CITY OF STERLING HEIGHTS
Regular Meeting of the
LOCAL DEVELOPMENT FINANCE AUTHORITY
6633 18 Mile Road, Sterling Heights
VELOCITY BUILDING
May 20th, 2025
8:00 AM

MEETING CALLED TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

In Attendance:
Not in Attendance:

Also in Attendance:

APPROVAL OF AGENDA

Approval of 4/24/25 Meeting

CONSENT AGENDA

NEW BUSINESS

1.) To consider the approval of the Economic Development Partnership with the city of Warren
2.) Consider the approval of a budget amendment to build out the final two units (3A/3B)
    a. Consider the approval of the budget transfer/work order to complete this project
3.) Renew the ReGroup contract for our Velocity Accelerator Program

OLD BUSINESS

PUBLIC COMMENT

ADJOURNMENT

VELOCITY UPDATES

CITY OF STERLING HEIGHTS
LOCAL DEVELOPMENT FINANCE AUTHORITY
MINUTES OF THE REGULAR MEETING
May 20th , 2025
6633 18 Mile Road, Sterling Heights, MI 48314
Velocity Building

New Business

1.) **To consider the approval of the Economic Development Partnership with the city of Warren**
   - Luke Bonner to discuss
2.) **Consider the approval of a budget amendment to build out final two units**
   - Paula Macpherson to discuss
3.) **Renew the ReGroup contract for our Velocity Accelerator Program**
   - Paula Macpherson to discuss

Business of the LDFA
Sterling Heights, Michigan

Item No:
Meeting: 5-20-25 LDFA

AGENDA STATEMENT

OMB AS03 Rev. 3/18

Item Title: Defense Economic Development Partnership

Submitted By: Luke Bonner, Senior Economic Development Advisor

Contact /Telephone: Luke Bonner 734-846-9746

Administration (initial as applicable)		Attachments			
__	City Clerk	_x_	Resolution	__	Minutes
__	Finance & Budget Director	__	Ordinance	__	Plan/Map
__	City Attorney (as to legal form)	__	Contract	__	Other
__	City Manager				

☐ Check box if this agenda item requires billing/revenue collection (fees, etc.) by Treasury Office

Executive Summary:

Background - While Detroit's historical status as the "Arsenal of Democracy" is well-established, the legacy of Sterling Heights and Warren in the defense industry is both long-term and significant. The foundation of this legacy dates back 50+ years and has, over its course, been highlighted by major manufacturing sites producing tanks in Warren and missiles in Sterling Heights. From this foundation, the defense industry's presence in both cities has grown and evolved into a defense corridor that is an economic powerhouse.

From 11 Mile Road in Warren to Hall Road (M-59) in Sterling Heights, the defense corridor between Van Dyke and Mound Road is home to an impressive roster of United States military installations and defense contractors. The Detroit Arsenal located in Warren is the headquarters for the United States Army's Tank-Automotive and Armaments Command (TACOM) and DEVCOM Ground Vehicle Systems Center. TACOM is the only active-duty United States military installation in Michigan. The Detroit Arsenal's workforce of more than 6,000 employees contribute billions of dollars to the local, regional and state economies. The presence of the Detroit Arsenal has been the catalyst for defense industry leaders to locate in the cities of Sterling Heights and Warren. General Dynamics Land Systems (38500 Mound Road) and BAE Systems Land and Armaments LP (34201 Van Dyke)

are but two examples of major defense contractors that have located within the defense corridor. These major corporations, as well as local automotive suppliers/manufacturers situated within the defense corridor, have made Sterling Heights a national leader for the number of engineering jobs employed within a local economy. Many other defense contractors have a presence in and around the defense corridor, giving Macomb County the distinction of generating 65% of all defense work in the state of Michigan. Other notable statistics:

a. Over $61 billion in Department of Defense contracts were awarded to Macomb County businesses since 2000.
b. 4,813 defense contracts were awarded in 2023 alone, with a cumulative value of $3.56 billion.
c. $25 billion in defense contracts were awarded to 413 Macomb County businesses during the years of 2010 - 2020.
d. Within the defense corridor, there are 47,000 people employed, supporting an additional 71,000 local jobs, and creating a total economic impact for Sterling Heights and Warren of $8.7 billion in wages.

