two new buildings to house a national flag boutique hotel, an extended stay hospitality facility, and approximately 15,000 square feet of office and commercial space.
- The Depot, Kalamazoo (CRP/TIF): The project renovated a historic train depot building and constructed approximately 13,130 additional square feet of commercial space and roughly 1,270 square feet of porch space to support outdoor dining for a commercial occupant.

Organizational Charts for 19 Props, LLC, ACW, LLC, and 619, LLC, are provided in **Appendix B**. The background review process was completed in accordance with the MSF Background Review Policy on October 27, 2025.

Recommendation

MEDC staff recommends approval of the following (the "Recommendation"):

a) Approval of a TBP in the aggregate amount of $54,603,986 reimbursed over 30 years, which consists of the following revenue maximums:
    a. Local and school property tax capture in the amount of $16,105,554, to be reimbursed over 30 years.
    b. A maximum of $1,657,237 in construction period withholding tax capture revenues.
    c. A maximum of $1,517,168 in construction period sales and use tax exemptions.
    d. A maximum of $35,324,027 in income tax capture revenues and withholding tax capture revenues and sales and use tax revenues (post-construction) to be reimbursed over 20 years.

a) Approval of the factors that will be used to calculate the safe harbor amounts for income tax capture and withholding tax capture if elected by the developer. This election may be made on an individual project site or all project sites and must be made prior to the first distribution of income tax or withholding tax revenues. This information is included in **Appendix E**.

APPENDIX A – Underwriting Analysis Executive Summary

Underwriting Analysis

The underwriting and financial analysis was completed by MEDC staff to evaluate the reasonableness of Plan assumptions, the financial feasibility of the Plan, and the amount of TBP assistance required to make the Plan financially feasible under TBP guidelines. Specifically, staff evaluated the Plan against TBP underwriting criteria included in the MSF-approved guidelines summarized below and evaluated the reasonableness of key pro forma assumptions by benchmarking the Developer's assumed costs, revenues, expenses and financing assumptions against industry standards and similar projects in the City of Kalamazoo and Kalamazoo County and throughout the larger MSF portfolio. In addition, staff evaluated the Developer's TBP tax revenue projection assumptions, with the exception of sales and use tax capture which was completed by Anderson Economic Group (AEG) as required by Statute. A variety of sources were used to conduct this evaluation, including data from the Developer, the City of Kalamazoo, MEDC's in-house database with detailed underwriting metrics for similar projects reviewed, and various industry and market sources. Additional clarifying information was provided through correspondence, conversations, and written materials.

The underwriting analysis was guided by the MSF approved TBP Guidelines which include the following assessment criteria:

- Assessment of how much traditional debt the project should be able to support/attract.
- Developer and consultant fees limited to 4% of the total development cost of the project.
- Reasonableness assessment of any related-party costs and expenses.
- Minimum Owner Equity Investment: 20% of Total Development Costs (net of developer and consulting fees).
- Minimum Debt Service Coverage Ratio: 1.20:1.00, calculated based on all scheduled debt service requirements following stabilization and conversion to permanent financing.
- Returns in relation to the land use mix, location, size and complexity of the project and the risk involved. Unleveraged IRR and yield on cost are to be evaluated if financing is preliminary.
- Reasonableness assessment of the proposed rental structure and assumptions.
- Reasonableness assessment of the proposed operating expenses.
- Reasonableness assessment of the proposed development costs.
- Process conducted to analyze and determine the project's economic viability.

Financial Justification and Need

This complex, combined adaptive re-use and new construction development is not projected to generate returns sufficient to attract the necessary level of investment required to finance, complete and maintain financial viability, without incentive assistance. This financial need is driven by a combination of environmental conditions, existing building conditions, the high cost of construction, cost of debt, and area rents. Furthermore, the Plan will help to address a critical housing shortage throughout the region, which has been documented and quantified in detail within the 2022 W.E. Upjohn Institute Kalamazoo County Housing Plan, including increasing access to affordable housing in the City of Kalamazoo with the planned residential portion of the Plan including 20% of units reserved and rented at affordable rates equal to 80% of Area Median Income (AMI) with one unit in each residential component rented at 60% of AMI. This will result in a total of 23 affordable units. The Housing Plan concluded there is a total demand of 7,750 housing units needed to meet demand in Kalamazoo County over the next eight years. This included 1,200 residential units in the urban center and 600 residential units in the urban core. Additionally, the anticipated demand includes 2,425 residential units through the creation of mid-sized multi-family and low and mid-rise apartment buildings.