The Arsenal Alliance - Recognizing the economic significance of the defense corridor and the need to support, sustain, and grow this asset, the cities of Sterling Heights and Warren are formalizing a partnership through an interlocal agreement. This collaboration will be branded as "The Arsenal Alliance" and dedicate significant economic development efforts and resources in support of the defense corridor that spans the two municipalities. Through a shared economic development team, Sterling Heights and Warren are committing to the advancement of the defense and aerospace industries in the defense corridor and will work in tandem with state, county, and local stakeholders to protect, maintain, and grow the region's established and emerging defense assets while positioning the two cities to lead the next era of national defense innovation.

The Arsenal Alliance will play a vital role in leading and executing a long-term strategy for defense industry sustainability and growth within the defense corridor. Key responsibilities of the economic development team will include:

a. Analyzing local, national, and global defense trends to benchmark performance and identify areas for growth.
b. Support existing workforce development programs and ensure the defense community has access to STEM education efforts, workforce training and talent pipeline programs.
c. Promoting policies at all levels of government that support the defense sector and emphasize its economic and technological contributions.
d. Strengthening connections and collaboration among those in the defense industry, government agencies, educational institutions, and non-profits by regularly uniting regional partners to address challenges, identify attraction opportunities and enhance military readiness.
e. Developing a forward-looking strategy to keep the region competitive amid evolving technologies and global defense market dynamics.
f. The Arsenal Alliance will be developed in three strategic phases, including stakeholder identification/research, strategic planning/road mapping and implementation that includes regular tracking of progress and scorecard evaluations.
g. Sterling Heights and Warren are each committing $250,000 annually to fund The Arsenal Alliance. Sterling Heights' share will be funded by tax increment finance revenues generated through its Local Development Finance Authority (LDFA) district.

The attached Defense Initiative Interlocal Agreement has been developed by the respective city attorneys for Warren and Sterling Heights and approved at special city council meetings held independently by each community on April 16, 2025, and is being recommended for approval by City Administration and the Senior Economic Development Advisor. If approved, City Administrations will begin the process to develop a request for proposals (RFP) for professional consultant services for management of The Arsenal Alliance.

Suggested Action:

Resolved, to approve the Defense Initiative Interlocal Agreement between the cities of Sterling Heights and Warren and authorize the Mayor and City Clerk to sign the Agreement on behalf of the City.

DEFENSE INITIATIVE
INTERLOCAL AGREEMENT

This Agreement entered into this 16th day of APRIL, 2025, by and between the City of Sterling Heights ("Sterling Heights"), the City of Sterling Heights Local Development Financing Authority ("SHLDFA"), the City of Warren ("Warren"), and the City of Warren Downtown Development Authority ("DDA"). Warren and the DDA are hereinafter referred to as "Warren Parties," unless either is referred to individually. Sterling Heights and the SHLDFA are hereinafter collectively referred to as "Sterling Parties," unless either is referred to individually. The Sterling Parties and Warren Parties are hereinafter collectively referred to as the "Parties."

WHEREAS, major defense employers located in the area include, but are not limited to: General Dynamics Land Systems, BAE Systems Land & Armaments Inc, Chardam Gear Co Inc., D-M Fabrication Inc., KUKA Robotics Corporation, Macomb Group Inc./MI, Miba HydroMechanica Corp., MB Aerospace Holdings Ltd., Rave Computer Association Inc., Shuert Industries Inc., Ultimate Hydroforming Inc., as well as the U.S. Army Tank-Automotive and Armaments Command (TACOM) and the U.S. Army Tank Automotive Research Development and Engineering Center (TARDEC), which are both located along Van Dyke Avenue and Mound Road in the Cities of Sterling Heights and Warren, respectively (the "Defense Corridor");

WHEREAS, approximately 65% of all the defense work produced by the State of Michigan is done in Sterling Heights and Warren along the Defense Corridor and Macomb County;

WHEREAS, the Parties recognize the need to protect, maintain, and improve the Defense Corridor, in cooperation with their state, county, and local stakeholders by preserving current defense assets, attracting and assisting in the growth of new and emergent defense and aerospace industries and manufacturers, and otherwise supporting those established defense industries and manufactures for the benefit of each Parties' respective jurisdictions;

WHEREAS, the Michigan Constitution of 1963, Article 7, § 28, the Urban Cooperation Act of 1967, Act No. 7 of the Public Acts of 1967, Ex. Sess., being MCL 124.501 *et seq*., permit a political subdivision to exercise jointly with any other political subdivision any power, privilege, or authority which such political subdivisions share in common and which each might exercise separately;

WHEREAS, the Michigan Legislature enacted Public Act 248 of 2000 to amend 1986 PA 281 to promote the development of high technology businesses, including, but not limited to, companies supplying and manufacturing for defense and aerospace industries, throughout the State of Michigan ("Act");

WHEREAS, the SHLDFA entered into the Sterling Heights SmartZone Agreement, as permitted under Section 12a(3) of the Act, for the designation as an Authority District to be subsequently identified as a SmartZone for the development of high technology businesses, including defense industries;

WHERAS, the DDA is a Michigan municipal corporation, which was formed under the 1975 Public Act 197, recodified in Public Act 2018, No. 57 to stimulate development and economic growth within business areas of Warren which include defense industries and manufacturers;

WHEREAS, the Parties are not establishing a governmental agency, entity, or authority, nor establishing a separate legal or administrative agency under Section 7(1) of the Urban Cooperation Act, MCL 124.507(1) and have not therefore provided for or otherwise established such an agency by the terms of this Agreement;

WHEREAS, each Party to this Agreement has the power, privilege, and authority to retain and/or hire the services of various contractors and other specialists engaged in the area of community and business development for purposes of seeking available state and federal grants and influencing local, state, and federal policies to support the defense industry and growth;

WHEREAS, the Parties have a mutual interest in the continued success and proliferation of the Defense Corridor and defense and aerospace industries;

WHEREAS, each Party acknowledges that a collaborative effort between them is critical to provide the best opportunity to secure, strengthen, and expand their defense and aerospace assets within their borders, along the Defense Corridor, and within Macomb County. The Parties wish to collaboratively dedicate resources and capabilities to attract, expand, and support defense and aerospace industries within their respective communities. Such collaboration is hereinafter referred to as the "Defense Initiative";

WHEREAS, the Parties wish share in the cost of retaining and/or hiring the services of third party consultants and/or other specialists to assist the Parties to leverage existing Defense Corridor assets, build and promote the Defense Corridor as the destination for new and emergent defense and aerospace industries, influence local, state, and federal policies, obtain state and federal funding, projects, and programming designed to enhance and secure the future of the Defense Corridor, and promote and expand economic and research tools for existing and new defense contractors and manufacturers;

NOW, THEREFORE, in consideration of the mutual interest, obligations, and promises herein contained, the Parties agree as follows:

1. **Retention of Consultants and/or other Specialists by Parties.** Subject to approval of each Parties' governing body, Warren, Sterling Heights, and SHLDFA agree to engage agreed upon consultants and/or other specialists (including a designated director) to provide the services as agreed to by the Parties, including but not limited to logistical support services to leverage existing Defense Corridor assets, build and promote the Defense Corridor as the destination for new and emergent defense and aerospace industries, obtain state and federal funding, projects, and programming designed to enhance and secure the future of the Defense Corridor, and promote and expand economic and research tools for existing and new defense contractors and manufacturers for each Party. All such consultants or specialists shall be independent contractors, and shall be subject to an agreement establishing independent contractor status, and non-entitlement to employment benefits, pension rights, contributions, or health care coverage. Insurance shall be required, naming Warren, Sterling Heights, SHDLFA, and DDA as Additional Insureds. The Parties will collaboratively develop the proposal for the engagement of the consultant/specialist.

2. **Cost Sharing by Sterling Parties.** The Sterling Parties agree to annually contribute a total of $250,000 to be used for the costs of the expenditures related to the hiring of consultants and/or other specialists, and all other expenditures directly related to approved programing, promotions, expenses, and events performed in furtherance of this Agreement.

3. **Cost Sharing by Warren Parties**. The Warren Parties agree to annually contribute a total of $250,000 to be used for the costs of the expenditures related to the hiring of the consultants and/or other specialists, and all other expenditures directly related to approved programing, promotions, expenses, and events performed in furtherance of this Agreement.

4. **Appointment of Advisory Executive Committee.** The Parties acknowledge that this Agreement shall be performed in a manner designed to equally represent each community's interests. Accordingly, Warren and Sterling Heights shall each appoint two representatives to serve on a five-member Advisory Executive Committee to monitor all consultants and/or other specialists and to provide guidance as needed to implement the goals and objectives of the Defense Initiative for each community. Warren's Mayor and Council shall each appoint one representative on behalf of Warren, and their appointments shall be final, although each appointing authority shall notice the other of the appointment. No Committee member may be an elected official of either respective City. Warren's City Council and Sterling Heights' City Council shall jointly approve one at-large member to serve as the fifth member of the Advisory Executive Committee.