The successful completion of the Plan will have a transformational impact, creating broader residential, retail and hospitality uses in the areas surrounding the project sites, bringing development and activity to a currently underutilized swath of land and set of buildings within the downtown, acting as a catalyst for greater revitalization of the community, as well as eliminating the health and safety concerns associated with a vacant, partially collapsed former industrial building.

Conclusions and Recommendations

The Developer's proposed Plan is likely to be transformative to downtown Kalamazoo, bringing a density of new construction and renovated product that is expected to attract new employees and residents to the City, spurring ancillary investment in the area. While the projected operating revenues associated with the Plan are generally expected to meet or near rents currently achieved in existing area developments, the projected rents appear to be insufficient to support the significant construction costs associated with the Plan's mix of uses, parking, affordable housing efforts and infrastructure costs. MEDC staff has found Developer assumptions to be reasonable based on information provided to date and the Plan does not appear to be feasible without the requested incentive.

Staff reviewed the reasonableness of assumptions within the Developer TBP model, which inform the projected revenues for the five TBP reimbursement mechanisms. Taxable value, employee wages, market-rate residential rents and associated household incomes, and hard costs are the key inputs that impact the potential TBP revenues across the various reimbursement streams. Overall, staff found that assumptions in the TBP model were reasonable and did not require adjustments. Anderson Economic Group (AEG) was engaged to complete the required third-party underwriting review of the sales and use tax capture assumptions. AEG evaluated key sales and use tax assumptions in the Developer's TBP model by reviewing the Developer's TBP model, backup information provided by the Developer, and various third-party data sources. In all areas, the estimates and underlying assumptions were found to be within reason based on industry standards and comparable projects.

The level of TBP assistance requested appears reasonable and appropriate to ensure the financial feasibility of the proposed Plan. Staff considers a projected levered average cash on cash return (over a 20-year time horizon) of 15% or less and an unlevered return of under 9% to be acceptable for projects of this size, scope and complexity. Using the assumptions provided during the underwriting of the Plan, it was determined that the Developer could achieve a projected levered Internal Rate of Return (IRR) on average of 2.2% and a Return on Equity (ROE) and Cash on Cash return of 6.6%, both over a 20-year horizon with the requested financial support. Unlevered IRR is projected at 3.9% and Yield on Cost at 6.5%. These returns would be considered well below the market appropriate rate of return identified for a project of this size and complexity. Any sensitivity analysis performed by staff did not provide an impact that would increase the returns above the thresholds, identified above, considered acceptable. Staff also ran scenarios based on a reduced level of assistance to assess impact on cash flow and return numbers in order to support the current request and determined the proposed level of assistance appears necessary to be able to attract the required investment and keep the Plan financially feasible.

At the time of review, the proposed Plan was in the preliminary stages of development, with most project components in the schematic design phase. Given this, it is likely development costs will continue to evolve as the projects move through the development phases. Staff recommends that a single post construction re-evaluation be conducted per Section 14a(8) of Act 381 to adjust for the actual construction costs. Following construction completion, the Plan will undergo a re-evaluation based on the certified construction costs which may require the incentive to be adjusted down ("true up"). The incentive award will be decreased if the actual construction costs are less than 90% of the amount estimated in the Act 381 Work Plan.

APPENDIX B – Organizational Charts

Organizational Structure

Company Name: ACW 3, LLC
Employer Identification Number: 82-2551804
SOLE MANAGER: Jeffrey A. Nicholson

Member		Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
Jeffrey A. Nicholson, Trustee of the Jeffrey A. Nicholson Trust u/a/d July 12, 2002		50.00%	SSN	Michigan
Cribbage III, Inc. (Victoria Leach, President)		50.00%	47-2573354	Michigan
Cribbage II, Inc. (Victoria Leach, Pr	100%		46-3901332	Michigan
Total:		100%		

Organizational Structure

Company Name: 19 Props, LLC
Employer Identification Number: 47-1162501
MANAGER: Floor 2 Manager, LLC (47-1174992)
MANAGER: Jeffrey A. Nicholson

Member		Indirect		Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
JAN Holdings, LLC (Jeffrey A. Nicholson, Manager)				50.00%	47-1155495	Michigan
Jeffrey A. Nicholson, Trustee of the Jeffrey A. Nicholson Trust u/a/d July 12, 2002	79.2%	39.6%			SSN	Michigan
Barabara L. Nicholson, Trustee of the Barbara L. Nicholson Trust u/a/d July 12, 2022	0.8%	0.4%			SSN	Michigan
Craig Bush	20%	10.0%			SSN	Michigan
Cribbage II, Inc., (Victoria Leach, President)				50.00%	46-3901332	Michigan
Cribbage I, Inc., (Victoria Leach, President)	80%	40%	(Voting Stock, 59,975 Shares)		98-1200372	Michigan
ArmKal, LLC (Tyler Sheerer, Manager)	20%	10%	Preferred (Non-voting Stock, 25 Shares)		82-4269665	Michigan
			Total:	100%		