5. **Expenditure Approval.** The designated director may approve expenditures not to exceed $10,000 without prior approval of the Parties. Expenditures exceeding $10,000 will require the approval of the Parties according to their respective procedures. The designated director shall make a report of all monthly expenditures to the Advisory Executive Committee. The Parties agree that the designated director shall not enter into long-term (i.e. in excess of one year) vendor contracts and/or lease or rental agreements without prior approval of the Parties. The designated director shall provide each Party with a quarterly report on all measures taken and progress toward expanding and leveraging defense industry growth within each community, and to achieve the performance standards and goals provide to each community, as referenced above.

6. **Administration of Agreement.** Sterling Heights shall assume primary financial responsibility for management and accounting of funds and payables associated with this Agreement. Sterling Heights will provide monthly financial statements to Warren and the DDA showing all accounts, revenues, and expenditures. Each Party shall share such financial records as may be required for their respective audits. The Parties will collaborate and share other administrative responsibilities relating to implementation of this Agreement, as requested by the Executive Committee, beginning with preparation of the contract documents and selection of appropriate contractors, consultant, and financial expenditures during the term of this Agreement, and shall mutually agree upon allocation of responsibilities.

   The administrative staff of each Party will work together in collaboration toward the goals of the Agreement and direction of the Executive Committee. All records relating

to this Agreement will be maintained by Sterling Heights with copies provided to Warren, the SHLDFA, and DDA. Each Party is entitled to executed copies of all contracts executed under this Agreement.

7. **Location of Operations**. The Parties acknowledge and agree that this Agreement anticipates establishing a centralized location for day to day operations of the Defense Initiative, with the location to be selected by the Executive Committee. Such centralized office shall be located within an administrative office of either Party, unless the Parties agree to another location. Other than the actual cost of administrative supplies and equipment, neither Party is entitled to compensation.

8. **Deposit of Annual Party Commitment.** Sterling Heights shall create a separate interest bearing account for deposit of all Cost Sharing amounts identified in Sections 2 and 3 above. The Parties agree to deposit all Cost Sharing amounts upon the Effective Date of this Agreement, and annually on the same date thereafter, during the term of this Agreement. All interest shall be maintained in the account for purposes of funding this Agreement.

9. **Effective date and Duration of Agreement**. This Agreement and any amendments hereto shall be effective when fully executed by the Parties with concurrent resolutions adopted by the governing bodies of each Party.

   This Agreement shall remain in effect for three (3) years from date of execution (the "Initial Term"), and may be renewed for any number of years, upon agreement of the parties, and subject to their charter limitations, and approval of their local governing bodies, unless otherwise terminated in accordance with Section 10 below or upon expiration. Either Party wishing to renew may send the other party a notice of intent to renew. Upon such notice, the Parties will discuss terms of renewal, and any requested changes to this Agreement, subject to final approval of each Party. In addition, after the first year, any Party may request reasonable modifications. Upon written notice of such modifications, the Parties agree to review the Agreement and discuss modifications to be submitted for approval by their respective governing bodies; such approval shall not be unreasonably withheld.

10. **Termination.**

   a. **Termination upon Expiration.** Unless renewed in accordance with paragraph 9 above, or as otherwise agreed by the parties, this Agreement shall automatically terminate upon expiration of the initial term or the renewal term, if applicable.

   b. **Optional Termination.** This Agreement shall be terminable by Sterling Heights or Warren upon providing no less than sixty (60) days written notice of termination prior to the end of the second year from the Effective Date, and thereafter by providing no less than 60 days written notice of termination from each subsequent annual Effective Date, by any Party, at its sole option. Upon notice of termination, any new cost or obligation incurred shall not bind the terminating Party.

c. **Non-Cancellable Contracts.** Upon termination for any reason, each Party shall continue to pay its proportionate share of all reasonable costs, expenses, and/or obligations associated with non-cancellable contracts and/or commitments agreed to by the Parties as part of this Agreement. Upon termination by one Party, the other Party(ies) shall have the right to continue to operate through the term of any non-cancellable Contract solely to further the intent of this Agreement, provided, however, such operation shall continue to benefit both Parties so long as such operations are jointly funded by non-cancellable contracts. Other than non-cancellable contracts, the terminating Party shall be relieved of any further annual contribution and is entitled to reimbursement of its annual contribution prorated for the period remaining in the year.

11. **No Third Party Beneficiaries**. Except as provided for the benefit of the Parties, this Agreement does not and is not intended to create any obligation, duty, promise, contractual right or benefit, right to indemnification, right to subrogation, and/or any other right in favor of any other person or entity.

12. **Reservation of Rights**. This Agreement does not and is not intended to impair, divest, delegate, or contravene any constitutional, statutory, and/or other legal right, privilege, power, obligation, duty, or immunity of the parties. Each party shall be responsible for the acts and omissions of its own agents.

13. **Notices**. Notices of a legal nature, such as default, termination, or delivery of executed contracts given under this Agreement shall be in writing and shall be personally delivered, sent by express delivery service, certified mail, or U.S. mail postage prepaid, and addressed to the persons listed below. Notice will be deemed given on the date when one of the following first occurs: (1) the date of actual receipt; (2) the next business day when notice is sent express delivery service or personal delivery; or (3) three days after mailing by first class or certified U.S. mail. Notices of an administrative nature such as scheduling or office operations may be sent to the email address of each respective party below.

14. **Insurance, Self-Insurance.** Each Party acknowledges that it is currently insured (or self-insured) with proper coverage and limits. Each Party agrees to keep its current insurance, or insurance of a similar nature, in effect during all dates of operation of the Agreement. A Party may satisfy this insurance obligation by participation in an established self-insurance program.

15. **Governing Law/Consent to Jurisdiction and Venue**. This Agreement shall be governed by, interpreted under, and enforced pursuant to the laws of the State of Michigan.

16. **Incorporation of Recitals.** The Recitals shall be considered an integral part of this Agreement.

17. **No Implied Obligations.** Except as expressly otherwise provided, this Agreement does not create, by implication or otherwise, any direct or indirect obligation, duty, promise, benefit, right of indemnification (i.e., contractual, legal, equitable, or by

implication), right of subrogation as to each Party's rights in this Agreement, or any other right of any kind in favor of any individual or legal entity.

18. **Agreement, Modifications, or Amendments.** Any modifications, amendments, rescissions, waivers, or releases to this Agreement must be in writing and agreed to by all Parties. Unless otherwise agreed, the modification, amendment, rescission, waiver, or release shall be signed by the same persons who signed the Agreement or other persons as authorized by the Party's governing body.

19. **Entire Agreement**. This Agreement represents the entire agreement and understanding between the Parties. This Agreement supersedes all other oral or written agreements between the Parties regarding the subject of this Agreement. The language of this Agreement shall be construed as a whole according to its fair meaning and not construed strictly for or against any Party.

20. **Electronic Signature/Counterparts**. This Agreement may be executed electronically or digitally, and in multiple counterparts, in original or by fax or by delivery of a scanned counterpart in portable document format (PDF) by email (which shall be deemed received if delivered in accordance with the Michigan Uniform Electronic Transactions Act, MCL §450.831 et seq.) and, when taken together, shall be considered an original. On such delivery, the signatures in the facsimile or PDF data file shall be deemed to have the same force and effect as if the manually signed counterpart had been delivered to the other party in person.

The Parties have taken all actions and secured all approvals necessary to authorize and complete this Agreement. The persons signing this Agreement on behalf of each Party have legal authority to sign this Agreement and bind the Parties to the terms and conditions contained herein. The DDA is joining as a signatory to this contract as a funding authority only and agrees to the funding as provided in this agreement, subject to availability and appropriation of funds.

IN WITNESS, the parties hereto executed this Agreement on the date set forth above.