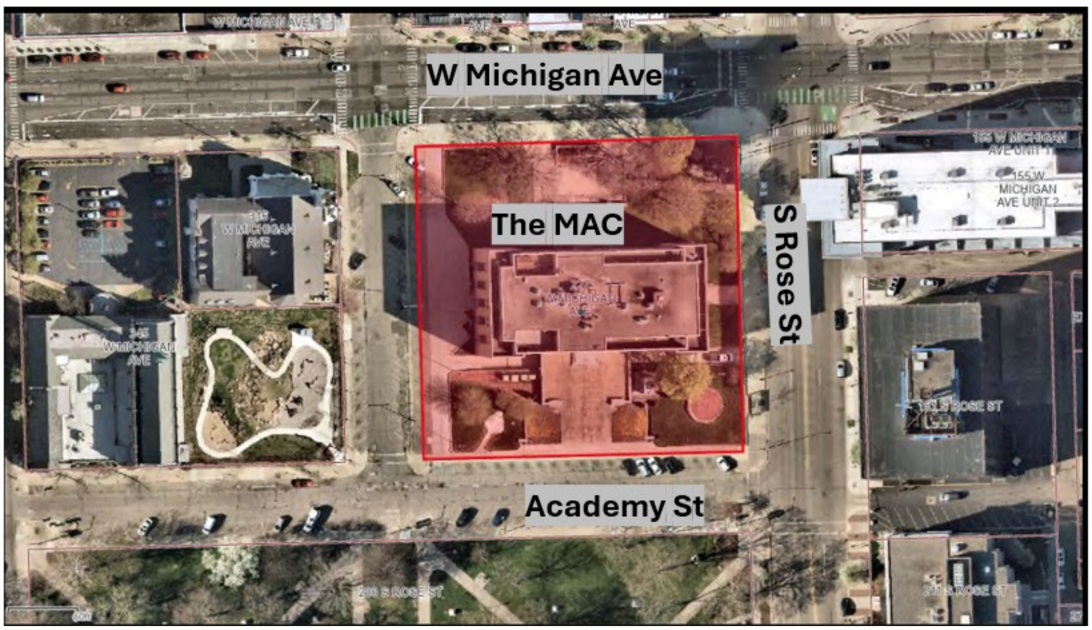
Organizational Structure

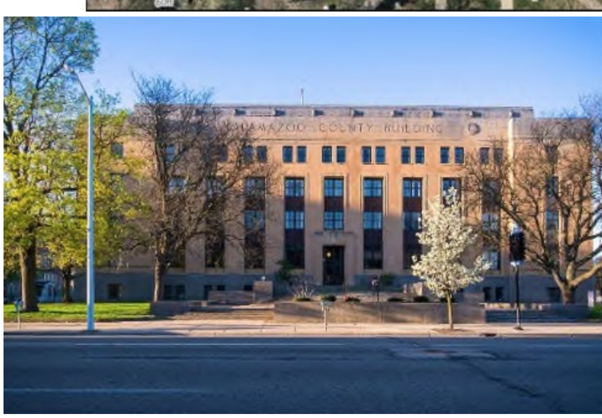
Company Name: 619, LLC
Employer Identification Number: 82-2881273
SOLE MANAGER: Jeffrey A. Nicholson

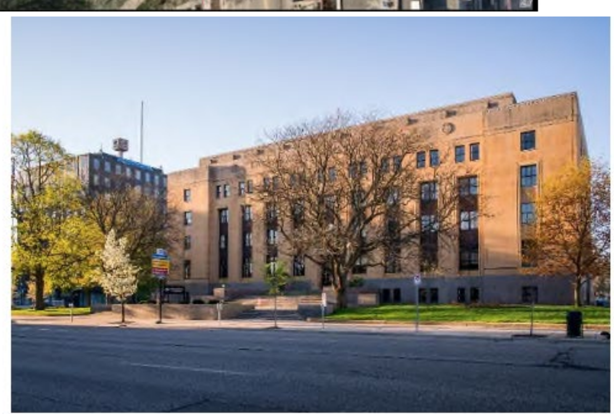
Member		Ownership Interest Totals	EINs -No Soc Sec numbers	State of Organization
JN 619 Porter, LLC (Jeffrey A. Nicholson, Manager)		50.00%	SSN	Michigan
Jeffrey A. Nicholson, Trustee of the	100%		SSN	Michigan
Cribbage III, Inc. (Victoria Leach, President)		50.00%	47-2573354	Michigan
Cribbage II, Inc. (Victoria Leach, Pre:	100%		46-3901332	Michigan
Total:		100%		