WITNESS

Chelsea May
CHELSEA MAY

Carol S. Francis
Carol S. Francis

CITY OF STERLING HEIGHTS

Michael C. Taylor, Mayor

Melanie D. Ryska
Melanie Ryska, Clerk

WITNESS

_____

_____

CITY OF WARREN

_____
Lori M. Stone, Mayor

_____
Sonja Buffa, Clerk

WITNESS

CITY OF STERLING HEIGHTS LOCAL DEVELOPMENT FINANCING AUTHORITY

_____

_____
Phillip Hunsberger, Chairman

WITNESS

CITY OF WARREN DOWNTOWN DEVELOPMENT AUTHORITY

_____

_____
Lori M. Stone, Chair

_____
Tom Bommarito, Director

Business of the Local Development Finance Authority
Sterling Heights, Michigan

Meeting: 5.20.25

AGENDA STATEMENT

Item Title: Consider the approval to hire Prestige Constuction Consultants LLC to perform the renovations on our final 2 units : 3A/3B

Submitted By: Office of Economic Development

Contact Person/Telephone: Scott Kalinowski

Administration (initial as applicable)

__	City Clerk	__	Resolution	__	Minutes
__	Finance & Budget Director	__	Ordinance	__	Plan/Map
__	City Attorney (as to legal form)	_x_	Contract	__	Other
__	City Manager				

Attachments

☐ Check box if this agenda item requires billing/revenue collection (fees, etc.) by Treasury Office

Executive Summary:

I have attached two quotes which would complete all renovations here at Velocity (former SHPD room + Velocity room). This is the same contractor that we used for Microcide that finished everything on time, effectively and well below the costs of other bids.

SHPD unit- $12,535
Velocity unit- $13,225

TOTAL: $25,760

To reference leasing pricing potential:

SHPD rental rate: $1,698.67 (including CAM) per month
Velocity rental rate: $1,306.67 (including CAM) per month

We do have two people on a wait list so we will offer one of these units (their choice) to them as we still need a home and we will take the unit they decide not to use.

Suggested Action: Approve contract with Prestige Construction Consultants LLC for $25,760 to renovate units 3A/3B.

MOVED BY: SECONDED BY:

Suggested Action: Approve budget amendment transfer of $25,760 to pay for the renovation from the general LDFA fund to buildings and improvement account (250-728-003-975-000).

MOVED BY: SECONDED BY:

Prestige Construction Consultants LLC

3227 Camden Dr, Troy MI 48084

586-484-3927

https://www.prestigeconcon.com

marki@prestigeconcon.com

ESTIMATE

EST0050

DATE

05/15/2025

TOTAL

USD $12,535.00

TO

City of Sterling Heights

Scott

6633 18 Mile Rd, Sterling Heights, MI 48314

(586) 945-7295

Scott@mivelocity.com

DESCRIPTION	RATE	QTY	OVERHEAD & PROFIT	AMOUNT
- Unit 3B -	$10,900.00	1	$1,635.00 15%	$10,900.00

•Remove rubber cove base
•Remove glue down carpet and discard
• prep for LVL flooring
• install LVL flooring
• Prep walls for paint - tape and protect floors
• Patch walls
•Prime walls
•Paint 2 coats - colors to be determined
•Install rubber cove base
•Final clean

SUBTOTAL	$10,900.00
OVERHEAD & PROFIT	$1,635.00
TOTAL	USD $12,535.00

Payment terms:
• 1st draw: 50%
• Final Draw: Upon completion and satisfaction of client

Prestige Construction Consultants LLC

3227 Camden Dr, Troy MI 48084
586-484-3927
https://www.prestigeconcon.com
marki@prestigeconcon.com

INVOICE
INV0136

DATE
05/08/2025

DUE
On Receipt

BALANCE DUE
USD $13,225.00

BILL TO

City of Sterling Heights

Scott
6633 18 Mile Rd, Sterling Heights, MI 48314
(586) 945-7295
Scott@mivelocity.com

DESCRIPTION	RATE	QTY	OVERHEAD & PROFIT	AMOUNT
Velocity Unit •Remove rubber cove base •Remove glue down carpet • prep for LVL flooring • install LVL flooring • Patch walls and paint 2 coats •Final clean	$11,500.00	1	$1,725.00 15%	$11,500.00

01/09/2025 BUDGET REPORT FOR CITY OF STERLING HEIGHTS
Calculations as of 12/31/2024