APPENDIX C – Project Maps and Renderings


619 PORTER
Food Club
Signage


W Michigan Ave
The MAC
S Rose St
Academy St






Spearflex
N Pitcher St
E Kalamazoo Ave
205 E KALAMAZOO AVE
251 E KALAMAZOO AVE
429 N PITCHER ST
426 N PITCHER ST
412 N PITCHER ST
315 E KALAMAZOO AVE


maestro

APPENDIX D – MSF Eligible Activities Summary

In order to alleviate brownfield conditions and prepare the site for redevelopment, the City of Kalamazoo, has duly approved a combined brownfield plan for these properties on October 20, 2025. The property has been determined to be to be a facility as verified by the Michigan Department of Environment, Great Lakes, and Energy (EGLE) on October 28, 2025; deemed blighted due to ownership by the Kalamazoo County Land Bank Authority; and determined to be a historic resource within the Brownson Park Historic District by the local jurisdiction.

There are 62.1442 non-homestead mills available for capture, with State mills from school operating and SET millages equaling 23.6757 mills (38.10%) and local millage equaling 38.4685 mills (61.90%). Tax increment capture will begin in 2027 and is estimated to continue for 30 years. The state tax capture is recommended to be capped at $5,788,893, which is the amount of tax increment revenue anticipated to be generated in 30 years. Total MSF eligible activities are estimated at $54,603,986. The tax capture ratio is impacted by the CRA and NEZ tax abatements, and the blended ratio is shown below. The property tax reimbursement only represents a portion of the award needed to fully reimburse the developer for eligible activity costs. MSF eligible activities break down as follows:

Property Tax Capture Summary:

State tax capture	(35.94%)	$	5,788,893
Local tax capture	(64.06%)	$	10,316,661
TOTAL		**$**	16,105,554

Total TBP Revenue Breakdown

Property Tax Capture	$	16,105,554
Construction Period Sales and Use Tax Exemption		1,517,168
Construction Period Tax Capture		1,657,237
Income Tax Capture (post-construction)		13,952,665
Withholding Tax Capture (post-construction)		2,038,041
Sales and Use Tax Capture (post-construction)	+	19,333,321
ANTICIPATED TOTAL	**$**	**54,603,986**

The Plan is not requesting EGLE Work Plan support for these projects.

Statutory Criteria

It is the role of the Project Management staff (MEDC Staff) to review the information provided by the applicant for eligibility, completeness, and adherence to program guidelines, and to manage the MSF's investment. Explanatory and background information is supplied in summary form to provide context for the request and is drawn exclusively from materials submitted by the applicant, and, as applicable, from other relevant third-party sources utilized by staff.

As required under Act 381, the following statutory criteria is being considered by the MSF:

A. The importance of the project to the community in which it is located:
The projects within this Plan will have great importance to the greater Kalamazoo community by fulfilling some of the City's demand for housing, creating new job opportunities, and increasing the City's long-term tax base. According to the Kalamazoo County Housing Plan, conducted by the W.E. Upjohn Institute, there will be approximately 8,655 new households formed in Kalamazoo County between the period of 2020 to 2030. According to the Housing Plan Update in 2025, there is a demand of 8,000 new units in Kalamazoo County, including 1,115 units required in the urban center and 600 units required in the urban core. The creation of 115 new residential units through this development will help stabilize the housing market in this Census Tract and help alleviate the severe housing shortage being experienced throughout Kalamazoo County.

The Development will also bring new jobs and housing units to the north side and downtown Kalamazoo. The job mix will include retail jobs, hotel jobs, and property management jobs. Creating new job opportunities for citizens in Kalamazoo and new residential opportunities will help spur additional revitalization and economic stability in an area that has been historically disenfranchised and underinvested in.
.

B. If the project will act as a catalyst for additional revitalization of the community in which it is located:
The creation of new housing opportunities and ground floor retail in the North Side neighborhood of downtown is expected to spur additional revitalization in the area and revitalize a portion of Kalamazoo that has been historically underinvested in and disenfranchised. Additionally, the creation of housing at the Speareflex Site is expected to bolster other development projects contemplated in downtown Kalamazoo, such as the $300 million event center that is expected to be open by 2028.