GL NUMBER AND ACCOUNT	DESCRIPTION	2023-24 ACTIVITY	2024-25 AMENDED BUDGET	2024-25 ACTIVITY THRU 12/31/24	2024-25 PROJECTED ACTIVITY	2025-26 PROPOSED BUDGET
Dept 040.000 - OPERATING TAXES						
250-040.000-420.001	PROPERTY TAXES - TIF - BAE	0	0	0	0	0
250-040.000-420.002	PROPERTY TAX REFUNDS - TIF	0	0	0	0	0
250-040.000-420.003	LDFA - SMARTZONE CAPTURE	861,699	940,900	636,300	941,950	1,037,450
250-040.000-420.004	LDFA - GENERAL CAPTURE	839,327	961,650	864,100	956,550	1,052,300
Totals for dept 040.000 - OPERATING TAXES		1,701,026	1,902,550	1,500,400	1,898,500	2,089,750
Dept 050.000 - FEDERAL/STATE/LOCAL RETURNS						
250-050.000-529.000	FEDERAL GRANT - OTHER	0	600,000	0	0	0
250-050.000-540.000	STATE GRANTS	182,824	850,000	181,049	1,053,500	907,900
250-050.000-581.000	COUNTY & OTHER LOCAL GRANTS	0	120,000	0	0	0
Totals for dept 050.000 - FEDERAL/STATE/LOCAL RETURNS		182,824	1,570,000	181,049	1,053,500	907,900
Dept 066.000 - OTHER REVENUES						
250-066.000-665.000	INTEREST ON INVESTMENTS	151,969	94,000	81,469	146,150	124,200
250-066.000-665.014	INTEREST INCOME-LDFA TIF	0	0	0	0	0
250-066.000-667.006	RENTAL INCOME SMART INCUBATOR	296,543	291,000	218,573	420,000	400,000
250-066.000-667.009	VELOCITY ROOM BOOKING	0	0	682	0	0
250-066.000-670.001	UNREALIZED GAIN/LOSS	0	0	0	0	0
250-066.000-674.006	CONTRIBUTIONS & DONATIONS	0	0	0	0	0
250-066.000-676.000	REIMBURSEMENTS	0	0	0	0	0
250-066.000-677.000	MISCELLANEOUS REVENUE	0	0	0	0	0
Totals for dept 066.000 - OTHER REVENUES		448,512	385,000	300,724	566,150	524,200
Dept 931.000 - OTHER FINANCING SOURCES						
250-931.000-699.244	TRANSFER FROM EDC FUND	0	0	0	0	0
Totals for dept 931.000 - OTHER FINANCING SOURCES		0	0	0	0	0
ESTIMATED REVENUES - FUND 250		2,332,362	3,857,550	1,982,173	3,518,150	3,521,850
			728.003		2,360,750	1,590,800
			728.005		26,000	357,000
			728.007		913,500	767,900
			EXPENSES		3,300,250	2,715,700
			CHANGE IN FUND BALANCE		217,900	806,150
			FUND BALANCE @ 6/30/24 PER AUDIT			1,869,180
			INCREASE/(DECREASE) IN FB FYE 2025			217,900
			ESTIMATED FUND BALANCE @ 6/30/25			2,087,080
			INCREASE/(DECREASE) IN FB FYE 2026			806,150
			ESTIMATED FUND BALANCE @ 6/30/26			2,893,230

Business of the Local Development Finance Authority
Sterling Heights, Michigan

Meeting: 5.20.25

AGENDA STATEMENT

Item Title: Consider the approval of renewing the contract working with ReGroup as our dedicated client accelerator provider

Submitted By: Office of Economic Development

Contact Person/Telephone: Paula Macpherson

Administration (initial as applicable)		**Attachments**			
__	City Clerk	__	Resolution	__	Minutes
__	Finance & Budget Director	__	Ordinance	__	Plan/Map
__	City Attorney (as to legal form)	_x_	Contract	__	Other
__	City Manager				

☐ Check box if this agenda item requires billing/revenue collection (fees, etc.) by Treasury Office

Executive Summary:

Renew existing contract of $260,000 with ReGroup to continue with our dedicated accelerator client contract.

Suggested Action: Approve contract with ReGroup for $260,000.

MOVED BY: SECONDED BY:

May 2, 2025
Contract Effective – July 1, 2025 – June 30, 2026

Client: The City of Sterling Heights – Local Development Finance Authority
6633 18 1/2 Mile Road, Sterling Heights, MI 48314.

Re: Business evaluation and launch program (Velocity Accelerator) - Renewal

This letter will confirm the terms of our representation. Our work will begin upon receipt of a signed copy of this letter.