C. The amount of local community and financial support for the project:
The City of Kalamazoo is supporting the Plan with a Commercial Rehabilitation Act tax abatement valued at $462,546 over 10 years, a Commercial Redevelopment Act tax abatement valued at $2,152,777 over 12 years, a Neighborhood Enterprise Zone tax abatement valued at $1,268,064 over 15 years, as well as the local portion of the property tax capture component of the Brownfield TIF valued at $10,316,661.

D. The applicant's financial need for a community revitalization incentive:
The Plan proposes that the Developer will invest over $96.5 million to develop the combined planned TBP projects. Based on the comprehensive underwriting analysis, the full TBP request is required for the Plan to be financially feasible. Staff consider an unlevered return of under 9% and a levered return of 15% or less (over a 20-year time horizon) acceptable for projects of this size, scope and complexity. Using the assumptions provided during the underwriting of the Plan, it was determined that the Developer could achieve a projected levered Internal Rate of Return (IRR) on average of 2.2% and a Return on Equity (ROE) and Cash on Cash return of 6.6% and an unlevered IRR of 3.9% and Yield on Cost of 6.5%, with the requested financial support.

E. The extent of reuse of vacant buildings, reuse of historical buildings, and redevelopment of blighted property:
The property located at the Speareflex Site is blighted by virtue of being owned by or under the control of a Land Bank Fast Track Authority.

The property located at The MAC Site is a historic resource by virtue of being a contributing structure to the Bronson Park Historic District, which is listed on the National Register of Historic Places. The existing structure will be converted from vacant governmental uses to hotel uses.

F. Creation of jobs:
In total, the Plan is projected to generate 93full-time equivalent jobs at an average hourly wage of $20.63.

G. The level of private sector and other contributions, including, but not limited to, federal funds and federal tax credits:
It is anticipated that the developer's equity contribution will be approximately 24.7% of the projected total development cost, exceeding the 20% minimum equity required under the TBP Guidelines. The developer also plans to pursue Federal Historic Tax credits for the MAC component of the Plan.

H. Whether the project is financially and economically sound:
A comprehensive underwriting and financial analysis was completed by MEDC staff to evaluate the reasonableness of project assumptions, the financial feasibility of the Plan, and amount of TBP assistance required to make the Plan financially feasible under TBP guidelines. Staff consider the Plan to be financially and economically sound.

I. Whether the project increases the density of the area:
The projects proposed in this Plan are intended to increase the density of the area. The project will convert a vacant office building to primarily residential uses and will demolish a dilapidated building for the creation of a mixed-use housing development. Additionally, the renovations at The MAC Site will convert vacant governmental uses to hotel uses. The creation of 115 residential units when currently 0 residential units exist on the three sites, and the creation of 127 hotel keys in currently underutilized building space will increase the daytime and nighttime population of the sites and surrounding area.

J. Whether the project promotes mixed-use development and walkable communities:
The demolition of a partial structure on the 619 Porter Site to create a mixed-use housing development will increase the amount of mixed-use development on the north side of Kalamazoo. The renovation of The MAC site from vacant governmental uses to hotel uses will increase the utility and density of a site alone one of the main thoroughfares through the City of Kalamazoo. These sites in total will include retail, residential, and hotel uses while the sites currently have none of these uses.

K. Whether the project converts abandoned public buildings to private use:
Not applicable.

L. Whether the project promotes sustainable development:
The development will include water efficient landscaping and storm water strategies, and reduce water use within the building through low flow fixtures. The building will also include energy efficient design through the use of high efficiency HVAC equipment and high efficiency lighting fixtures throughout. The use of recycled materials will be used wherever possible, and low VOC paints, stains, and floorings will be used throughout. During construction activities, modern recycling methods and a reuse of existing soils will be used to reduce the amount of waste sent to

landfills. The Developer plans to utilize local and Michigan-based products and equipment for materials where possible. U.S. Green Building Council (USGBC) Green Building Design and Construction standards will be followed where applicable.

M. Whether the project involves the rehabilitation of a historic resource:
The MAC Site, located at 227 West Michigan Avenue, is a contributing structure to the Bronson Park Historic District. The project contemplated on the historic site will retain the existing building structure and façade of the historic building and renovate the building and convert its uses from former governmental uses to hotel uses. The façade and building footprint will not be altered as a result of this project.