ReGroup Advisors (The FIRM) will provide analysis services to The City of Sterling Heights – Local Development Finance Authority, 6633 18 1/2 Mile Road, Sterling Heights, MI 48314. (CLIENT) and the scope of services we will render, the manner of calculating, billing and collecting legal fees, and other aspects of the proposed representation are mutually agreed to be as follows:

Services to be Provided:

The FIRM has been engaged to provide the following services:

Contract renewal to continue administration and coordination of the business evaluation and launch program.
Sterling Heights Velocity Accelerator Program – July 1, 2025 – June 30, 2026.

Fees and Expenses

Fees:

Stage 1. Entry into Velocity Program evaluation will be conducted at a rate of $3,000.00 per accepted Step 1 Program participant. The fee will be paid at the end of each evaluation and delivery of the final findings regardless of the business entering Stage 2.

Stage 2. Will be conducted at a rate not to exceed $23,000.00 per Program participant, unless otherwise reviewed and previously approved by the Program Director. Fees will be billed based on progress and reviewed with the Program Director for submission.

If there is a change of status in the business and they are unable to complete the process in full, the fee will be billed through the date of termination of the business relationship with Velocity.

Total compensation to THE FIRM for the accepted participants shall not exceed $260,000.00. THE FIRM is also entitled to compensation rate of $3,000.00 per participant who is approved for Stage 1 participation but who does not move to Stage 2.

Additional programs and services will be quoted separately based on scope definition. No compensation for additional programs and services shall be due from CLIENT without the prior written approval of the Board of CLIENT.

Expenses:

We may incur various expenses in providing services. You agree to pay all such expenses and to reimburse us for all out-of-pocket expenses that we pay on your behalf. All expenses require prior approval from the client. Whenever possible, we will forward bills for any approved expenses incurred on your behalf directly to you and you agree to make prompt payment directly to the originator of these bills.

CLIENT Cooperation

You authorize THE FIRM to accept instructions from your representative for this engagement. You agree to provide us the information that we request in a timely manner and to disclose any irregularities that could materially impact the organizational model development. The CLIENT representative is Sterling Heights, LDFA, which may be changed by the CLIENT upon written notification to THE FIRM.

Documentation

We will send you copies of documents and correspondence and other information throughout the matter. These copies will be your file copies. We will also keep the information in a file at our office. The file in our office will be our file. Please bring your file to all of our meetings so that we both have all of the necessary information available to us.

Once we have completed the work necessary to conclude this matter, we will close our file and return any original documents to you. We will then store the file for approximately 1 year. We will destroy the file after that period of time unless you instruct us in writing now to keep it longer.

Your Right to Terminate Representation

You may terminate this representation at any time with or without cause by notifying us in writing of your desire to do so. Upon receipt of the notice to terminate representation, we will stop all work satisfactorily performed on your behalf immediately. You will be responsible for paying all fees and expenses incurred on your behalf in this matter before the date of written notice of termination was received by THE FIRM.

Our Right to Terminate Representation

We may terminate our representation (to the extent permitted by the ethical and court rules) at any time if you breach any material term of this agreement or fail to cooperate or follow our advice on a material matter, if conflict of interest develops or is discovered, or if there exists at any time any fact or circumstance that would, in our opinion, render our continuing representation unlawful, unethical, or otherwise inappropriate.

If we elect to terminate our representation, you will take all steps reasonably necessary and will cooperate as reasonably required to free us of any further obligation to perform services satisfactorily, including the execution of any documents necessary to complete our withdrawal from representation. In such case, you agree to pay for all services performed and approved expenses incurred before the termination of our representation in accordance with the provision of this agreement. THE FIRM shall conscientiously and diligently perform the services set forth in the attached proposal.

If any of the terms stated in this letter is not consistent with your understanding of our agreement, please contact me before signing the agreement. Otherwise, please sign the agreement and email back to mkaszubski@rgpadv.com.

On behalf of ReGroup Advisors, we appreciate the opportunity to assist you in this matter. If you have questions, please feel free to call us at 888.248.7077 or my cell 248.894.0454.

Very truly yours,

Michael A. Kaszubski, CFE
Managing Partner

CLIENT ACCEPTANCE OF ENGAGEMENT LETTER TERMS AND CONDITIONS

Engagement Letter Dated May 2, 2025
Velocity Accelerator Program
City of Sterling Heights – Local Development Financial Authority LDFA
consent to the terms contained in this document.

_____ _____

Phillip Hunsberger, Chairperson, LDFA [*Date*]

Sterling Heights, Detroit, Southfield
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