N. Whether the project addresses area-wide redevelopment:
The City of Kalamazoo, as outlined in its Imagine Kalamazoo 2025 Master Plan, is undertaking a large-scale project to make downtown more accessible and connected by converting one-way streets to two-way streets and by increasing affordable housing and missing middle housing in the downtown area. The activation of these sites will bolster the City infrastructure project by increasing residents and visitors on this street which will help realize the goal of a connected city. Additionally, this Plan will provide residential opportunities in and around the downtown with income restricted units and missing middle rents to help the City achieve its goal of increasing housing opportunities to a diverse group of residents.

O. Whether the project addresses underserved markets of commerce:
Kalamazoo County and the City of Kalamazoo in particular face a severe shortage of housing at all price points and this Plan will make significant strides in addressing this shortage. The addition of new hotel rooms is necessary for Kalamazoo to compete for larger convention business, which would act as a catalyst for further economic growth in the community.

P. The level and extent of environmental contamination:
Some parcels included in this Plan are defined as "facilities". The contamination of these sites is detailed in the environmental analysis included as an attachment to this Plan. Soil and groundwater contamination from urban fill and historical uses on the site is present throughout the subject properties. Demolition and construction activities, which include excavation of unsuitable soils, will result in necessary remediation.

Q. If the rehabilitation of the historic resource will meet the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings (36 CFR 67):
The MAC Site, located at 227 West Michigan Avenue, is a contributing structure to the Bronson Park Historic District. The Developer anticipates complying with the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitating historic buildings.

R. Whether the project will compete with or affect existing Michigan businesses within the same industry:
The projects in this Plan will not compete with or affect existing Michigan businesses within the same industry.

S. Any other additional criteria approved by the board that are specific to each individual project and are consistent with the findings and intent of this chapter:
This Plan will have a transformational impact on the City of Kalamazoo. Part of this Plan is located in a historically underinvested area of Kalamazoo and is expected to spur ancillary investment in

the area. The creation of housing in the area and bolstering of existing and future employers through this Plan will increase the daytime and nighttime population on the North Side of Kalamazoo, which will bring positive economic benefit and momentum to a disenfranchised location. Additionally, the need for housing development in the City of Kalamazoo, and Kalamazoo County as a whole, cannot be overstated. Finally, this Plan represents a decades long effort to activate investment into the North Side and build on development momentum that the City of Kalamazoo is experiencing.

T. Describe how the TBP includes provisions for affordable housing:

The Developer and the City of Kalamazoo will enter into a binding written affordable housing agreement prior to consideration by the MSF Board. To ensure the development is accessible to a wide demographic of City of Kalamazoo residents, the Developer will reserve 20% of units to be rented at affordable rates equal to 80% of AMI with one unit in each residential component rented at 60% of AMI. The rent restricted units will be governed by the agreement between the Developer and the City of Kalamazoo.

APPENDIX E – Income and Withholding Tax Capture Safe Harbor Revenue Tables

MICHIGAN GROWTH ADVISORS

Safe Harbor Calculation Table
Table 7
PlazaCorp Kalamazoo TBP
All Projects
Kalamazoo, Michigan
October 2025

	Total Portfolio - Transformational Brownfield Plan Capture Estimates with Safe Harbor Calculation							
Year	Construction Period Sales/Use Tax Exemption	Construction Period PIT Capture	Residential Income Tax Capture	Commercial Withholding Capture	Incr. Property Tax Capture SCHOOL	Incr. Property Tax Capture LOCAL	Sales Tax Capture	Total TBP Benefit
2026	$313,902	$243,790	$0	$0	$0	$0	$0	$557,692
2027	$320,371	$382,866	$220,424	$0	$23,754	$39,225	$0	$986,639
2028	$174,639	$203,851	$392,785	$8,714	$91,943	$117,674	$37,768	$1,027,374
2029	$708,256	$826,730	$430,877	$16,175	$93,825	$118,829	$71,654	$2,266,345
2030	$0	$0	$483,752	$67,235	$109,562	$175,640	$675,358	$1,511,547
2031	$0	$0	$500,683	$69,588	$112,795	$179,973	$748,387	$1,611,426
2032	$0	$0	$518,207	$72,023	$116,126	$184,309	$843,565	$1,734,230
2033	$0	$0	$536,344	$74,544	$118,647	$187,059	$862,969	$1,779,563
2034	$0	$0	$555,116	$77,153	$121,898	$191,684	$880,228	$1,826,080
2035	$0	$0	$574,545	$79,854	$124,522	$194,544	$897,832	$1,871,298
2036	$0	$0	$594,654	$82,649	$127,196	$250,085	$915,789	$1,970,373
2037	$0	$0	$624,003	$85,541	$129,925	$255,395	$934,105	$2,028,970
2038	$0	$0	$645,844	$88,535	$219,866	$406,759	$952,787	$2,313,791
2039	$0	$0	$668,448	$91,634	$259,532	$450,559	$971,843	$2,442,016
2040	$0	$0	$691,844	$94,841	$265,109	$467,155	$991,280	$2,510,229
2041	$0	$0	$716,058	$98,161	$270,795	$484,220	$1,011,105	$2,580,339
2042	$0	$0	$741,120	$101,596	$276,598	$501,770	$1,031,327	$2,652,412
2043	$0	$0	$767,060	$105,152	$282,516	$512,450	$1,051,954	$2,719,131
2044	$0	$0	$793,907	$108,832	$288,552	$523,344	$1,072,993	$2,787,628
2045	$0	$0	$821,693	$112,642	$294,708	$534,456	$1,094,453	$2,857,952
2046	$0	$0	$850,453	$116,584	$300,988	$545,791	$1,116,342	$2,930,157
2047	$0	$0	$429,581	$91,917	$307,394	$557,353	$1,036,330	$2,422,575
2048	$0	$0	$0	$93,792	$313,928	$569,144	$1,057,056	$2,033,920
2049	$0	$0	$0	$97,075	$320,592	$581,172	$1,078,197	$2,077,036
2050	$0	$0	$0	$0	$327,389	$593,441	$0	$920,830
2051	$0	$0	$0	$0	$334,324	$605,955	$0	$940,279
2052	$0	$0	$0	$0	$255,667	$479,405	$0	$735,072
2053	$0	$0	$0	$0	$148,696	$301,307	$0	$450,003
2054	$0	$0	$0	$0	$152,046	$307,963	$0	$460,009
2055	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL	$1,517,168	$1,657,237	$12,557,398	$1,834,237	$5,788,893	$10,316,661	$19,333,321	$53,004,915

MICHIGAN STRATEGIC FUND

RESOLUTION 2025-151

APPROVAL OF A BROWNFIELD ACT 381 COMBINED TRANSFORMATIONAL BROWNFIELD PLAN

CITY OF KALAMAZOO BROWNFIELD REDEVELOPMENT AUTHORITY

PLAZACORP KALAMAZOO TRANSFORMATIONAL BROWNFIELD PLAN

WHEREAS, the Michigan Economic Growth Authority ("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 ("Act 381"), 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, Executive Order 2012-9 transferred all the authority, powers, duties, functions, responsibilities, records, personnel, property, unexpended balances of appropriations, allocations or other funds of the MEGA to the Michigan Strategic Fund ("MSF");

WHEREAS, Public Act 46 of 2017 amended Act 381 to allow a governing body and the MSF to approve transformational brownfield plans ("TBP") and was further amended by Public Act 135 of 2021 modifying criteria for transformational brownfield plans;

WHEREAS, on July 17, 2017, the MSF Board adopted the Transformational Brownfield Plan Guidelines (the "TBP Guidelines") by Resolution 2017-109;

WHEREAS, the MSF Board amended the TBP Guidelines by Resolution 2017-152 on September 26, 2017, by Resolution 2019-062 on April 23, 2019, by Resolution 2022-055 on March 22, 2022, by Resolution 2023-132 on July 25, 2023, and by Resolution 2023-194 on December 12, 2023;

WHEREAS, captured school operating tax revenues, construction period tax capture revenues, sales and use tax exemption, income tax capture revenues, withholding tax capture revenues, may be used under 1996 PA 381 as amended, for demolition, construction, restoration, alteration, renovation or improvement of buildings, or site improvements on eligible property, including infrastructure improvements that directly benefit eligible property, or for lead, asbestos, or mold abatement, and for demolition and that are not response activities under the Natural Resources and Environmental Protection Act, 1994 PA 451;

WHEREAS, the City of Kalamazoo Brownfield Redevelopment Authority (the "Authority") has submitted a combined transformational brownfield plan (the "Plan") for property located at 261 E. Kalamazoo Avenue, 619 Porter Street, 316 E. North Street, 314 E. North Street, and 227 West Michigan Avenue within the City of Detroit, known as The Plazacorp Kalamazoo Transformational Brownfield Plan (the "Project");

WHEREAS, the City of Kalamazoo is a "qualified local governmental unit" and is eligible to provide for a) demolition; b) lead, asbestos, or mold abatement; c) public infrastructure improvements; d) site preparation; e) brownfield and work plan preparation; f) brownfield and work plan implementation and g) interest as provided under 2007 PA 204;

WHEREAS, the Authority and Plazacorp Realty Advisors, LLC (the "Developer") are requesting MSF approval of the following actions:

1. capture of $16,105,554 in local and school property tax capture revenues, with state tax capture limited to $5,788,893;
2. a sales and use tax exemption of up to $1,517,168 during the construction period of the Project;
3. capture up to $1,657,237 in construction period tax capture revenues; and
4. capture up to $35,324,027 in post-construction income tax capture revenues and post-construction withholding tax capture revenues, and post construction sales and use tax capture.

(the aforementioned, collectively, the "Transformational Brownfield Plan Designation");

WHEREAS, the safe harbor calculation for income and withholding tax capture revenues may be elected for an individual project site prior to the first distribution of income tax or withholding tax revenues, but once disbursement of income and withholding tax capture revenues commences, the Developer shall use the safe harbor calculation for that project site until disbursement is complete;

WHEREAS, the factors that will be used to calculate the safe harbor amounts for income tax capture and withholding tax capture, if elected by the Developer, are included in Appendix A;

WHEREAS, capture of up to 100% of income tax capture revenues may occur subject to a written binding affordable housing agreement between the local governmental unit and the Developer; and

WHEREAS, following construction completion and occupancy of the completed buildings, the Project will undergo a re-evaluation based on the certified construction costs which may require the incentive to be adjusted down ("true up"). The incentive award will be decreased if the actual construction costs are less than 90 percent of the amount estimated in the Plan; and

WHEREAS, the Michigan Economic Development Corporation ("MEDC") provides administrative services to the MSF, and has reviewed the application and recommends approval of the Transformational Brownfield Plan Designation by the MSF Board.

NOW, THEREFORE, BE IT RESOLVED, the MSF Board authorizes the Transformational Brownfield Plan Designation; and

BE IT FURTHER RESOLVED, that no taxes levied for school operating purposes shall be used to reimburse interest costs related to the eligible activities for the Project; and

BE IT FURTHER RESOLVED, the MSF Fund Manager is authorized to authorized negotiate all final terms and conditions and execute all documents necessary to effectuate the Transformational Brownfield Plan Designation in accordance with the terms set forth in this Resolution and consistent with the requirements of Act 381, as amended.

Ayes:	Dr. Britany Affolter-Caine, Rachael Eubanks, Dimitrius Hutcherson, Quentin L. Messer, Jr., Dan Meyering, Leon Richardson, Lynda Rossi, Susan Tellier, Randy Thelen
Nays:	None
Recused:	None

Lansing, Michigan

December 22, 2025

APPENDIX A - Income and Withholding Tax Capture Safe Harbor Revenue Tables

MICHIGAN GROWTH ADVISORS

Safe Harbor Calculation Table
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PlazaCorp Kalamazoo TBP
All Projects
Kalamazoo, Michigan
October 2025

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2026	$313,902	$243,790	$0	$0	$0	$0	$0	$557,692
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2037	$0	$0	$624,003	$85,541	$129,925	$255,395	$934,105	$2,028,970
2038	$0	$0	$645,844	$88,535	$219,866	$406,759	$952,787	$2,313,791
2039	$0	$0	$668,448	$91,634	$259,532	$450,559	$971,843	$2,442,016
2040	$0	$0	$691,844	$94,841	$265,109	$467,155	$991,280	$2,510,229
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2042	$0	$0	$741,120	$101,596	$276,598	$501,770	$1,031,327	$2,652,412
2043	$0	$0	$767,060	$105,152	$282,516	$512,450	$1,051,954	$2,719,131
2044	$0	$0	$793,907	$108,832	$288,552	$523,344	$1,072,993	$2,787,628
2045	$0	$0	$821,693	$112,642	$294,708	$534,456	$1,094,453	$2,857,952
2046	$0	$0	$850,453	$116,584	$300,988	$545,791	$1,116,342	$2,930,157
2047	$0	$0	$429,581	$91,917	$307,394	$557,353	$1,036,330	$2,422,575
2048	$0	$0	$0	$93,792	$313,928	$569,144	$1,057,056	$2,033,920
2049	$0	$0	$0	$97,075	$320,592	$581,172	$1,078,197	$2,077,036
2050	$0	$0	$0	$0	$327,389	$593,441	$0	$920,830
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2055	$0	$0	$0	$0	$0	$0	$0	$0
TOTAL	**$1,517,168**	**$1,657,237**	**$12,557,398**	**$1,834,237**	**$5,788,893**	**$10,316,661**	**$19,333,321**	**$53,004,915**